

The Wilderness Society and The Wilderness Society Action Fund

Audited Consolidated Financial Statements and Other Financial Information

*Years ended September 30, 2023 and 2022
with Report of Independent Auditors*

The Wilderness Society and The Wilderness Society Action Fund
Audited Consolidated Financial Statements and Other Financial Information

Years ended September 30, 2023 and 2022

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Report of Independent Auditors

Governing Council
The Wilderness Society
Washington, DC

Opinion

We have audited the consolidated financial statements of The Wilderness Society and The Wilderness Society Action Fund (collectively, the Society), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Society as of September 30, 2023 and 2022, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standard

As discussed in Note B to the consolidated financial statements, effective October 1, 2022, the Society adopted Financial Accounting Standards Board Accounting Standards Update 2016-02 and subsequent amendments, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position as of September 30, 2023 and 2022 on pages 27 - 28, and the consolidating schedules of activities for the years then ended on pages 29 - 30, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subject to auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Johnson Lambert LLP". The signature is written in a cursive, flowing style.

Vienna, Virginia
March 1, 2024

The Wilderness Society and The Wilderness Society Action Fund

Consolidated Statements of Financial Position

	September 30,	
	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 13,958,243	\$ 12,570,301
Certificate of deposit	1,837,287	1,805,946
Accounts and contributions receivable, net	6,825,976	7,267,051
Investments	49,149,246	52,397,494
Planned giving investments	2,883,388	3,036,882
Beneficial interest in assets held by others	4,643,829	4,378,198
Long-term receivables, net	10,616,269	10,657,351
Prepaid expenses and other assets	1,352,655	1,232,534
Fixed assets, net	3,157,934	3,499,339
Right-of-use assets - operating leases	18,809,659	-
Total assets	<u>\$ 113,234,486</u>	<u>\$ 96,845,096</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,976,677	\$ 3,447,792
Deferred revenue	69,764	270,945
Deferred rent and lease incentive obligation	-	4,198,061
Deposits	-	21,250
Planned giving liabilities	2,039,408	2,037,380
Lease liabilities - operating leases	22,365,861	-
Total liabilities	28,451,710	9,975,428
Net assets:		
Without donor restrictions	39,717,545	42,498,769
With donor restrictions	45,065,231	44,370,899
Total net assets	<u>84,782,776</u>	<u>86,869,668</u>
Total liabilities and net assets	<u>\$ 113,234,486</u>	<u>\$ 96,845,096</u>

See accompanying notes to the consolidated financial statements.

The Wilderness Society and The Wilderness Society Action Fund

Consolidated Statements of Activities

For the years ended September 30,

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues						
Contributions:						
Individuals	\$ 21,147,790	\$ 7,807,667	\$ 28,955,457	\$ 32,241,272	\$ 19,325,385	\$ 51,566,657
Foundations	263,000	6,290,591	6,553,591	63,000	8,807,108	8,870,108
Corporations	<u>172,279</u>	<u>50,000</u>	<u>222,279</u>	<u>152,564</u>	<u>60,000</u>	<u>212,564</u>
	21,583,069	14,148,258	35,731,327	32,456,836	28,192,493	60,649,329
Program services	856,605	-	856,605	66,903	-	66,903
Investment income, net	1,173,928	383,044	1,556,972	749,155	321,458	1,070,613
Spending policy	758,444	(758,444)	-	786,389	(786,389)	-
Other revenue	<u>251,064</u>	<u>-</u>	<u>251,064</u>	<u>328,334</u>	<u>-</u>	<u>328,334</u>
Total revenues	24,623,110	13,772,858	38,395,968	34,387,617	27,727,562	62,115,179
Net assets released from restrictions	<u>15,337,854</u>	<u>(15,337,854)</u>	<u>-</u>	<u>11,821,968</u>	<u>(11,821,968)</u>	<u>-</u>
Total revenues	39,960,964	(1,564,996)	38,395,968	46,209,585	15,905,594	62,115,179
Expenses						
Program services:						
Net zero	6,780,246	-	6,780,246	6,756,711	-	6,756,711
30 x 30	17,089,182	-	17,089,182	14,813,988	-	14,813,988
Community led conservation	9,003,282	-	9,003,282	7,253,324	-	7,253,324
Critical mass	2,832,832	-	2,832,832	3,153,616	-	3,153,616
Action fund	<u>1,073,572</u>	<u>-</u>	<u>1,073,572</u>	<u>1,121,352</u>	<u>-</u>	<u>1,121,352</u>
	36,779,114	-	36,779,114	33,098,991	-	33,098,991
Support services:						
Fundraising	9,148,881	-	9,148,881	8,502,853	-	8,502,853
Management and general	<u>2,549,718</u>	<u>-</u>	<u>2,549,718</u>	<u>2,490,416</u>	<u>-</u>	<u>2,490,416</u>
	11,698,599	-	11,698,599	10,993,269	-	10,993,269
Total expenses	<u>48,477,713</u>	<u>-</u>	<u>48,477,713</u>	<u>44,092,260</u>	<u>-</u>	<u>44,092,260</u>
Change in net assets from operations	(8,516,749)	(1,564,996)	(10,081,745)	2,117,325	15,905,594	18,022,919
Gain/(Loss) on investments	5,358,213	2,275,046	7,633,259	(8,524,273)	(3,962,754)	(12,487,027)
Change in value of beneficial interest	-	361,594	361,594	-	(1,245,089)	(1,245,089)
Loss on equipment disposal	-	-	-	<u>(16,138)</u>	<u>-</u>	<u>(16,138)</u>
Change in net assets	(3,158,536)	1,071,644	(2,086,892)	(6,423,086)	10,697,751	4,274,665
Beginning net assets	42,498,769	44,370,899	86,869,668	48,785,929	33,809,074	82,595,003
Reclassification of Action Fund net (deficit) assets for consolidation	<u>377,312</u>	<u>(377,312)</u>	<u>-</u>	<u>135,926</u>	<u>(135,926)</u>	<u>-</u>
Ending net assets	<u>\$ 39,717,545</u>	<u>\$ 45,065,231</u>	<u>\$ 84,782,776</u>	<u>\$ 42,498,769</u>	<u>\$ 44,370,899</u>	<u>\$ 86,869,668</u>

See accompanying notes to the consolidated financial statements.

