

# **The Wilderness Society and The Wilderness Society Action Fund**

## **Audited Consolidated Financial Statements & Related Communications**

*For the Years ended September 30, 2019 and 2018*

# **The Wilderness Society and The Wilderness Society Action Fund**

## Audited Consolidated Financial Statements & Related Communications

*For the Years ended September 30, 2019 and 2018*

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TAB 1

# The Wilderness Society and The Wilderness Society Action Fund

## Audited Consolidated Financial Statements and Other Financial Information

*Years ended September 30, 2019 and 2018  
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, 2019 and 2018

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## Report of Independent Auditors

Governing Council  
The Wilderness Society  
Washington, DC

We have audited the accompanying 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, 2019 and 2018 and the related consolidated statements of activities, functional expenses and cash flows for years then ended, and the related notes to the consolidated financial statements.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Wilderness Society and The Wilderness Society Action Fund as of September 30, 2019 and 2018 and the changes in their consolidated net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position as of September 30, 2019 and 2018, and consolidating statements of activities for the years then ended, are presented for the 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 statement 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 with large loops and a prominent initial 'J'.

Vienna, Virginia  
February 18, 2020

The Wilderness Society and  
The Wilderness Society Action Fund

Consolidated Statements of Financial Position

	September 30,	
	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 8,674,806	\$ 4,778,309
Accounts and contributions receivable, net	4,960,966	6,011,309
Investments	46,089,748	44,653,078
Planned giving investments	4,147,787	4,405,544
Beneficial interest in assets held by others	5,583,100	4,901,700
Long-term receivables, net	2,193,201	5,071,043
Prepaid expenses and other assets	316,475	331,576
Fixed assets, net	757,787	776,808
Total assets	\$ 72,723,870	\$ 70,929,367
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,659,076	\$ 3,366,801
Deferred revenue	36,324	4,100
Deferred rent	1,256,730	1,372,444
Deposits	19,238	15,538
Planned giving liabilities	2,865,845	2,687,514
Total liabilities	7,837,213	7,446,397
Net assets:		
Without donor restrictions	28,442,796	21,700,228
With donor restrictions	36,443,861	41,782,742
Total net assets	64,886,657	63,482,970
Total liabilities and net assets	\$ 72,723,870	\$ 70,929,367

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,

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Revenues</b>						
Contributions:						
Individuals	\$ 25,861,310	\$ 4,885,789	\$ 30,747,099	\$ 21,385,490	\$ 9,415,265	\$ 30,800,755
Foundations	169,048	2,277,141	2,446,189	636,883	10,612,143	11,249,026
Corporations	724,875	52,000	776,875	89,165	315,062	404,227
	<u>26,755,233</u>	<u>7,214,930</u>	<u>33,970,163</u>	<u>22,111,538</u>	<u>20,342,470</u>	<u>42,454,008</u>
Program services	318,503	-	318,503	180,148	-	180,148
Investment income, net	411,786	202,452	614,238	381,959	360,562	742,521
Spending policy	785,016	(785,016)	-	774,477	(774,477)	-
Other revenues	588,563	99,194	687,757	644,821	-	644,821
	<u>28,859,101</u>	<u>6,731,560</u>	<u>35,590,661</u>	<u>24,092,943</u>	<u>19,928,555</u>	<u>44,021,498</u>
Net assets released (Note F)	<u>13,218,948</u>	<u>(13,218,948)</u>	<u>-</u>	<u>17,548,455</u>	<u>(17,548,455)</u>	<u>-</u>
Total revenues	42,078,049	(6,487,388)	35,590,661	41,641,398	2,380,100	44,021,498
<b>Expenses</b>						
Program services:						
Land and Water	12,218,404	-	12,218,404	13,629,480	-	13,629,480
Energy and Climate	8,975,697	-	8,975,697	8,699,059	-	8,699,059
People Outdoors	5,367,304	-	5,367,304	3,889,219	-	3,889,219
Action Fund	502,817	-	502,817	1,441,039	-	1,441,039
	<u>27,064,222</u>	<u>-</u>	<u>27,064,222</u>	<u>27,658,797</u>	<u>-</u>	<u>27,658,797</u>
Support services:						
Fundraising	6,163,149	-	6,163,149	5,598,750	-	5,598,750
Management and general	1,401,871	-	1,401,871	1,187,570	-	1,187,570
	<u>7,565,020</u>	<u>-</u>	<u>7,565,020</u>	<u>6,786,320</u>	<u>-</u>	<u>6,786,320</u>
Total expenses	<u>34,629,242</u>	<u>-</u>	<u>34,629,242</u>	<u>34,445,117</u>	<u>-</u>	<u>34,445,117</u>
Change in net assets from operations	7,448,807	(6,487,388)	961,419	7,196,281	2,380,100	9,576,381
Gain/(loss) on investments	98,468	(149,125)	(50,657)	(561,352)	(998,873)	(1,560,225)
Change in value of beneficial interest	-	492,925	492,925	-	73,221	73,221
Change in net assets	<u>7,547,275</u>	<u>(6,143,588)</u>	<u>1,403,687</u>	<u>6,634,929</u>	<u>1,454,448</u>	<u>8,089,377</u>
Beginning net assets	22,570,411	40,912,559	63,482,970	15,935,482	39,458,111	55,393,593
Reclassification of Action Fund net assets for consolidation	<u>(1,674,890)</u>	<u>1,674,890</u>	<u>-</u>	<u>(870,183)</u>	<u>870,183</u>	<u>-</u>
Ending net assets	<u>\$ 28,442,796</u>	<u>\$ 36,443,861</u>	<u>\$ 64,886,657</u>	<u>\$ 21,700,228</u>	<u>\$ 41,782,742</u>	<u>\$ 63,482,970</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, 2019

