

# **New Mexico Wilderness Alliance**

Financial Statements  
and  
Independent Auditors' Report

September 30, 2013 and 2012

# New Mexico Wilderness Alliance

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Independent Auditors' Report

Board of Directors  
New Mexico Wilderness Alliance  
Albuquerque, New Mexico

We have audited the accompanying financial statements of New Mexico Wilderness Alliance (the "Alliance"), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Alliance's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Alliance's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Mexico Wilderness Alliance as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statements of functional expenses on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McSully Zahn LLC*

February 18, 2014

## Financial Statements

**New Mexico Wilderness Alliance**  
**Statements of Financial Position**  
**September 30,**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 142,575	\$ 112,198
Contracts and other receivables	11,278	2,118
Inventory	2,831	8,862
Grants receivable	55,000	-
Prepaid expenses	<u>2,384</u>	<u>15,301</u>
Total current assets	214,068	138,479
Deposits	1,992	1,992
Cash restricted for the endowment (Notes 4 and 12)	3,000	3,000
Assets held by community foundation (Notes 2 and 12)	13,006	12,009
Equipment and furniture, net (Note 6)	<u>7,969</u>	<u>9,167</u>
Total assets	<u><u>240,035</u></u>	<u><u>164,647</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	37,362	61,855
Deferred revenue	31,466	28,850
Capital lease obligation - current (Note 7)	<u>-</u>	<u>767</u>
Total current liabilities	68,828	91,472
Capital lease obligation - long-term (Note 7)	<u>-</u>	<u>-</u>
Total liabilities	<u><u>68,828</u></u>	<u><u>91,472</u></u>
Commitments (Notes 10 and 13)		
Net assets		
Unrestricted	55,592	31,437
Temporarily restricted (Note 3)	102,615	28,738
Permanently restricted (Notes 4 and 12)	<u>13,000</u>	<u>13,000</u>
Total net assets	<u><u>171,207</u></u>	<u><u>73,175</u></u>
Total liabilities and net assets	<u><u>\$ 240,035</u></u>	<u><u>\$ 164,647</u></u>

The accompanying notes are an integral part of these financial statements.

# New Mexico Wilderness Alliance

## Statement of Activities

For the Year Ended September 30, 2013

(With summarized financial information for the year ended September 30, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
<b>Support and Revenues</b>					
Grants	\$ 305,548	\$ 102,615	\$ -	\$ 408,163	\$ 366,395
Contributions	269,304	-	-	269,304	169,929
Contracts	148,884	-	-	148,884	249,798
Memberships	92,071	-	-	92,071	107,985
Fundraising events	48,608	-	-	48,608	6,568
In-kind contributions	38,215	-	-	38,215	17,483
Program trips and events	31,660	-	-	31,660	24,096
Publications and retail sales	5,685	-	-	5,685	6,591
Other income	1,599	-	-	1,599	2,725
Change in value of assets held					
by community foundation	997	-	-	997	1,516
Interest and dividends	551	-	-	551	297
Conference and events	-	-	-	-	3,462
Loss of disposal of vehicle	-	-	-	-	(1,567)
Net assets released from					
restrictions (Note 5)	<u>28,738</u>	<u>(28,738)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>971,860</u>	<u>73,877</u>	<u>-</u>	<u>1,045,737</u>	<u>955,278</u>
<b>Expenses</b>					
Program services					
Wilderness outreach	492,344	-	-	492,344	578,912
Wilderness protection	<u>204,611</u>	<u>-</u>	<u>-</u>	<u>204,611</u>	<u>204,542</u>
Total program services	<u>696,955</u>	<u>-</u>	<u>-</u>	<u>696,955</u>	<u>783,454</u>
Supporting services					
Management and general	130,352			130,352	91,208
Fundraising	<u>120,398</u>	<u>-</u>	<u>-</u>	<u>120,398</u>	<u>136,938</u>
Total supporting services	<u>250,750</u>	<u>-</u>	<u>-</u>	<u>250,750</u>	<u>228,146</u>
Total expenses	<u>947,705</u>	<u>-</u>	<u>-</u>	<u>947,705</u>	<u>1,011,600</u>
Change in net assets	24,155	73,877	-	98,032	(56,322)
Net assets, beginning of year	<u>31,437</u>	<u>28,738</u>	<u>13,000</u>	<u>73,175</u>	<u>129,497</u>
<b>Net assets, end of year</b>	<u><u>\$ 55,592</u></u>	<u><u>\$ 102,615</u></u>	<u><u>\$ 13,000</u></u>	<u><u>\$ 171,207</u></u>	<u><u>\$ 73,175</u></u>