The Wilderness Society and The Wilderness Society Action Fund

Consolidated Statement of Functional Expenses

Year ended September 30, 2023

	Program Services					Supporting Services				Total Expenses
	Net Zero	30x30	Community Led Conservation	Critical Mass	Action Fund	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Compensation	\$ 3,157,562	\$ 7,240,931	\$ 4,081,674	\$ 1,411,567	\$ 268,483	\$ 16,160,217	\$ 4,023,948	\$ 632,756	\$ 4,656,704	\$ 20,816,921
Fringe benefits	824,603	1,871,267	1,045,301	364,852	68,291	4,174,314	903,466	167,633	1,071,099	5,245,413
	<u>3,982,165</u>	<u>9,112,198</u>	<u>5,126,975</u>	<u>1,776,419</u>	<u>336,774</u>	<u>20,334,531</u>	<u>4,927,414</u>	<u>800,389</u>	<u>5,727,803</u>	<u>26,062,334</u>
Professional fees	872,025	2,633,438	1,097,812	357,676	396,852	5,357,803	1,439,575	920,914	2,360,489	7,718,292
Grants and awards	319,116	1,214,823	1,096,552	22,798	90,214	2,743,503	23,824	14,481	38,305	2,781,808
Occupancy	390,209	871,683	493,012	170,499	12,912	1,938,315	193,526	195,655	389,181	2,327,496
Travel	190,514	955,277	405,854	90,373	27,038	1,669,056	382,650	138,122	520,772	2,189,828
Printing and mailing	792,016	1,712,593	496,997	252,403	179,593	3,433,602	1,887,805	247,452	2,135,257	5,568,859
Interest, taxes, and depreciation	57,992	131,950	74,212	25,787	4,861	294,802	79,715	82,103	161,818	456,620
Other program expenses	176,209	457,220	211,868	136,877	25,328	1,007,502	214,372	150,602	364,974	1,372,476
Total	<u>\$ 6,780,246</u>	<u>\$ 17,089,182</u>	<u>\$ 9,003,282</u>	<u>\$ 2,832,832</u>	<u>\$ 1,073,572</u>	<u>\$ 36,779,114</u>	<u>\$ 9,148,881</u>	<u>\$ 2,549,718</u>	<u>\$ 11,698,599</u>	<u>\$ 48,477,713</u>

See accompanying notes to the consolidated financial statements.

The Wilderness Society and The Wilderness Society Action Fund

Consolidated Statement of Functional Expenses

Year ended September 30, 2022

	Program Services					Supporting Services				Total Expenses
	Net Zero	30x30	Community Led Conservation	Critical Mass	Action Fund	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Compensation	\$ 2,883,336	\$ 5,951,789	\$ 3,148,680	\$ 1,324,672	\$ 271,621	\$ 13,580,098	\$ 3,151,709	\$ 485,947	\$ 3,637,656	\$ 17,217,754
Fringe benefits	<u>767,491</u>	<u>1,584,417</u>	<u>837,626</u>	<u>352,458</u>	<u>72,256</u>	<u>3,614,248</u>	<u>836,236</u>	<u>129,646</u>	<u>965,882</u>	<u>4,580,130</u>
	3,650,827	7,536,206	3,986,306	1,677,130	343,877	17,194,346	3,987,945	615,593	4,603,538	21,797,884
Professional fees	831,403	2,207,113	780,196	512,238	436,385	4,767,335	1,831,938	376,986	2,208,924	6,976,259
Grants and awards	635,199	1,266,828	1,230,865	284,250	125,823	3,542,965	12,928	11,965	24,893	3,567,858
Occupancy	450,742	926,968	502,727	210,150	18,850	2,109,437	238,090	625,056	863,146	2,972,583
Travel	118,296	396,691	183,026	61,977	8,432	768,422	96,945	30,231	127,176	895,598
Printing and mailing	697,176	1,672,983	187,172	207,017	137,970	2,902,318	2,024,078	477,175	2,501,253	5,403,571
Interest, taxes, and depreciation	163,953	337,369	182,273	76,268	28,016	787,879	208,888	184,432	393,320	1,181,199
Other program expenses	<u>209,115</u>	<u>469,830</u>	<u>200,759</u>	<u>124,586</u>	<u>21,999</u>	<u>1,026,289</u>	<u>102,041</u>	<u>168,978</u>	<u>271,019</u>	<u>1,297,308</u>
Total	<u>\$ 6,756,711</u>	<u>\$ 14,813,988</u>	<u>\$ 7,253,324</u>	<u>\$ 3,153,616</u>	<u>\$ 1,121,352</u>	<u>\$ 33,098,991</u>	<u>\$ 8,502,853</u>	<u>\$ 2,490,416</u>	<u>\$ 10,993,269</u>	<u>\$ 44,092,260</u>

See accompanying notes to the consolidated financial statements.

The Wilderness Society and The Wilderness Society Action Fund

Consolidated Statements of Cash Flows

	Years ended September 30,	
	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (2,086,892)	\$ 4,274,665
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	506,920	492,488
Loss on disposal of fixed assets	-	16,138
Discount on long-term receivables	779,241	1,024,541
Allowance for uncollectible receivables	(88,159)	642,847
Net realized and unrealized investment (gain)/loss	(7,633,259)	12,487,027
Changes in investments held in trust	153,494	876,283
Donated securities	(1,628,050)	(2,089,578)
Contributions restricted for long-term investment	(41,088)	(25,009)
Noncash lease expense	2,623,415	-
Changes in operating assets and liabilities:		
Accounts and contributions receivable	(208,925)	(16,785,065)
Beneficial interests in assets held by others	(265,631)	939,902
Prepaid expenses and other assets	(120,121)	305,318
Accounts payable and accrued expenses	528,885	(1,006,495)
Deferred revenue	(201,181)	17,852
Deferred rent and lease incentive obligation	-	118,037
Deposits	(21,250)	-
Lease liabilities - operating leases	(3,265,274)	-
Net cash from operating activities	(10,967,875)	1,288,951
Cash flows from investing activities		
Purchase of equipment	(165,515)	(225,060)
Proceeds from sale of investments	14,683,157	3,853,856
Purchase of investments	(2,173,600)	(3,301,507)
Reinvested interest on CDs	(31,341)	(3,214)
Net cash from investing activities	12,312,701	324,075
Cash flows from financing activities		
Investment return on planned giving liabilities	2,028	(239,582)
Contributions restricted for long-term investment	41,088	25,009
Net cash from financing activities	43,116	(214,573)
Change in cash and cash equivalents	1,387,942	1,398,453
Cash and cash equivalents, beginning of year	12,570,301	11,171,848
Cash and cash equivalents, end of year	\$ 13,958,243	\$ 12,570,301