	Program Services					Supporting Services			2019 Total
	Land and Water	Energy and Climate	People Outdoors	Action Fund	Total	Fundraising	Management and General	Total	
Compensation	\$ 5,350,914	\$ 3,643,432	\$ 1,557,600	\$ 51,366	\$ 10,603,312	\$ 2,414,273	\$ 600,357	\$ 3,014,630	\$ 13,617,942
Fringe benefits	<u>1,267,435</u>	<u>862,292</u>	<u>368,494</u>	<u>12,525</u>	<u>2,510,746</u>	<u>568,969</u>	<u>134,681</u>	<u>703,650</u>	<u>3,214,396</u>
	6,618,349	4,505,724	1,926,094	63,891	13,114,058	2,983,242	735,038	3,718,280	16,832,338
Professional fees	1,743,035	1,325,000	1,184,582	235,532	4,488,149	751,455	249,906	1,001,361	5,489,510
Grants and awards	328,004	684,100	810,795	10,000	1,832,899	-	-	-	1,832,899
Supplies	60,778	47,896	19,238	529	128,441	26,615	6,731	33,346	161,787
Telephone	159,301	108,250	45,175	1,488	314,214	80,804	17,875	98,679	412,893
Postage and shipping	365,142	275,105	220,813	83	861,143	525,094	45,719	570,813	1,431,956
Occupancy	1,242,799	844,352	353,774	11,602	2,452,527	632,229	140,725	772,954	3,225,481
Equipment rental	57,659	39,152	21,498	475	118,784	28,869	7,834	36,703	155,487
Printing and art work	734,616	577,171	484,492	175,808	1,972,087	703,345	79,146	782,491	2,754,578
Travel	605,268	332,169	145,847	1,984	1,085,268	235,371	81,161	316,532	1,401,800
Dues and subscriptions	95,741	92,927	62,101	225	250,994	30,965	12,095	43,060	294,054
Insurance	23,683	15,774	6,607	218	46,282	11,817	2,612	14,429	60,711
Mailing list rentals	76,233	58,147	47,299	-	181,679	83,836	9,671	93,507	275,186
Personnel acquisitions	14,274	6,135	2,382	1	22,792	11,743	1,605	13,348	36,140
Miscellaneous	(7,329)	(4,719)	7,909	36	(4,103)	6,440	(390)	6,050	1,947
Depreciation and amortization	<u>100,851</u>	<u>68,514</u>	<u>28,698</u>	<u>945</u>	<u>199,008</u>	<u>51,324</u>	<u>12,143</u>	<u>63,467</u>	<u>262,475</u>
Total	<u>\$ 12,218,404</u>	<u>\$ 8,975,697</u>	<u>\$ 5,367,304</u>	<u>\$ 502,817</u>	<u>\$ 27,064,222</u>	<u>\$ 6,163,149</u>	<u>\$ 1,401,871</u>	<u>\$ 7,565,020</u>	<u>\$ 34,629,242</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, 2018