The accompanying notes are an integral part of these financial statements.

# New Mexico Wilderness Alliance

## Statement of Activities

For the Year Ended September 30, 2012

(With summarized financial information for the year ended September 30, 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
<b>Support and Revenues</b>					
Grants	\$ 337,657	\$ 28,738	\$ -	\$ 366,395	\$ 507,233
Contracts	249,798	-	-	249,798	213,286
Contributions	169,929	-	-	169,929	271,693
Memberships	107,985	-	-	107,985	115,336
Program trips and events	24,096	-	-	24,096	-
In-kind contributions	17,483	-	-	17,483	23,403
Publications and retail sales	6,591	-	-	6,591	20,525
Fundraising events	6,568	-	-	6,568	-
Conference and events	3,462	-	-	3,462	1,355
Other income	2,725	-	-	2,725	4,845
Loss of disposal of vehicle	(1,567)	-	-	(1,567)	-
Change in value of assets held by community foundation	1,516	-	-	1,516	493
Interest and dividends	297	-	-	297	628
Net assets released from restrictions (Note 5)	<u>93,187</u>	<u>(93,187)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,019,727</u>	<u>(64,449)</u>	<u>-</u>	<u>955,278</u>	<u>1,158,797</u>
<b>Expenses</b>					
Program services					
Wilderness outreach	578,912	-	-	578,912	789,535
Wilderness protection	<u>204,542</u>	<u>-</u>	<u>-</u>	<u>204,542</u>	<u>161,244</u>
Total program services	<u>783,454</u>	<u>-</u>	<u>-</u>	<u>783,454</u>	<u>950,779</u>
Supporting services					
Fundraising	136,938	-	-	136,938	177,157
Management and general	<u>91,208</u>	<u>-</u>	<u>-</u>	<u>91,208</u>	<u>112,934</u>
Total supporting services	<u>228,146</u>	<u>-</u>	<u>-</u>	<u>228,146</u>	<u>290,091</u>
Total expenses	<u>1,011,600</u>	<u>-</u>	<u>-</u>	<u>1,011,600</u>	<u>1,240,870</u>
Change in net assets	8,127	(64,449)	-	(56,322)	(82,073)
Net assets, beginning of year	<u>23,310</u>	<u>93,187</u>	<u>13,000</u>	<u>129,497</u>	<u>211,570</u>
<b>Net assets, end of year</b>	<u>\$ 31,437</u>	<u>\$ 28,738</u>	<u>\$ 13,000</u>	<u>\$ 73,175</u>	<u>\$ 129,497</u>

The accompanying notes are an integral part of these financial statements.