See accompanying notes to the consolidated financial statements.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements

Years ended September 30, 2023 and 2022

Note A - Organization and Purpose

The Wilderness Society (TWS) is the leading conservation organization working to protect wilderness and inspire Americans to care for our wild places. Founded in 1935, and now with more than 700,000 members and supporters, TWS has led the effort to permanently protect 109 million acres of wilderness. We work to ensure sound management of our shared national lands, which include 635 million acres owned by the American people and managed by our government.

The Wilderness Society Action Fund (Action Fund) is an affiliated organization of TWS and was created for the purpose of educating the public and advancing issue advocacy dedicated to protecting wilderness.

TWS's major programs are as follows:

30 x 30

The goal of the 30 x 30 movement is to address the devastating loss of nature across the globe. In approximately the last 20 years, we've lost 1.2 million square miles of the wild land worldwide - about the same as the total area of India. If development and destruction continue at that rate, scientists say there will be no truly wild places left without human disturbances in less than a century. This loss of nature affects our sources of clean air and water as well as the places we recreate. It also means fewer places to act as refuge for people and wildlife struggling to adapt to climate change. Additionally, this trend is hurting our ability to combat climate change itself, as forests and other landscapes with a great capacity to absorb greenhouse gas emissions are being wiped out.

Net Zero

We strive to make public lands and waters entirely pollution-free. The first step is to make public lands a net-zero source of emissions by 2030 and support a just transition for fossil-fuel-dependent communities. We also want to boost responsible renewable energy development in the right places and to protect forests and landscapes that play an important role in absorbing climate change emissions.

Community Led Conservation

All people, of every race, gender, immigration status, physical ability or income level, should have access to nature. We are working to transform conservation policy and practice so that everyone can get outdoors and benefit equitably from public lands.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note A - Organization and Purpose (Continued)

Critical Mass

In order to achieve our ambitious strategic goals, we require critical mass of people reflecting America's diversity, taking action to protect wilderness and public lands. Through national and local strategic partnerships, campaigns and public awareness initiatives, we work to build a sustainable long-term movement.

Action Fund

Defending the nation's most treasured places requires action. The Action Fund works to generate awareness among citizens about threatened places. Concerned citizens in turn ask lawmakers in Congress to support conservation goals. This grassroots effort is essential for protecting specific places, whether the Arctic National Wildlife Refuge in northeast Alaska, wild forests in Maine or rugged landscapes in southern Utah. This action is also essential for protecting the bedrock laws that guard legal protections for America's lands and waters. The Action Fund is an avenue through which TWS pursues this type of advocacy work.

Note B - Summary of Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of TWS and the Action Fund (collectively, the Society). Significant intercompany accounts and transactions have been eliminated in consolidation. TWS maintains an administrative fund to pay the administrative costs of the Action Fund. For purposes of consolidated reporting, the Society has classified the contributions, net assets (deficit) without donor restrictions of the Action Fund and the administrative fund as net assets with donor restrictions.

Adoption of Accounting Standard

The Society adopted Accounting Standards Codification (ASC) Topic 842, *Leases* on October 1, 2022. Among other requirements, lessees are required to identify leases as either operating or finance and to recognize the following for all leases (with the exception of short-term leases) as of the date of adoption: 1) a lease liability, which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) a right-of-use (ROU) asset, which is an asset that represents the lessee's ROU, or control the use of a specified asset for the lease term. On adoption, the Society elected to utilize the year of adoption modified retrospective approach. The Society also elected to apply all practical expedients applicable to the Society in the updated guidance for transition for leases in effect at adoption, including using hindsight to determine the lease term of existing leases, the option to not reassess whether an existing contract is a lease or contains a lease and whether the lease is an operating or finance lease. As a result of adopting, the Society recognized a ROU asset of \$21,754,729 and a lease liability of \$25,570,139 on October 1, 2022.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note B - Summary of Significant Accounting Policies (Continued)

Basis of accounting

The Society presents its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Financial Accounting Standards Board Accounting Standards Codification.

Subsequent events

The Society has performed an evaluation of subsequent events through March 1, 2024, which is the date the consolidated financial statements were available to be issued and has considered any relevant matters in the preparation of the consolidated financial statements and notes. See Note N for additional details regarding subsequent events.

Use of estimates

GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts and classifications of revenues and expenses during the reporting period. Actual results could differ from these estimates, and those differences could be material.

Income taxes

TWS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not a private foundation under Section 509(a) of the IRC. The Action Fund is exempt from federal income taxes under Section 501(c)(4) of the IRC. The Society is subject to income taxes on unrelated business income, less applicable deductions. Management has concluded that the Society has properly maintained its exempt status and there are no uncertain tax positions as of September 30, 2023. There are currently no examinations being conducted.

Risk and uncertainties

The Society invests in various securities. These securities are exposed to a variety of risks, such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Cash and cash equivalents

The Society considers all highly liquid investments with original maturities at the purchase date of 90 days or less to be cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures amounts on deposit with each financial institution up to limits prescribed by law. The Society may hold funds with financial institutions in excess of the FDIC insured amounts; however, the Society has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. Cash and cash equivalents held within the investment accounts, or by bank custodians that are intended to be invested, are classified as investments in the accompanying consolidated statements of financial position.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note B - Summary of Significant Accounting Policies (Continued)

Certificate of deposit

Certificates of deposit with original maturities of greater than 90 days are stated at cost plus accrued interest. Certificates of deposit do not meet the definition of securities under accounting standards and thus are not subject to the fair value disclosure requirements of GAAP.