	Program Services					Supporting Services			2018 Total
	Land and Water	Energy and Climate	People Outdoors	Action Fund	Total	Fundraising	Management and General	Total	
Compensation	\$ 5,539,204	\$ 3,479,773	\$ 1,252,065	\$ 43,875	\$ 10,314,917	\$ 2,213,801	\$ 521,816	\$ 2,735,617	\$ 13,050,534
Fringe benefits	<u>1,324,955</u>	<u>849,151</u>	<u>302,792</u>	<u>10,722</u>	<u>2,487,620</u>	<u>532,877</u>	<u>112,634</u>	<u>645,511</u>	<u>3,133,131</u>
	6,864,159	4,328,924	1,554,857	54,597	12,802,537	2,746,678	634,450	3,381,128	16,183,665
Professional fees	2,194,961	1,600,144	647,857	975,114	5,418,076	680,082	188,912	868,994	6,287,070
Grants and awards	566,863	436,613	472,501	24,000	1,499,977	-	-	-	1,499,977
Supplies	139,974	77,796	35,267	636	253,673	59,165	17,216	76,381	330,054
Telephone	159,514	98,490	34,396	968	293,368	70,964	15,355	86,319	379,687
Postage and shipping	433,924	267,470	235,091	73	936,558	448,775	42,210	490,985	1,427,543
Occupancy	1,269,732	795,524	278,399	8,161	2,351,816	575,222	114,593	689,815	3,041,631
Equipment rental	59,604	33,348	13,451	255	106,658	25,146	8,167	33,313	139,971
Printing and art work	752,211	442,452	288,851	346,589	1,830,103	480,789	53,032	533,821	2,363,924
Travel	762,196	395,988	168,601	2,164	1,328,949	242,441	57,959	300,400	1,629,349
Dues and subscriptions	86,677	45,596	55,453	29	187,755	18,278	8,578	26,856	214,611
Insurance	30,904	19,415	6,786	200	57,305	14,023	2,753	16,776	74,081
Mailing list rentals	72,428	42,942	38,061	27,752	181,183	63,386	6,750	70,136	251,319
Personnel acquisitions	20,120	4,426	6,559	-	31,105	79,954	1,848	81,802	112,907
Miscellaneous	143,969	64,546	37,225	33	245,773	61,065	29,311	90,376	336,149
Depreciation and amortization	<u>72,244</u>	<u>45,385</u>	<u>15,864</u>	<u>468</u>	<u>133,961</u>	<u>32,782</u>	<u>6,436</u>	<u>39,218</u>	<u>173,179</u>
Total	<u>\$ 13,629,480</u>	<u>\$ 8,699,059</u>	<u>\$ 3,889,219</u>	<u>\$ 1,441,039</u>	<u>\$ 27,658,797</u>	<u>\$ 5,598,750</u>	<u>\$ 1,187,570</u>	<u>\$ 6,786,320</u>	<u>\$ 34,445,117</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,	
	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,403,687	\$ 8,089,377
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	262,476	173,178
Loss on disposal of fixed assets	-	63,942
Discount on long-term receivables	(81,146)	364,014
Allowance for uncollectible receivables	(171,791)	239,948
Net realized and unrealized investment loss	50,657	1,560,225
Changes in investments held in trust	(257,757)	(198,153)
Donated securities	(2,210,975)	(3,850,810)
Contributions restricted for long-term investment	(19,950)	(17,100)
Changes in operating assets and liabilities:		
Accounts and contributions receivable	4,181,122	(6,931,536)
Prepaid expenses and other assets	15,101	678,708
Beneficial interests in assets held by others	(681,400)	312,700
Accounts payable and accrued expenses	292,275	204,932
Deferred rent	(115,714)	(31,238)
Deposits	3,700	8,738
Deferred revenue	32,224	(158,020)
Net cash provided by operating activities	2,702,509	508,905
<b>Cash flows from investing activities</b>		
Purchase of equipment	(243,455)	(577,675)
Proceeds from sale of investments	3,170,522	5,938,476
Purchase of investments	(2,174,486)	(7,344,086)
Net cash provided by/(used in) investing activities	752,581	(1,983,285)
<b>Cash flows from financing activities</b>		
Investment return on planned giving assets, net	421,457	32,087
Contributions restricted for long-term investment	19,950	17,100
Net cash provided by financing activities	441,407	49,187
Change in cash and cash equivalents	3,896,497	(1,425,193)
Cash and cash equivalents, beginning of year	4,778,309	6,203,502
Cash and cash equivalents, end of year	\$ 8,674,806	\$ 4,778,309

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, 2019 and 2018*

**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, The Wilderness Society 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 to the Society and was created for the purpose of educating the public and advancing issue advocacy dedicated to protecting wilderness.

The Society's major programs are as follows:

Land and Water Program

Our Land and Water Program focuses on priority landscapes and watersheds to ensure they are better protected, connected and able to adapt to the changing climate and include a variety of ecosystem types. This requires better funding of land agencies and defense of the nation's bedrock conservation laws. Our nation's protected lands must also include more places that honor and recognize geographic, racial, ethnic, cultural and socioeconomic diversity. We work to build awareness and support for public lands among diverse people, partners and decision makers.

Energy and Climate Program

The Wilderness Society also works to address the key challenges for public lands as we transition to a cleaner energy future. Specifically, we work to ensure that wildlands and high-value-conservation areas are protected from degradation from new energy infrastructure, and appropriate protections established in key areas. We strive to secure policies so public lands are managed to reduce their contributions to climate change. We engage the public to increase awareness and support for the management of public lands as part of our national response to climate change.

People Outdoors Program

Inspiring Americans to care for wild places is a challenge due to the effects of urbanization, outdated policies and lack of access, among other factors. We work to spur new initiatives to get people outdoors and make public lands more inclusive. We focus on connecting communities of color and low-income residents in urban areas with public lands, helping to make them accessible and relevant to their lives; ensuring young people have multiple chances to learn, play and work outside; and fostering sustainable recreation that results in life-long enjoyment and connections to the outdoors.

The Wilderness Society and  
The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**Note A - Organization and Purpose (Continued)**

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 The Wilderness Society 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. For purposes of consolidated reporting, the Society has classified the net assets without donor restrictions of the Action Fund under the category of net assets with donor restrictions.