**New Mexico Wilderness Alliance**  
**Statements of Cash Flows**  
**For the Years Ended September 30,**

	2013	2012
<b>Cash flows from operating activities</b>		
Cash received from grants, contributions, and contracts	\$ 794,157	\$ 835,983
Cash received from memberships	92,071	107,985
Cash received from program events, trips, and fundraising events	57,103	52,946
Other cash receipts	1,598	19,818
Interest and dividends received	551	297
Cash paid to employees and suppliers	(911,954)	(1,023,020)
Net cash provided by (used in) operating activities	33,526	(5,991)
<b>Cash flows from investing activities</b>		
Purchase of equipment	(2,382)	-
<b>Cash flows from financing activities</b>		
Principal payments on capital lease obligation	(767)	(1,305)
Net increase (decrease) in cash and cash equivalents	30,377	(7,296)
Cash and cash equivalents, beginning of year	112,198	119,494
<b>Cash and cash equivalents, end of year</b>	<b>142,575</b>	<b>112,198</b>
<b>Reconciliation of change in net assets to net cash provided by (used in) operating activities</b>		
Change in net assets	98,032	(56,322)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Change in value of assets held by community foundation	(997)	(1,516)
Depreciation	3,580	4,883
Inventory write-off	11,622	5,076
Loss on disposal of vehicle	-	1,567
Noncash contributions and adjustments	-	(7,028)
Changes in assets and liabilities		
Contracts and grants receivable	(64,160)	47,165
Inventory	(5,591)	(5,684)
Prepaid expenses and deposits	12,917	(11,611)
Accounts payable and accrued expenses	(24,493)	(4,084)
Deferred revenue	2,616	28,850
Contract payable	-	(7,287)
Total adjustments	(64,506)	50,331
Net cash provided by (used in) operating activities	<b>\$ 33,526</b>	<b>\$ (5,991)</b>

**The accompanying notes are an integral part of these financial statements.**

# New Mexico Wilderness Alliance

## Notes to Financial Statements

September 30, 2013 and 2012

### 1) Summary of Significant Accounting Policies

#### Organization Activity

New Mexico Wilderness Alliance (the "Alliance") is a nonprofit corporation founded in 1997. The Alliance is an environmental organization dedicated to the protection, restoration, and continued enjoyment of New Mexico's wild lands and wilderness areas. The Alliance's main sources of support and revenue are grants, contributions, contracts, and memberships. The programs of the Alliance are as follows:

*Wilderness Protection* – conducts projects designed to ensure the protection and restoration of all remaining wild lands in New Mexico through administrative designations, federal Wilderness designation, and on-going advocacy.

*Wilderness Outreach* – engages in campaigns, membership drives, rallies, meetings, direct hands-on wild land restoration work, house parties, and public forums to allow the public the opportunity to make their voices heard and to have a role in protecting the wild places of New Mexico.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Alliance considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

#### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. The assets held by a community foundation are measured at the fair value of the underlying assets as reported by the community foundation. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

#### Support

The Alliance reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

# New Mexico Wilderness Alliance

## Notes to Financial Statements

September 30, 2013 and 2012

### 1) Summary of Significant Accounting Policies — continued

#### Functional Allocation of Expenses

Expenses are charged directly to program and supporting services categories based on specific identification. Costs benefiting more than one service are allocated based on measures such as management's estimates of time spent.

#### Income Taxes

The Alliance is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as an organization that is not a private foundation. Management of the Alliance has determined its advertising activities to be an unrelated business activity. No income tax expense was incurred related to the advertising activities during the years ended September 30, 2013 and 2012, as these activities resulted in a net loss.

#### Equipment and Furniture

Equipment and furniture are stated at cost. Equipment and furniture that are received by donation are recorded at the estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Alliance reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Alliance reclassifies restricted net assets to unrestricted net assets at that time. Purchased or donated furniture and equipment in excess of \$2,000 is capitalized and depreciated. Depreciation is calculated on a straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives of five years.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Inventory

Inventory consists of hiking guides, promotional stamps, and retail items. The inventory is stated at the lower of cost or market using the first-in, first-out method.

# New Mexico Wilderness Alliance

## Notes to Financial Statements

September 30, 2013 and 2012

1) Summary of Significant Accounting Policies — continued

### Contributed Services and Materials

The Alliance recognizes contributed services if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation. Recognized contributed services and donated materials are recorded at the fair value of the services on the date of donation. The Alliance received and recorded the following donated services and materials during the years ended September 30:

	<u>2013</u>	<u>2012</u>
Program use of aircraft and service of pilots	\$ 32,554	\$ -
Items and services for fundraising auction	11,016	6,568
Program materials and supplies	3,187	1,421
Management and general supplies and services	2,475	1,320
Equipment	-	7,500
Fundraising materials and supplies	-	6,000
Program vehicles repairs and maintenance	-	1,242
Total donated services and materials	<u>\$ 49,232</u>	<u>\$ 24,051</u>

### Contracts, Grants, and Other Receivables

Contracts, grants, and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables. Receivables are charged off in the period in which the management determines the receivable is uncollectible. As of September 30, 2013 and 2012, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

### Advertising Costs

Advertising costs are expensed as incurred.