Investments and fair value measurement

Investments are recorded at fair value. Investment income or loss, including realized and unrealized gains and losses, is included in the consolidated statements of activities as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Dividend and interest income are considered operating revenue of the Society. Realized and unrealized gains and losses above the spending rate approved by the Governing Council are not used in operations and, therefore, are reported as net assets with donor restrictions in the consolidated statements of activities as gain on investments.

In accordance with GAAP, the Society prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted (unadjusted) for identical assets or liabilities in actively traded markets which the Society has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

Planned giving assets and liabilities

The Society maintains a pooled income fund for planned giving investments. Donors contribute to the Society an irrevocable remainder interest in assets while they reserve the right to income earned on the assets. The Society recognizes its remainder interest in the assets received as contributions with donor restriction in the period the assets are received. The contribution is recorded at the fair value of the asset discounted over the actuarially estimated time period until the donor's death.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note B - Summary of Significant Accounting Policies (Continued)

Planned giving assets and liabilities (continued)

Charitable gift annuity contributions are recorded net of the present value of the liability of the future annuity payments. The rate used to calculate the net present value is the adjusted discount rate for the month in which the gift is made. The value of the liability is adjusted to reflect amortization of the discount, payments to the donor, and changes in actuarial assumptions.

Charitable remainder trusts are recorded at the present value of estimated future cash flows. The discount rate used to calculate the net present value of the estimated future cash flows for the years ended September 30, 2023 and 2022 was 5.0% and 3.6%, respectively. The value of the trust liability is adjusted to reflect amortization of the discount and changes in actuarial assumptions related to interest rate fluctuations or other variables.

Earnings generated by planned giving investments are recorded as liabilities to cover commitments to the beneficiaries of planned giving agreements. The change in the actuarial value of planned giving assets is recorded as change in value of beneficial interest in the consolidated statements of activities.

Beneficial interest in assets held by others

The Society has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Society does not have possession or control over the assets of the trusts. It is the policy of the Society to record such assets only when the Society's interest is deemed to be irrevocable and where there is sufficient information to quantify a fair and accurate valuation. When the Society has enough information to record the beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in assets held by others is recorded in the consolidated statements of financial position at fair value using the discounted present value of the gift, based on the date of the gift and the trust life. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note B - Summary of Significant Accounting Policies (Continued)

Beneficial interest in assets held by others (continued)

The beneficial interest in assets held by others for which the Society does not serve as trustee amounted to \$4,646,001 and \$4,585,398 as of September 30, 2023 and 2022, respectively, and is recorded in net assets with donor restrictions in the accompanying consolidated statements of financial position. Of these amounts, \$2,172 and \$207,200 is included within accounts receivable as of September 30, 2023 and 2022, respectively as payment is due within one year. Trust assets include publicly traded U.S. stock, corporate and government bonds, mutual funds, and property and land. The change in value of beneficial interests was \$361,594 and \$(1,245,089) for the years ended September 30, 2023 and 2022, respectively.

Contributions receivable

Contributions receivable that are expected to be collected within one year are reported net of any estimated uncollectible amounts. Contributions expected to be collected beyond one year, recorded in long-term receivables, net in the consolidated statement of activities, are reported net of any estimated uncollectible amounts and are discounted to present value using the United States Treasury obligations risk-adjusted rate according to their corresponding terms.

Contributions

The Society recognizes contributions when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor imposed restrictions. A contribution is reported as without donor restrictions if a restriction is fulfilled in the same period in which the contribution is received.

Allowance for uncollectible contributions

The Society has established an allowance for uncollectible contributions based on management's judgment of the creditworthiness of the donors, past collection experience, and other relevant factors. Although variability is inherent in such estimates, management believes that the allowance provided in the consolidated financial statements is adequate, but largely dependent on economic conditions.

Fixed assets

Furniture and equipment expenditures over \$5,000 are recorded at cost and are depreciated using the straight-line method, with estimated useful lives ranging from three to ten years. Leasehold improvements are recorded at cost and are amortized over the shorter of their useful lives or the remaining term of the lease.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note B - Summary of Significant Accounting Policies (Continued)

Leases

The Society determines if an arrangement is a lease or contains a lease at inception of a contract and classifies each lease as an operating or finance lease. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Society records a ROU asset for the right to use an underlying asset for the lease term and a lease liability, on a discounted basis, for the obligation to make lease payments arising from the lease. The Society has elected the risk free rate as the discount rate for all its underlying leased assets. Various lease terms include options to extend or to terminate the leases that the Society is reasonably certain to exercise. ROU assets are subject to review for impairment.

For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred. The Society has elected as an accounting policy not to record ROU assets and lease liabilities that arise from short-term leases for any class of underlying asset.

Collections

The Society's collections include artwork and photographs that are held for educational purposes. Each item is preserved and cared for in a manner similar to works of art held for public exhibition. The collections, which were acquired through various donations since the Society's inception, are not recognized as assets on the consolidated statements of financial position.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor, or certain grantor, restrictions. The governing council has designated, from net assets without donor restrictions, net assets for a capital reserve.

Net assets with donor restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note B - Summary of Significant Accounting Policies (Continued)

Net assets (continued)

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Compensation, fringe benefits, professional fees, occupancy, travel, printing and mailing, and depreciation, have been allocated among the programs, general and administrative and fundraising costs based on employee time and effort.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation.

Note C - Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of the consolidated statement of financial position date, comprise the following as of September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 13,958,243	\$ 12,570,301
Accounts and contributions receivable	6,825,976	7,267,051
Investments	31,307,380	36,347,242
Endowment spending-rate distributions and appropriations	<u>852,366</u>	<u>853,813</u>
	<u>\$ 52,943,965</u>	<u>\$ 57,038,407</u>

As part of the liquidity management plan, the Society's internal policy provides guidance in structuring financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Society conducts an annual planning process in which revenues and expenses are budgeted for the coming year. This budget is created on a month-by-month basis, as a calendarization of revenue and expenses. As part of that process, cash and non-cash items are materially identified such that a cash forecast can be produced. The Society invests cash in excess of daily requirements in mutual funds, equities, and fixed income securities.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note C - Liquidity and Availability of Resources (Continued)

The Society's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. Donor restricted endowment funds are subject to an annual spending rate of 4% as described in Note E.