*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 February 18, 2020, 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.

*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. Accordingly, actual results could differ from these estimates, and those differences could be material.

The Wilderness Society and  
The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**Note B - Summary of Significant Accounting Policies (Continued)**

*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 required to pay federal and state income taxes only on unrelated business income. Management has concluded that the Society has properly maintained its exempt status and there are no uncertain tax positions as of September 30, 2019. 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 equivalents are stated at cost, which approximated fair value, and consist of institutional money market funds or bank deposits. 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.

*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.

The Wilderness Society and  
The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**Note B - Summary of Significant Accounting Policies (Continued)**

*Investments and fair value measurement (continued)*

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 from the property. The Society recognizes its remainder interest in the assets received as with donor restriction contribution revenue 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.

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, 2019 and 2018 was 2% and 3%, 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.



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)*

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 either 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 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 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 beneficial interest in assets held by others for which the Society does not serve as trustee, amounted to \$5,887,000 and \$5,257,000 as of September 30, 2019 and 2018, respectively, and is recorded in net assets with donor restrictions in the accompanying consolidated statements of financial position. Of these amounts, \$303,900 and \$355,300, is included within accounts receivable as of September 30, 2019 and 2018, respectively as 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 the actuarial valuation of total planned giving agreements, including those held by third parties, is recorded in the consolidated statements of activities. The change in value of these agreements was \$492,925 and \$73,221 for the years ended September 30, 2019 and 2018, 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 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.

The Wilderness Society and  
The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**Note B - Summary of Significant Accounting Policies (Continued)**

*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.

*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.

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

The Wilderness Society and  
The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**Note B - Summary of Significant Accounting Policies (Continued)**

*Functional Allocation of Expenses*

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs, including compensation, fringe benefits, professional fees, travel, printing and artwork, postage and shipping, and occupancy have been allocated among the programs, general and administrative and fundraising costs based on employee headcounts as calculated by time expended.

*Reclassifications*

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total consolidated net assets.

*Recent Accounting Pronouncements*

In February 2016, the FASB issued amendments to ASU 2016-02, *Leases*. Among other things, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: 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 asset, which is an asset that represents the lessee's right to use, or control the use of a specified asset for the lease term. The amendments in the ASU are effective for nonpublic business entities for fiscal years beginning after January 1, 2021. Early adoption is permitted. Management is evaluating the impact the amendments in this ASU will have on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, (topic 958)*. The ASU clarifies when the transfer of an asset or the extinguishment of a liability (the transaction) meets the definition of an exchange transaction or a contribution. When the transaction is an exchange transaction, an entity must apply Topic 606, *Revenue from Contracts with Customers* or other applicable Topics. When the transaction is a contribution, the ASU clarifies when the contribution is conditional and when revenue should be recognized. The amendments in the ASU are effective for annual periods beginning after December 15, 2018 for contributions received and effective for fiscal years beginning after December 15, 2019 for contributions made. Early adoption is permitted. The amendments should be applied on a modified prospective basis. However, retrospective application is permitted. Management is evaluating the impact the amendments in this ASU will have on the consolidated financial statements.

The Wilderness Society and  
The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**Note C - Liquidity and Availability**

Financial assets available for general expenditure within one year of the balance sheet date, comprise the following:

	September 30, <u>2019</u>	September 30, <u>2018</u>
Cash and cash equivalents	\$ 7,959,224	\$ 3,191,039
Accounts and contributions receivable, net	4,960,966	6,011,309
Investments	28,759,501	26,460,484
Endowment spending-rate distributions and appropriations	<u>917,732</u>	<u>919,924</u>
	<u>\$ 42,597,423</u>	<u>\$ 36,582,756</u>

As part of the Society's liquidity management plan, the Society's internal policy provides the Society with 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 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 5% percent as described in Note E.

The Society has designated a portion of its net assets without donor restrictions as board designated, which is amounts set aside for investment capital reserves. These board designated net assets are subject to self-imposed limits by action of the Governing Council or management and are earmarked for future programs, investments, contingencies, and other uses. These amounts are not deemed to be board designated endowment funds. The Society maintains within this capital reserve an amount determined by the Finance Committee or management an adequate amount to fund the maximum cash draw down of the fiscal or calendar year, and amounts may be drawn upon with Finance Committee or management approval. Although the Society does not intend to spend from these board-designated amounts set aside as capital reserves, these amounts could be made available if necessary by either the Finance Committee or management, and can be used for ongoing programs and operations. Occasionally, the Board could designate a portion of any operating surplus to the capital reserve. The Society did not have any additional amounts set aside to the capital reserve for the year ended September 30, 2019 and 2018.