### Reclassifications

Certain reclassifications were made to the 2012 financial statements in order to conform to the presentation of the 2013 financial statements. These reclassifications had no effect on the change in net assets.

# New Mexico Wilderness Alliance

## Notes to Financial Statements September 30, 2013 and 2012

### 2) Assets held by Community Foundation

The Alliance transferred \$10,000 in 2009 to the New Mexico Community Foundation (NMCF) to establish the New Mexico Wilderness Alliance Fund. The NMCF holds, manages, and invests these funds on behalf of the Alliance. The assets remain property of the Alliance. The Alliance elects whether to take distributions of income from these funds or reinvest the income. The funds can be withdrawn by the Alliance with a 75% vote of the board of directors of the Alliance. These funds represent the investment of permanently restricted contributions for the endowment (Note 12). The cost and fair value of these assets are as follows as of September 30:

	<b>2013</b>		
	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Appreciation (Depreciation)</b>
Assets held by the NMCF	<b>\$ 10,000</b>	<b>\$ 13,006</b>	<b>\$ 3,006</b>
	<b>2012</b>		
	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Appreciation (Depreciation)</b>
Assets held by the NMCF	<b>\$ 10,000</b>	<b>\$ 12,009</b>	<b>\$ 2,009</b>

### 3) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of grants contributions restricted by donors for the following purposes or grants and contributions with implied time restrictions as of September 30:

	<b>2013</b>	<b>2012</b>
Wilderness outreach	<b>\$ 47,615</b>	\$ 15,238
Grants receivable	<b>55,000</b>	-
Wild Harmonies fundraising event	-	9,000
Office technology upgrades	-	4,500
Total temporarily restricted net assets	<b>\$ 102,615</b>	<b>\$ 28,738</b>

# New Mexico Wilderness Alliance

## Notes to Financial Statements

September 30, 2013 and 2012

### 4) Permanently Restricted Net Assets

Permanently restricted net assets consist of assets restricted for an endowment. These assets are held at a community foundation (Note 2) and held as cash by the Alliance. Income from the endowment is available for operations and is not restricted.

### 5) Net Assets Released from Restrictions

Net assets released from restrictions consist of restricted grants and contributions used for the following purposes or grants and contributions released from implied time restrictions for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Wilderness outreach	\$ 15,238	\$ 39,486
Fundraising event	9,000	-
Equipment purchases	4,500	-
Receipt of contribution receivable	-	30,000
Wilderness protection	-	19,701
Fundraising	-	4,000
Total net assets released from restrictions	<u>\$ 28,738</u>	<u>\$ 93,187</u>

### 6) Equipment and Furniture

Equipment and furniture consists of the following as of September 30:

	<u>2013</u>	<u>2012</u>
Equipment and vehicles	\$ 18,734	\$ 19,580
Furniture	14,025	14,025
Total equipment and furniture	32,759	33,605
Less accumulated depreciation	(24,790)	(24,438)
Equipment and furniture, net	<u>\$ 7,969</u>	<u>\$ 9,167</u>

# **New Mexico Wilderness Alliance**

## **Notes to Financial Statements**

**September 30, 2013 and 2012**

### **7) Capital Lease Obligation**

The Alliance entered into a capital lease obligation in April 2008 for office equipment. The asset cost is \$5,715 and accumulated depreciation is \$5,715 and \$5,230 as of September 30, 2013 and 2012, respectively. Depreciation expense related to this asset was \$485 and \$1,164 for the years ended September 30, 2013 and 2012, respectively. The lease was a five year lease with monthly lease payments of \$122. The lease expired in April 2013. Interest expense related to this capital lease obligation was \$277 and \$246 for the years ended September 30, 2013 and 2012, respectively.