The Society is supported, in part, by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Society must maintain sufficient resources to meet those responsibilities to its donors. The Society has evaluated its general expenditures for the next fiscal year and has determined that certain donor restrictions are for purposes related to its ongoing programs and activities. Therefore, certain donor restricted financial assets are considered available for general expenditure and are included in the above analysis. As of September 30, 2023 and 2022, approximately \$8.0 million and \$9.0 million of net assets with donor restrictions are expected to be available to meet general expenditures within one year of the consolidated statements of financial position.

Note D - Investments and Fair Value Measurement

Investments, at fair value, within the fair value hierarchy at September 30, 2023 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and cash equivalents *	\$ -	\$ -	\$ -	\$ 1,634,236
Mutual funds	4,111,429	-	-	4,111,429
Equities	36,454,126	-	-	36,454,126
Fixed income	<u>3,829,903</u>	<u>3,119,552</u>	-	<u>6,949,455</u>
Total investments	44,395,458	3,119,552	-	49,149,246
Planned giving assets:				
Cash and cash equivalents *	-	-	-	173,989
Mutual funds	794,218	-	-	794,218
Equities	1,139,842	-	-	1,139,842
Fixed income	<u>6,578</u>	<u>768,761</u>	-	<u>775,339</u>
Total planned giving assets	1,940,638	768,761	-	2,883,388
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>4,643,829</u>	<u>4,643,829</u>
Total	<u>\$ 46,336,096</u>	<u>\$ 3,888,313</u>	<u>\$ 4,643,829</u>	<u>\$ 56,676,463</u>

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note D - Investments and Fair Value Measurement (Continued)

*Cash and cash equivalents held within investment accounts have been excluded from the fair value level disclosures in the above table, in accordance with GAAP.

Investments, at fair value, within the fair value hierarchy at September 30, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and cash equivalents *	\$ -	\$ -	\$ -	\$ 493,563
Mutual funds	4,554,337	-	-	4,554,337
Equities	38,501,498	-	-	38,501,498
Fixed income	<u>4,875,823</u>	<u>3,972,273</u>	-	<u>8,848,096</u>
Total investments	47,931,658	3,972,273	-	52,397,494
Planned giving assets:				
Cash and cash equivalents *	-	-	-	158,139
Mutual funds	1,197,982	-	-	1,197,982
Equities	862,518	-	-	862,518
Fixed income	<u>19,923</u>	<u>798,320</u>	-	<u>818,243</u>
Total planned giving assets	2,080,423	798,320	-	3,036,882
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>4,378,198</u>	<u>4,378,198</u>
Total	<u>\$ 50,012,081</u>	<u>\$ 4,770,593</u>	<u>\$ 4,378,198</u>	<u>\$ 59,812,574</u>

*Cash and cash equivalents held within investment accounts have been excluded from the fair value level disclosures in the above table, in accordance with GAAP.

Note E - Endowment Funds

The Society's endowment consists of individual funds established for a variety of purposes and are donor-restricted. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note E - Endowment Funds (Continued)

Interpretation of relevant law

The Governing Council of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Society retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the endowment), and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Society and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Society
- The investment policies of the Society

As of September 30, 2023, and 2022, the Society had the following endowment net asset composition by type of fund:

With Donor Restrictions	2023	2022
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 13,624,419	\$ 11,261,917
Planned giving assets (net), and donated insurance	439,259	437,035
Beneficial interest in assets held by third parties	1,654,150	1,579,000
Accumulated investment gains	5,219,334	3,888,726
	\$ 20,937,162	\$ 17,166,678

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note E - Endowment Funds (Continued)

Interpretation of relevant law (continued)

Changes in endowment net assets for the years ended September 30, 2023 and 2022 are as follows:

With Donor Restrictions	2023	2022
Endowment net assets, beginning of year	\$ 17,166,678	\$ 21,487,933
Appropriation of endowment assets pursuant to spending-rate policy	(852,366)	(879,697)
Investment return, net	2,582,594	(3,466,655)
Transfers and adjustments	-	(156)
Change in long term portion of planned giving	(832)	-
Contributions	2,041,088	25,253
Endowment net assets, end of year	\$ 20,937,162	\$ 17,166,678

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Society has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies in donor-restricted endowment funds as of September 30, 2023 and 2022, and thus, no action taken by the Society during 2023 or 2022 concerning appropriation from underwater endowment funds.

Investment and spending policies

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Governing Council, the endowment's assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark including 75% S&P 500 index and 25% Barclays Capital Aggregate Bond Index. The Society expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note E - Endowment Funds (Continued)

Investment and spending policies (continued)

The Society has a policy of appropriating for distribution each year 4 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned, including those endowments deemed to be underwater, each year. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow at an average sufficient to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note F - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	2023	2022
Subject to specified purpose	\$ 14,649,752	\$ 16,521,968
Subject to the passage of time	5,973,028	6,933,334
	20,622,780	23,455,302
Subject to endowment policies:		
Endowment corpus restricted in perpetuity	14,066,343	11,261,917
Planned giving agreements, net and donated insurance*	2,093,409	2,021,901
Subject to endowment spending policy	4,777,410	3,888,726
	20,937,162	17,172,544
Planned giving agreements, net and donated insurance^	3,877,039	3,878,979
	45,436,981	44,506,825
Reclassification of Action Fund net assets for consolidation	(371,750)	(135,926)
Total net assets with donor restrictions	\$ 45,065,231	\$ 44,370,899

*These amounts include \$270,216 and \$267,009 as of September 30, 2023 and 2022, respectively of donated insurance included in prepaid expenses and other assets on the consolidated statement of financial position.