The Wilderness Society and  
The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**Note C - Liquidity and Availability (Continued)**

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, as well as to best ensure the long term continuity of the organization, in serving its mission. The Society has evaluated its general expenditures for the next fiscal year and has determined that certain donor restrictions are for purposes related to the regular, ongoing programs and activities of the organization. Therefore, certain donor restricted financial assets are considered available for general expenditure and are included in the above analysis. As of September 30, 2019 and 2018, approximately \$6.4 million and \$7.6 million of net assets with donor restrictions that 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, 2019 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and cash equivalents *	\$ -	\$ -	\$ -	\$ 20,908,845
Equities	14,793,906	-	-	14,793,906
Fixed income	<u>3,044,845</u>	<u>7,342,152</u>	-	<u>10,386,997</u>
Total investments	17,838,751	7,342,152	-	46,089,748
Planned giving assets:				
Cash and cash equivalents *	-	-	-	234,327
Mutual funds	1,750,894	-	-	1,750,894
Common stock	1,083,076	-	-	1,083,076
Fixed income	350,644	433,183	-	783,827
Life insurance contracts	<u>-</u>	<u>295,663</u>	-	<u>295,663</u>
Total planned giving assets	3,184,614	728,846	-	4,147,787
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>5,583,100</u>	<u>5,583,100</u>
Total	<u>\$ 21,023,365</u>	<u>\$ 8,070,998</u>	<u>\$ 5,583,100</u>	<u>\$ 55,820,635</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.

The Wilderness Society and  
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Notes to Consolidated Financial Statements (Continued)

**Note D - Investments and Fair Value Measurement (Continued)**

Investments, at fair value, within the fair value hierarchy at September 30, 2018 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and cash equivalents *	\$ -	\$ -	\$ -	\$ 17,799,525
Equities	16,958,160	-	-	16,958,160
Fixed income	<u>5,127,194</u>	<u>4,768,199</u>	-	<u>9,895,393</u>
Total investments	22,085,354	4,768,199	-	44,653,078
Planned giving assets:				
Cash and cash equivalents *	-	-	-	41,469
Mutual funds	2,320,869	-	-	2,320,869
Common stock	940,125	-	-	940,125
Fixed income	339,329	475,070	-	814,399
Life insurance contracts	<u>-</u>	<u>288,682</u>	-	<u>288,682</u>
Total planned giving assets	3,600,323	763,752	-	4,405,544
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>4,901,700</u>	<u>4,901,700</u>
Total	<u>\$ 25,685,677</u>	<u>\$ 5,531,951</u>	<u>\$ 4,901,700</u>	<u>\$ 53,960,322</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.

The beneficial interest in assets held by others are classified as level 3 assets as their fair values are derived from inputs to the valuation methodology that are unobservable for the asset and are based on actuarial assumptions such as mortality rates and the applicable federal rate for charitable gifts. These assumptions are significant to the fair value measurement.

The following table summarizes changes in the Level 3 assets measured at fair value on a recurring basis:

Balance at October 1, 2017	\$ 5,214,400
Change in value	58,776
Payments, sales, transfers, and maturities	<u>(371,476)</u>
Balance at September 30, 2018	4,901,700
Change in value	886,082
Additions and purchases	99,194
Payments, sales, transfers, and maturities	<u>(303,876)</u>
Balance at September 30, 2019	<u>\$ 5,583,100</u>

The Wilderness Society and  
The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**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.

*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 2019, and 2018, the Society had the following endowment net asset composition by type of fund:

With Donor Restriction	2019	2018
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 10,934,626	\$ 10,914,676
Planned giving assets (net), and donated insurance	546,301	606,816
Beneficial interest in assets held by third parties	1,559,000	1,567,969
Accumulated investment gains	5,812,427	6,672,142
	<u>\$ 18,852,354</u>	<u>\$ 19,761,603</u>

The Wilderness Society and  
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Notes to Consolidated Financial Statements (Continued)

**Note E - Endowment Funds (Continued)**

*Interpretation of Relevant Law (continued)*

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. At September 30, 2019, funds with original gift values of \$10,934,626 had a fair value of \$16,747,053. At September 30, 2018, funds with original gift values of \$10,914,676 had a fair value of \$17,586,818. There were no deficiencies in donor-restricted endowment funds as of September 30, 2019 and 2018, and thus, no action taken by the Society during 2019 or 2018 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 Society has a policy of appropriating for distribution each year 5 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. During 2019 and 2018, the spending rate maximum was 5 percent.



The Wilderness Society and  
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Notes to Consolidated Financial Statements (Continued)

**Note E - Endowment Funds (Continued)**

*Investment and Spending Policies (continued)*

Changes in endowment net assets for the years ended September 30, 2019 and 2018 are as follows:

<u>With Donor Restrictions</u>	<u>2019</u>	<u>2018</u>
Endowment net assets, beginning of year	\$ 19,761,603	\$ 22,084,081
Appropriation of endowment assets pursuant to spending-rate policy	(942,745)	(913,902)
Investment return, net	13,546	(549,548)
Transfers and adjustments*	-	(876,924)
Contributions	<u>19,950</u>	<u>17,896</u>
Endowment net assets, end of year	<u>\$ 18,852,354</u>	<u>\$ 19,761,603</u>

\*During 2019, the Society reclassified prior year activity of \$876,924 between net asset categories to ensure amounts are correctly reported based on the nature of the restriction, and to ensure consistency between periods presented.