### **8) Subsequent Events**

Subsequent events have been evaluated through February 18, 2014, which is the date the financial statements were available to be issued. No subsequent events were noted requiring disclosure.

# New Mexico Wilderness Alliance

## Notes to Financial Statements

September 30, 2013 and 2012

### 9) Fair Value Measurements

The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs – include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs – unobservable inputs which reflect the organization’s own assumptions about the assumptions market participants would use in pricing the asset or liability.

The following table summarizes the assets of the Alliance measured at fair value on a recurring basis as of September 30:

	<b>Fair Value Measurements at Reporting Date Using</b>		
	<b>Quoted Prices</b>	<b>Significant</b>	<b>Significant</b>
	<b>in Active</b>	<b>Other</b>	<b>Unobservable</b>
	<b>Markets for</b>	<b>Observable</b>	<b>Inputs</b>
	<b>Identical</b>	<b>Inputs</b>	<b>Inputs</b>
	<b>Assets</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
	<b>(Level 1)</b>		
<b>2013</b>			
Assets held by community foundation	\$ 13,006	\$ -	\$ 13,006
<b>2012</b>			
Assets held by community foundation	12,009	-	12,009

The fair value of the assets held by the New Mexico Community Foundation (NMCF) was determined based on the market prices of the underlying investments as reported by the NMCF.



# New Mexico Wilderness Alliance

## Notes to Financial Statements September 30, 2013 and 2012

### 10) Employee Benefit Plans

The Alliance provides a Section 403(b) retirement plan for eligible employees. The Alliance matches employee's contributions up to 5% of the participating employee's compensation. Employer contributions to the retirement plan were \$13,948 and \$16,251 for the years ended September 30, 2013 and 2012, respectively.

### 11) Accounting for Uncertainty in Income Taxes

The Financial Accounting and Standards Board (FASB) issued FASB ASC 740-10 (formerly FASB FIN 48), *Accounting for Uncertainty in Income Taxes*, which provides guidance on how to measure and account for various tax positions. If applicable, the Alliance will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of September 30, 2013 and 2012, the Alliance had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Alliance does not anticipate any significant changes to unrecognized tax benefits over the next year.

Management of the Alliance believes its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and believes the only activity subject to unrelated business income tax is advertising. The Alliance files federal Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-T, *Exempt Organization Business Income Tax Return*, as required, with the Internal Revenue Service and copies of Form 990 and Form 990-T with states in which the Alliance is registered, as required. The statute of limitations for examination of the Alliance's returns expires three years from the due date of the return or the date filed, whichever is later. The Alliance's returns for the years ended September 30, 2010 through 2012, are still open for examination and management anticipates the statute of limitations for the returns for the year ended September 30, 2013, will expire in March 2017.

# New Mexico Wilderness Alliance

## Notes to Financial Statements

September 30, 2013 and 2012

### 12) Endowment

The assets of the endowment consist of investments held and invested by the NMCF (Note 2) and cash held by the Alliance. The endowment originated during the year ended September 30, 2009, with \$13,000 of contributions.

Net assets associated with the endowment fund, including amounts designated by the board to function as endowments, if applicable, are classified and reported based on the existence or absence of donor-imposed restrictions. Income earned on the endowment is available for operations. Because the endowment is new, management of the Alliance has not yet adopted spending policies.

Management of the Alliance has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Alliance classifies as permanently restricted net assets a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Alliance in a manner consistent with the standards of prudence prescribed by the UPMIFA.