^These amounts include \$2,172 and \$270,900 as of September 30, 2023 and 2022, respectively of short term beneficial interest included in accounts and contributions receivable, net on the consolidated statement of financial position. These amounts also include \$44,100 and \$48,971 as of September 30, 2023 and 2022, respectively of donated insurance included in prepaid expenses and other assets on the consolidated statement of financial position.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note F - Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Purpose restriction	\$ 6,840,294	\$ 7,432,413
Time restriction:		
Split interest agreements	187,006	-
Multi-year pledge payments	<u>8,310,554</u>	<u>4,389,555</u>
Net assets released from restriction	<u>\$ 15,337,854</u>	<u>\$ 11,821,968</u>

Note G - Accounts and Contributions Receivable

Accounts and contributions receivable, including long-term receivables, included the following at September 30:

	<u>2023</u>	<u>2022</u>
Contributions receivable:		
Due in one to five years	\$ 13,150,000	\$ 12,500,000
Less: Allowance for uncollectible pledges	(624,841)	(713,000)
Less: Discount on long-term portion	<u>(1,908,890)</u>	<u>(1,129,649)</u>
	10,616,269	10,657,351
Due in less than one year	<u>6,780,568</u>	<u>7,055,857</u>
	17,396,837	17,713,208
Beneficial interest in assets held by others due in less than one year	2,172	207,200
Accounts receivable	<u>43,236</u>	<u>3,994</u>
	<u>\$ 17,442,245</u>	<u>\$ 17,924,402</u>

Note H - Fixed Assets

Furniture, equipment, and leasehold improvements consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 197,080	\$ 197,080
Computer equipment and related assets	1,338,425	1,186,789
Leasehold improvements	<u>3,240,310</u>	<u>3,226,429</u>
	4,775,815	4,610,298
Accumulated depreciation and amortization	<u>(1,617,881)</u>	<u>(1,110,959)</u>
	<u>\$ 3,157,934</u>	<u>\$ 3,499,339</u>

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note I - Operating Leases

The Society has entered into various operating lease agreements for office spaces. All operating lease agreements are subject to periodic increases based on the terms of the agreements.

In November 2011, the Society signed an amended non-cancelable lease for office space located at 1615 M Street in Washington, D.C., which extended the term through June 2023. As required by the terms of the lease, the Society maintains a letter-of-credit agreement for \$200,000 with a local financial institution for the benefit of the landlord.

The Society entered into a non-cancelable lease agreement for office space located at 1801 Pennsylvania Ave in Washington, D.C, which runs from June 2021 through May 2036. As required by the terms of the lease, the Society maintains an irrevocable stand by letter of credit for \$1,800,000 with a local financial institution for the benefit of the landlord. The letter of credit is secured by a certificate of deposit in a like amount held by the same financial institution. At the end of the lease term, the Society has the option to renew the lease for one renewal term of 5 years. The Society did not recognize the renewal option as a part of the ROU asset and liability as it is not reasonably certain to exercise.

The Society has also entered into various non-cancelable lease agreements for office spaces across the United States. The terms of these agreements range from March 2018 through May 2027. The Society has multiple options to extend certain leases that they are not reasonably certain to exercise, and therefore the renewal options were not recognized as a part of the ROU assets and liabilities.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note I - Operating Leases (Continued)

The Society's lease costs, terms and discount rates are as follows for the year ending September 30, 2023:

	<u>2023</u>
Operating lease cost:	
Lease cost	<u>\$ 3,877,158</u>
Total lease cost	<u><u>\$ 3,877,158</u></u>
<u>Other Information</u>	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 4,136,365
ROU assets obtained in exchange for new operating lease liabilities	\$ 25,631,135
Weighted-average remaining lease term - operating leases	12 years
Weighted-average discount rate - operating leases	3.69%

Future minimum lease payments and reconciliation to the consolidated statement of financial position as of September 30, 2023 are as follows:

	<u>Operating</u>
2024	\$ 2,440,744
2025	2,232,621
2026	2,199,875
2027	2,202,789
2028	2,152,383
Thereafter	<u>16,625,241</u>
Total undiscounted future lease payments	27,853,653
Less: present value adjustment	<u>(5,487,792)</u>
Operating lease liabilities	<u><u>\$ 22,365,861</u></u>

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note J - Allocation of Joint Costs of Direct Mailings

The Society produces mailings that include programmatic and administrative information, together, with a request for contributions in support of the Society's mission. The costs of producing these mailings is not directly attributable to any single function. In 2023 and 2022, the Society incurred joint costs of \$8,042,038 and \$7,250,970, respectively, for informational materials and activities that included fundraising appeals. Of those costs, \$3,269,371 and \$3,547,654, respectively, were allocated to program expenses, \$2,112,022 and \$774,886, respectively, were allocated to management and general, and \$2,660,645 and \$2,928,430, respectively, remained in fundraising.

Note K - Retirement Plan

The Society sponsors a noncontributory defined contribution pension plan covering all eligible permanent employees. The Society makes quarterly contributions of 6% of the eligible compensation paid to plan participants. For the years ended September 30, 2023 and 2022, the Society contributed \$1,052,893 and \$974,843, respectively, to the plan.

Note L - Related Party Transactions

The consolidated statements of financial position include \$16,428,853 and \$17,240,149 in outstanding contributions receivable, net as of September 30, 2023 and 2022, respectively, from members of the Society's Governing Council. The Society recognized \$10,922,358 and \$29,439,400 in contribution revenue from these members for the years ended September 30, 2023 and 2022, respectively.

Note M - Self-Insured Health Plan

The Society provides self-insured health benefits for eligible employees. Under the Program, the Society pays the administrative fees and eligible claims up to \$70,000. Individual claims in excess of these limits are insured by a third-party insurance carrier.

The Society recorded claims payable and incurred but not reported of \$184,186 as of September 30, 2023 and 2022, which is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position. Additionally, the claims paid under this Program were \$2,781,023 and \$2,568,364 for the years ended September 30, 2023 and 2022, respectively.

It is inherently difficult to estimate the liability for claims payable and incurred but not reported as of the consolidated statement of financial position date due to the unknown nature of the claims and the potentially lengthy settlement process. This significant estimate is based on management's best estimate and judgment, and may be adjusted as more current information becomes available. Resulting adjustments could be material.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

Note N - Legal Contingency

In February and March 2023, the Society was named as a defendant in two unrelated civil lawsuits. Both lawsuits were settled in arbitration subsequent to year end. As of the date of these consolidated financial statements in accordance with GAAP, management has recorded \$618,134 as accrued expenses as of September 30, 2023 as this amount was the ultimate liability to settle these matters.