The Wilderness Society and  
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Notes to Consolidated Financial Statements (Continued)

**Note F - Net Assets With Donor Restrictions**

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Conservation and education programs	\$ 9,777,976	\$ 15,245,711
Campaign	<u>1,075,000</u>	<u>1,105,000</u>
	<u>10,852,976</u>	<u>16,350,711</u>
Subject to the passage of time:		
Beneficial interests in assets held by others	4,024,100	3,333,731
Planned giving agreements	735,641	1,111,214
Beneficial interests held in asset held by others - short term	<u>303,900</u>	<u>355,300</u>
	<u>5,063,641</u>	<u>4,800,245</u>
Subject to NFP endowment spending policy and appropriation:		
Conservation and education programs	10,934,626	10,914,676
Beneficial interests in assets held by others	536,564	532,000
Planned giving agreements	<u>546,301</u>	<u>606,816</u>
	<u>12,017,491</u>	<u>12,053,492</u>
Subject to appropriation and expenditure when a specified event occurs:		
Accumulated earnings (net) from endowments available for conservation and education programs	<u>5,812,427</u>	<u>6,672,142</u>
Not subject to spending policy or appropriations:		
Beneficial interests in perpetual trusts	<u>1,022,436</u>	<u>1,035,969</u>
Reclassification of Action Fund net assets for consolidation	<u>1,674,890</u>	<u>870,183</u>
Total net assets with donor restrictions	<u>\$ 36,443,861</u>	<u>\$ 41,782,742</u>

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
<i>Purpose restriction</i>	\$ 10,597,685	\$ 14,072,836
<i>Time restriction:</i>		
Split interest agreements	126,124	134,491
Multi-year pledge payments	<u>2,495,139</u>	<u>3,341,128</u>
Net assets released from restriction	<u>\$ 13,218,948</u>	<u>\$ 17,548,455</u>

The Wilderness Society and  
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Notes to Consolidated Financial Statements (Continued)

**Note G - Accounts and Contributions Receivable**

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

	<u>2019</u>	<u>2018</u>
Contributions receivable:		
Due in one to five years	\$ 2,794,537	\$ 5,925,316
Less: Allowance for uncollectible pledges	(212,955)	(384,746)
Less: Discount on long-term portion	<u>(388,381)</u>	<u>(469,527)</u>
	2,193,201	5,071,043
Due in less than one year	<u>3,703,506</u>	<u>5,466,109</u>
	5,896,707	10,537,152
Beneficial interest in assets held by others due in less than one year	303,900	355,300
Accounts receivable	<u>953,560</u>	<u>189,900</u>
	<u>\$ 7,154,167</u>	<u>\$ 11,082,352</u>

**Note H - Fixed Assets**

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

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 1,343,201	\$ 1,322,960
Computer equipment and related assets	3,353,250	3,982,620
Leasehold improvements	<u>2,290,424</u>	<u>2,290,424</u>
	6,986,875	7,596,004
Accumulated depreciation and amortization	<u>(6,229,088)</u>	<u>(6,819,196)</u>
	<u>\$ 757,787</u>	<u>\$ 776,808</u>

**Note I - Obligations Under Facility and Other Leases**

The Society has entered into various operating lease agreements for office space at both its headquarters and its field offices, as well as operating leases for various office equipment. Rent expense, rent abatements, and other concessions are recognized on a straight-line basis over the term of the lease, with the difference between the straight-line rent and the actual rent payments being recorded as deferred rent in the accompanying consolidated statements of financial position. Occupancy expense under operating leases was \$3,225,481 and \$3,041,631 in 2019 and 2018, respectively.

The Wilderness Society and  
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Notes to Consolidated Financial Statements (Continued)

**Note I - Obligations Under Facility and Other Operating Leases (Continued)**

The Society's future minimum payments for occupancy and equipment under noncancelable operating leases as of September 30, 2019 are:

	<u>Facility</u>	<u>Equipment</u>	<u>Total</u>
2020	\$ 2,818,805	\$ 41,663	\$ 2,860,468
2021	2,779,164	34,038	2,813,202
2022	2,725,007	6,180	2,731,187
2023	<u>1,856,685</u>	<u>2,060</u>	<u>1,858,745</u>
Total	<u>\$ 10,179,661</u>	<u>\$ 83,941</u>	<u>\$ 10,263,602</u>

As required by the terms of its lease for its headquarters, the Society maintains a letter-of-credit agreement for \$200,000 with a local financial institution for the benefit of the landlord.