The endowment's net asset composition is as follows for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Donor-restricted endowment funds – permanently restricted		
Original endowment contributions	<u>\$ 13,000</u>	<u>\$ 13,000</u>

# New Mexico Wilderness Alliance

## Notes to Financial Statements

September 30, 2013 and 2012

### 13) Leases

As of September 30, 2013, the Alliance has two lease agreements for office space requiring future monthly lease payments. One lease is a 10-month lease beginning in March 2013 requiring monthly lease payments of \$233. The second lease is a 36-month lease requiring monthly lease payments ranging from \$2,311 to \$2,451. Lease expense related to these leases was \$ 31,189 and \$29,706 for the years ended September 30, 2013 and 2012, respectively. Future minimum lease payments related to these leases are as follows:

<u>Year ending September 30</u>	
2014	\$ 29,971
2015	<u>4,902</u>
Total future minimum lease payments	<u>\$ 34,873</u>

### 14) Conditional Contribution

In June 2012, the Alliance was notified it was a 5% beneficiary of a trust. The trust was the beneficiary of the assets of an individual upon his death. The named individual of the trust died in June 2012. As of September 30, 2012, the amounts to be received by the Alliance were not known; therefore, no amounts were recorded in the financial statements as of and for the year ended September 30, 2012. Information provided by the trustee of the trust in April 2013 indicated the Alliance would receive 5% of \$10 million. The Alliance received \$135,150 in April 2013 as a partial distribution from the trust. As of September 30, 2013, the amount of additional distributions from the trust is not known as future distributions are contingent upon final settlement of the decedent's estate and debts of the trust. Therefore, no amounts were accrued as of September 30, 2013, for additional distributions from this trust.

## Statements of Functional Expenses

**New Mexico Wilderness Alliance**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2013**  
(With summarized financial information for the year ended September 30, 2012)

	Wilderness Outreach	Wilderness Protection	Total Program Services
Salaries and wages	\$ 246,676	\$ 99,167	\$ 345,843
Travel and transportation	62,993	22,173	85,166
Contractual services	50,971	14,695	65,666
Payroll taxes	25,834	10,443	36,277
Employee benefits (Note 10)	22,572	14,276	36,848
Occupancy (Note 13)	21,904	8,947	30,851
Printing and reproduction	13,711	3,092	16,803
Legal and accounting	-	-	-
Meals and entertainment	4,356	714	5,070
Materials and supplies	4,248	3,319	7,567
Events	1,433	-	1,433
Postage	3,089	1,047	4,136
Telephone	6,438	2,630	9,068
Inventory write-off	11,622	-	11,622
Fieldwork - labor and materials	-	11,483	11,483
Dues and subscriptions	322	7,600	7,922
Advertising	800	50	850
Lodging	3,126	2,607	5,733
Website and internet	4,795	-	4,795
Fees	48	1,020	1,068
Costs of goods sold	4,334	-	4,334
Miscellaneous	-	175	175
Depreciation	2,220	823	3,043
Insurance	-	-	-
Repairs and maintenance	852	350	1,202
Interest (Note 7)	-	-	-
Training and workshops	-	-	-
Direct mail services	-	-	-
Grants	-	-	-
<b>Total expenses</b>	<b>\$ 492,344</b>	<b>\$ 204,611</b>	<b>\$ 696,955</b>

<u>Management and General</u>	<u>Fundraising</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
\$ 63,278	\$ 54,287	\$ <b>463,408</b>	\$ 508,602
961	660	<b>86,787</b>	50,507
2,039	2,401	<b>70,106</b>	77,178
6,551	5,422	<b>48,250</b>	50,130
5,373	5,076	<b>47,297</b>	63,662
5,645	4,842	<b>41,338</b>	42,689
1,715	6,658	<b>25,176</b>	31,826
20,137	-	<b>20,137</b>	9,095
150	11,433	<b>16,653</b>	21,213
6,231	1,542	<b>15,340</b>	16,701
-	12,416	<b>13,849</b>	1,151
1,960	7,439	<b>13,535</b>	22,212
1,659	1,423	<b>12,150</b>	16,160
-	-	<b>11,622</b>	5,076
-	-	<b>11,483</b>	10,390
635	-	<b>8,557</b>	3,468
641	6,363	<b>7,854</b>	21,863
916	-	<b>6,649</b>	12,914
1,049	150	<b>5,994</b>	9,707
4,171	-	<b>5,239</b>	6,014
-	-	<b>4,334</b>	5,700
3,420	-	<b>3,595</b>	693
251	286	<b>3,580</b>	4,883
3,162	-	<b>3,162</b>	4,889
131	-	<b>1,333</b>	4,041
277	-	<b>277</b>	541
-	-	-	1,702
-	-	-	3,528
-	-	-	5,065
<u>\$ 130,352</u>	<u>\$ 120,398</u>	<u>\$ <b>947,705</b></u>	<u>\$ 1,011,600</u>