The Wilderness Society and The Wilderness Society Action Fund

Consolidating Schedule of Financial Position

September 30, 2023

	The Wilderness Society	The Wilderness Society Action Fund	Reclassifications & Eliminations	Total
Assets				
Cash and cash equivalents	\$ 13,273,495	\$ 684,748	\$ -	\$ 13,958,243
Certificate of deposit	1,837,287	-	-	1,837,287
Accounts and contributions receivable, net	6,441,476	384,500	-	6,825,976
Investments	49,149,246	-	-	49,149,246
Planned giving investments	2,883,388	-	-	2,883,388
Beneficial interest in assets held by others	4,643,829	-	-	4,643,829
Long-term receivables, net	10,616,269	-	-	10,616,269
Prepaid expenses and other assets	1,095,878	370,150	(113,373)	1,352,655
Fixed assets, net	3,151,162	6,772	-	3,157,934
Right-of-use assets - operating leases	18,809,659	-	-	18,809,659
Total assets	<u>\$ 111,901,689</u>	<u>\$ 1,446,170</u>	<u>\$ (113,373)</u>	<u>\$ 113,234,486</u>
Liabilities and net assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 3,921,460	\$ 168,590	\$ (113,373)	\$ 3,976,677
Deferred revenue	64,719	5,045	-	69,764
Deferred rent and lease incentive obligation	-	-	-	-
Deposits	-	-	-	-
Planned giving liabilities	2,039,408	-	-	2,039,408
Lease liabilities - operating leases	22,365,861	-	-	22,365,861
Total liabilities	28,391,448	173,635	(113,373)	28,451,710
Net assets:				
Without donor restrictions	39,720,720	646,241	(649,416)	39,717,545
With donor restrictions	43,789,521	626,294	649,416	45,065,231
Total net assets	<u>83,510,241</u>	<u>1,272,535</u>	<u>-</u>	<u>84,782,776</u>
Total liabilities and net assets	<u>\$ 111,901,689</u>	<u>\$ 1,446,170</u>	<u>\$ (113,373)</u>	<u>\$ 113,234,486</u>

The Wilderness Society and The Wilderness Society Action Fund

Consolidating Schedule of Financial Position

September 30, 2022

	The Wilderness Society	The Wilderness Society Action Fund	Reclassifications & Eliminations	Total
Assets				
Cash and cash equivalents	\$ 11,279,931	\$ 1,290,370	\$ -	\$ 12,570,301
Certificate of deposit	1,805,946	-	-	1,805,946
Accounts and contributions receivable, net	7,217,051	50,000	-	7,267,051
Investments	52,397,494	-	-	52,397,494
Planned giving investments	3,036,882	-	-	3,036,882
Beneficial interest in assets held by others	4,378,198	-	-	4,378,198
Long-term receivables, net	10,657,351	-	-	10,657,351
Prepaid expenses and other assets	1,429,187	19,177	(215,830)	1,232,534
Fixed assets, net	3,485,194	14,145	-	3,499,339
Total assets	<u>\$ 95,687,234</u>	<u>\$ 1,373,692</u>	<u>\$ (215,830)</u>	<u>\$ 96,845,096</u>
Liabilities and net assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 3,376,317	\$ 287,305	\$ (215,830)	\$ 3,447,792
Deferred revenue	265,945	5,000	-	270,945
Deferred rent and lease incentive obligation	4,198,061	-	-	4,198,061
Deposits	21,250	-	-	21,250
Planned giving liabilities	2,037,380	-	-	2,037,380
Total liabilities	9,898,953	292,305	(215,830)	9,975,428
Net assets:				
Without donor restrictions	42,501,944	1,023,553	(1,026,728)	42,498,769
With donor restrictions	43,286,337	57,834	1,026,728	44,370,899
Total net assets	<u>85,788,281</u>	<u>1,081,387</u>	<u>-</u>	<u>86,869,668</u>
Total liabilities and net assets	<u>\$ 95,687,234</u>	<u>\$ 1,373,692</u>	<u>\$ (215,830)</u>	<u>\$ 96,845,096</u>

The Wilderness Society and The Wilderness Society Action Fund

Consolidating Schedule of Activities

Year ended September 30, 2023

	The Wilderness Society			Action Fund			Consolidated Totals			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Revenues										
Contributions										
Individuals	\$ 20,789,887	\$ 6,939,207	\$ 27,729,094	\$ 357,903	\$ 868,460	\$ 1,226,363	\$ -	\$ 21,147,790	\$ 7,807,667	\$ 28,955,457
Foundations	113,000	6,290,591	6,403,591	284,500	-	284,500	(134,500)	263,000	6,290,591	6,553,591
Corporations	172,279	50,000	222,279	-	-	-	-	172,279	50,000	222,279
	21,075,166	13,279,798	34,354,964	642,403	868,460	1,510,863	(134,500)	21,583,069	14,148,258	35,731,327
Program services	856,605	-	856,605	-	-	-	-	856,605	-	856,605
Investment income, net	1,156,966	383,044	1,540,010	16,962	-	16,962	-	1,173,928	383,044	1,556,972
Spending policy	758,444	(758,444)	-	-	-	-	-	758,444	(758,444)	-
Other revenue	250,719	-	250,719	345	-	345	-	251,064	-	251,064
	24,097,900	12,904,398	37,002,298	659,710	868,460	1,528,170	(134,500)	24,623,110	13,772,858	38,395,968
Net assets released from restrictions	15,037,854	(15,037,854)	-	300,000	(300,000)	-	-	15,337,854	(15,337,854)	-
Total revenues	39,135,754	(2,133,456)	37,002,298	959,710	568,460	1,528,170	(134,500)	39,960,964	(1,564,996)	38,395,968
Expenses										
Program services:										
Net zero	6,914,746	-	6,914,746	-	-	-	(134,500)	6,780,246	-	6,780,246
30x30	17,089,182	-	17,089,182	-	-	-	-	17,089,182	-	17,089,182
Community led conservation	9,003,282	-	9,003,282	-	-	-	-	9,003,282	-	9,003,282
Critical mass	2,832,832	-	2,832,832	-	-	-	-	2,832,832	-	2,832,832
Action fund	-	-	-	1,073,572	-	1,073,572	-	1,073,572	-	1,073,572
	35,840,042	-	35,840,042	1,073,572	-	1,073,572	(134,500)	36,779,114	-	36,779,114
Supporting services:										
Fundraising	9,029,204	-	9,029,204	119,677	-	119,677	-	9,148,881	-	9,148,881
Management and general	2,405,945	-	2,405,945	143,773	-	143,773	-	2,549,718	-	2,549,718
	11,435,149	-	11,435,149	263,450	-	263,450	-	11,698,599	-	11,698,599
Total expenses	47,275,191	-	47,275,191	1,337,022	-	1,337,022	(134,500)	48,477,713	-	48,477,713
Change in net assets from operations	(8,139,437)	(2,133,456)	(10,272,893)	(377,312)	568,460	191,148	-	(8,516,749)	(1,564,996)	(10,081,745)
Gain on investments	5,358,213	2,275,046	7,633,259	-	-	-	-	5,358,213	2,275,046	7,633,259
Change in value of beneficial interest	-	361,594	361,594	-	-	-	-	-	361,594	361,594
Change in net assets	(2,781,224)	503,184	(2,278,040)	(377,312)	568,460	191,148	-	(3,158,536)	1,071,644	(2,086,892)
Net assets, beginning of year	42,501,944	43,286,337	85,788,281	1,023,553	57,834	1,081,387	-	42,498,769	44,370,899	86,869,668
Net assets, end of year - prior to reclassification of Action Fund net assets for consolidation	39,720,720	43,789,521	83,510,241	646,241	626,294	1,272,535	-	39,340,233	45,442,543	84,782,776
Reclassification of Action Fund in consolidation	-	-	-	-	-	-	-	377,312	(377,312)	-
Net assets, end of year	\$ 39,720,720	\$ 43,789,521	\$ 83,510,241	\$ 646,241	\$ 626,294	\$ 1,272,535	\$ -	\$ 39,717,545	\$ 45,065,231	\$ 84,782,776