**Note J - Rental Income**

The Society is the lessor of a portion of its building space to various organizations under operating leases expiring at various times through 2022. Rental income of \$496,230 and \$449,632 was recognized during the years ended September 30, 2019 and 2018, respectively, which is included in other revenue on the consolidated statements of activities. Future minimum rental income to be received under these noncancelable leases for the years ended September 30 are as follows:

2020	\$ 392,155
2021	146,042
2022	<u>81,565</u>
Total	<u>\$ 619,762</u>

**Note K - Allocation of joint costs of direct mailings**

The Society produces mailings that includes 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 2019 and 2018, the Society incurred joint costs of \$5,521,090 and \$4,818,338, respectively, for informational materials and activities that included fundraising appeals. Of those costs, \$2,628,446 and \$2,293,557, respectively, were allocated to program expenses, \$1,534,688 and \$1,386,101, respectively, were allocated to management and general, and \$1,357,956 and \$1,138,680, respectively, remained in fundraising.

The Wilderness Society and  
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Notes to Consolidated Financial Statements (Continued)

**Note L - Retirement Plan**

The Society has 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, 2019 and 2018, the Society contributed \$701,673 and \$660,243, respectively, to the plan.

**Note M - Related Party Transactions**

The consolidated statements of financial position include \$3,240,536 and \$4,717,536 in outstanding contributions receivable as of September 30, 2019 and 2018, respectively, from members of the Society's Governing Council. The Society recognized \$7,359,657 and \$11,635,066 in contribution revenue from these members for the years ended September 30, 2019 and 2018, respectively.

**Note N - Self-Insured Health Plan**

The Society provides self-insured health benefits for its eligible employees. Under the Program, the Society pays the administrative fees and benefit claims of its employees up to \$70,000 effective January 1, 2016. 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, 2019 and 2018, respectively, 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 \$1,598,807 and \$1,623,812 for the years ended September 30, 2019 and 2018.

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  
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Consolidating Statement of Financial Position

	September 30, 2019			
	The Wilderness Society	The Wilderness Society Action Fund	Reclassifications & Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 7,085,773	\$ 1,589,033	\$ -	\$ 8,674,806
Accounts and contributions receivable, net	4,860,966	100,000	-	4,960,966
Investments	46,089,748	-	-	46,089,748
Planned giving investments	4,147,787	-	-	4,147,787
Beneficial interest in assets held by others	5,583,100	-	-	5,583,100
Long-term receivables, net	2,193,201	-	-	2,193,201
Prepaid expenses and other assets	304,049	12,426	-	316,475
Fixed assets, net	734,641	23,146	-	757,787
Total assets	\$ 70,999,265	\$ 1,724,605	\$ -	\$ 72,723,870
<b>Liabilities and net assets</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 3,609,361	\$ 49,715	\$ -	\$ 3,659,076
Deferred revenue	36,324	-	-	36,324
Deferred rent	1,256,730	-	-	1,256,730
Deposits	19,238	-	-	19,238
Planned giving liabilities	2,865,845	-	-	2,865,845
Total liabilities	7,787,498	49,715	-	7,837,213
Net assets:				
Without donor restrictions	28,442,796	1,674,890	(1,674,890)	28,442,796
With donor restrictions	34,768,971	-	1,674,890	36,443,861
Total net assets	63,211,767	1,674,890	-	64,886,657
Total liabilities and net assets	\$ 70,999,265	\$ 1,724,605	\$ -	\$ 72,723,870

The Wilderness Society and  
The Wilderness Society Action Fund

Consolidating Statement of Financial Position

September 30, 2018

	The Wilderness Society	The Wilderness Society Action Fund	Reclassifications & Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 3,802,062	\$ 976,247	\$ -	\$ 4,778,309
Accounts and contributions receivable, net	6,011,309	-	-	6,011,309
Investments	44,653,078	-	-	44,653,078
Planned giving investments	4,405,544	-	-	4,405,544
Beneficial interest in assets held by others	4,901,700	-	-	4,901,700
Long-term receivables, net	5,071,043	-	-	5,071,043
Prepaid expenses and other assets	331,576	-	-	331,576
Fixed assets, net	<u>776,808</u>	<u>-</u>	<u>-</u>	<u>776,808</u>
Total assets	<u>\$ 69,953,120</u>	<u>\$ 976,247</u>	<u>\$ -</u>	<u>\$ 70,929,367</u>
<b>Liabilities and net assets</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 3,260,737	\$ 106,064	\$ -	\$ 3,366,801
Deferred revenue	4,100	-	-	4,100
Deferred rent	1,372,444	-	-	1,372,444
Deposits	15,538	-	-	15,538
Planned giving liabilities	<u>2,687,514</u>	<u>-</u>	<u>-</u>	<u>2,687,514</u>
Total liabilities	7,340,333	106,064	-	7,446,397
Net assets:				
Without donor restrictions	21,700,228	870,183	(870,183)	21,700,228
With donor restrictions	<u>40,912,559</u>	<u>-</u>	<u>870,183</u>	<u>41,782,742</u>
Total net assets	<u>62,612,787</u>	<u>870,183</u>	<u>-</u>	<u>63,482,970</u>
Total liabilities and net assets	<u>\$ 69,953,120</u>	<u>\$ 976,247</u>	<u>\$ -</u>	<u>\$ 70,929,367</u>