The accompanying notes are an integral part of these financial statements.

**New Mexico Wilderness Alliance**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2012**  
**(With summarized financial information for the year ended September 30, 2011)**

	Wilderness Outreach	Wilderness Protection	Total Program Services
Salaries and wages	\$ 306,255	\$ 89,950	\$ 396,205
Contractual services	47,368	27,996	75,364
Employee benefits (Note 10)	35,998	14,868	50,866
Travel and transportation	33,252	14,596	47,848
Payroll taxes	30,105	9,057	39,162
Occupancy (Note 13)	25,606	7,649	33,255
Printing and reproduction	16,400	3,114	19,514
Postage	3,632	787	4,419
Advertising	21,463	75	21,538
Meals and entertainment	8,331	3,683	12,014
Materials and supplies	7,494	3,174	10,668
Telephone	9,693	2,895	12,588
Lodging	4,668	7,680	12,348
Fieldwork - labor and materials	-	10,390	10,390
Website and internet	7,766	-	7,766
Legal and accounting	-	-	-
Fees	40	1,130	1,170
Costs of goods sold	5,700	-	5,700
Inventory write-off	5,076	-	5,076
Grants	5,065	-	5,065
Insurance	868	637	1,505
Depreciation	2,571	1,890	4,461
Repairs and maintenance	1,007	2,129	3,136
Direct mail services	-	-	-
Dues and subscriptions	489	2,542	3,031
Training and workshops	-	195	195
Events	-	-	-
Miscellaneous	65	105	170
Interest (Note 7)	-	-	-
Total expenses	<u>\$ 578,912</u>	<u>\$ 204,542</u>	<u>\$ 783,454</u>

Fundraising	Management and General	<b>2012 Totals</b>	2011 Totals
\$ 76,255	\$ 36,142	\$ <b>508,602</b>	\$ 579,920
1,290	524	<b>77,178</b>	114,867
7,745	5,051	<b>63,662</b>	86,728
525	2,134	<b>50,507</b>	70,094
7,389	3,579	<b>50,130</b>	52,285
6,400	3,034	<b>42,689</b>	46,438
3,428	8,884	<b>31,826</b>	59,196
15,869	1,924	<b>22,212</b>	29,737
325	-	<b>21,863</b>	33,584
8,012	1,187	<b>21,213</b>	11,204
265	5,768	<b>16,701</b>	19,739
2,423	1,149	<b>16,160</b>	16,611
-	566	<b>12,914</b>	21,132
-	-	<b>10,390</b>	7,592
1,941	-	<b>9,707</b>	22,569
-	9,095	<b>9,095</b>	8,380
-	4,844	<b>6,014</b>	5,250
-	-	<b>5,700</b>	3,604
-	-	<b>5,076</b>	7,192
-	-	<b>5,065</b>	3,660
-	3,384	<b>4,889</b>	4,525
225	197	<b>4,883</b>	6,244
-	905	<b>4,041</b>	5,679
3,528	-	<b>3,528</b>	11,163
14	423	<b>3,468</b>	1,852
-	1,507	<b>1,702</b>	2,271
1,151	-	<b>1,151</b>	7,818
153	370	<b>693</b>	815
-	541	<b>541</b>	721
<u>\$ 136,938</u>	<u>\$ 91,208</u>	<u>\$ <b>1,011,600</b></u>	<u>\$ 1,240,870</u>

The accompanying notes are an integral part of these financial statements.