The Wilderness Society and The Wilderness Society Action Fund

Consolidating Schedule of Activities

Year ended September 30, 2022

	The Wilderness Society			Action Fund			Consolidated Totals			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Revenues										
Contributions										
Individuals	\$ 31,628,467	\$ 19,274,830	\$ 50,903,297	\$ 612,805	\$ 50,555	\$ 663,360	\$ -	\$ 32,241,272	\$ 19,325,385	\$ 51,566,657
Foundations	63,000	8,807,108	8,870,108	-	-	-	-	63,000	8,807,108	8,870,108
Corporations	152,564	60,000	212,564	320,000	-	320,000	(320,000)	152,564	60,000	212,564
	31,844,031	28,141,938	59,985,969	932,805	50,555	983,360	(320,000)	32,456,836	28,192,493	60,649,329
Program services	66,903	-	66,903	-	-	-	-	66,903	-	66,903
Investment income, net	746,534	321,458	1,067,992	2,621	-	2,621	-	749,155	321,458	1,070,613
Spending policy	786,389	(786,389)	-	-	-	-	-	786,389	(786,389)	-
Other revenue	328,334	-	328,334	-	-	-	-	328,334	-	328,334
	33,772,191	27,677,007	61,449,198	935,426	50,555	985,981	(320,000)	34,387,617	27,727,562	62,115,179
Net assets released from restrictions	11,771,968	(11,771,968)	-	50,000	(50,000)	-	-	11,821,968	(11,821,968)	-
Total revenues	45,544,159	15,905,039	61,449,198	985,426	555	985,981	(320,000)	46,209,585	15,905,594	62,115,179
Expenses										
Program services:										
Net zero	6,756,711	-	6,756,711	-	-	-	-	6,756,711	-	6,756,711
30x30	15,133,988	-	15,133,988	-	-	-	(320,000)	14,813,988	-	14,813,988
Community led conservation	7,253,324	-	7,253,324	-	-	-	-	7,253,324	-	7,253,324
Critical mass	3,153,616	-	3,153,616	-	-	-	-	3,153,616	-	3,153,616
Action fund	-	-	-	1,121,352	-	1,121,352	-	1,121,352	-	1,121,352
	32,297,639	-	32,297,639	1,121,352	-	1,121,352	(320,000)	33,098,991	-	33,098,991
Supporting services:										
Fundraising	8,502,853	-	8,502,853	-	-	-	-	8,502,853	-	8,502,853
Management and general	2,490,416	-	2,490,416	-	-	-	-	2,490,416	-	2,490,416
	10,993,269	-	10,993,269	-	-	-	-	10,993,269	-	10,993,269
Total expenses	43,290,908	-	43,290,908	1,121,352	-	1,121,352	(320,000)	44,092,260	-	44,092,260
Change in net assets from operations	2,253,251	15,905,039	18,158,290	(135,926)	555	(135,371)	-	2,117,325	15,905,594	18,022,919
(Loss) on investments	(8,524,273)	(3,962,754)	(12,487,027)	-	-	-	-	(8,524,273)	(3,962,754)	(12,487,027)
Change in value of beneficial interest	-	(1,245,089)	(1,245,089)	-	-	-	-	-	(1,245,089)	(1,245,089)
(Loss) on equipment disposal	(16,138)	-	(16,138)	-	-	-	-	(16,138)	-	(16,138)
Change in net assets	(6,287,160)	10,697,196	4,410,036	(135,926)	555	(135,371)	-	(6,423,086)	10,697,751	4,274,665
Net assets, beginning of year	48,789,104	32,589,141	81,335,524	1,159,479	57,279	1,216,758	-	48,785,929	33,809,074	82,595,003
Net assets, end of year - prior to reclassification of Action Fund net assets for consolidation	42,501,944	43,286,337	85,745,560	1,023,553	57,834	1,081,387	-	42,362,843	44,506,825	86,869,668
Reclassification of Action Fund in consolidation	-	-	-	-	-	-	-	135,926	(135,926)	-
Net assets, end of year	\$ 42,501,944	\$ 43,286,337	\$ 85,788,281	\$ 1,023,553	\$ 57,834	\$ 1,081,387	\$ -	\$ 42,498,769	\$ 44,370,899	\$ 86,869,668