The Wilderness Society and  
The Wilderness Society Action Fund

Consolidating Statement of Activities

Year ended September 30, 2019

	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
<b>Revenues</b>										
Contributions										
Individuals	\$ 24,675,652	\$ 4,885,789	\$ 29,561,441	\$ 1,185,658	\$ -	\$ 1,185,658	\$ -	\$ 25,861,310	\$ 4,885,789	\$ 30,747,099
Foundations	169,048	2,277,141	2,446,189	-	-	-	-	169,048	2,277,141	2,446,189
Corporations	724,875	52,000	776,875	125,000	-	125,000	(125,000)	724,875	52,000	776,875
	25,569,575	7,214,930	32,784,505	1,310,658	-	1,310,658	(125,000)	26,755,233	7,214,930	33,970,163
Program services	318,503	-	318,503	-	-	-	-	318,503	-	318,503
Investment income, net	411,786	202,452	614,238	-	-	-	-	411,786	202,452	614,238
Spending policy	785,016	(785,016)	-	-	-	-	-	785,016	(785,016)	-
Other revenue	591,697	99,194	690,891	-	-	-	(3,134)	588,563	99,194	687,757
Total revenues	27,676,577	6,731,560	34,408,137	1,310,658	-	1,310,658	(128,134)	28,859,101	6,731,560	35,590,661
Net assets released from restrictions	13,218,948	(13,218,948)	-	-	-	-	-	13,218,948	(13,218,948)	-
Total revenues	40,895,525	(6,487,388)	34,408,137	1,310,658	-	1,310,658	(128,134)	42,078,049	(6,487,388)	35,590,661
<b>Expenses</b>										
Program services:										
Land and Water	12,343,404	-	12,343,404	-	-	-	(125,000)	12,218,404	-	12,218,404
Energy and Climate	8,975,697	-	8,975,697	-	-	-	-	8,975,697	-	8,975,697
People Outdoors	5,367,304	-	5,367,304	-	-	-	-	5,367,304	-	5,367,304
Action Fund	-	-	-	505,951	-	505,951	(3,134)	502,817	-	502,817
	26,686,405	-	26,686,405	505,951	-	505,951	(128,134)	27,064,222	-	27,064,222
Supporting services:										
Fundraising	6,163,149	-	6,163,149	-	-	-	-	6,163,149	-	6,163,149
Management and general	1,401,871	-	1,401,871	-	-	-	-	1,401,871	-	1,401,871
	7,565,020	-	7,565,020	-	-	-	-	7,565,020	-	7,565,020
Total expenses	34,251,425	-	34,251,425	505,951	-	505,951	(128,134)	34,629,242	-	34,629,242
Change in net assets from operations	6,644,100	(6,487,388)	156,712	804,707	-	804,707	-	7,448,807	(6,487,388)	961,419
Loss on investments	98,468	(149,125)	(50,657)	-	-	-	-	98,468	(149,125)	(50,657)
Change in value of beneficial interest	-	492,925	492,925	-	-	-	-	-	492,925	492,925
Change in net assets	6,742,568	(6,143,588)	598,980	804,707	-	804,707	-	7,547,275	(6,143,588)	1,403,687
Net assets, beginning of year - prior to reclassification of Action Fund net assets for consolidation	21,700,228	40,912,559	62,612,787	870,183	-	870,183	-	22,570,411	40,912,559	63,482,970
Net assets, end of year - prior to reclassification of Action Fund net assets for consolidation	\$ 28,442,796	\$ 34,768,971	\$ 63,211,767	\$ 1,674,890	\$ -	\$ 1,674,890	\$ -	\$ 30,117,686	\$ 34,768,971	\$ 64,886,657
Reclassification of Action Fund in consolidation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,674,890)	\$ 1,674,890	\$ -
Net assets, end of year	\$ 28,442,796	\$ 34,768,971	\$ 63,211,767	\$ 1,674,890	\$ -	\$ 1,674,890	\$ -	\$ 28,442,796	\$ 36,443,861	\$ 64,886,657



The Wilderness Society and  
The Wilderness Society Action Fund

Consolidating Statement of Activities

Year ended September 30, 2018

	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
<b>Revenues</b>										
Contributions										
Individuals	\$ 19,679,978	\$ 9,415,265	\$ 29,095,243	\$ 1,705,512	\$ -	\$ 1,705,512	\$ -	\$ 21,385,490	\$ 9,415,265	\$ 30,800,755
Foundations	636,883	10,612,143	11,249,026	-	-	-	-	636,883	10,612,143	11,249,026
Corporations	(50,835)	315,062	264,227	140,000	-	140,000	-	89,165	315,062	404,227
	<u>20,266,026</u>	<u>20,342,470</u>	<u>40,608,496</u>	<u>1,845,512</u>	<u>-</u>	<u>1,845,512</u>	<u>-</u>	<u>22,111,538</u>	<u>20,342,470</u>	<u>42,454,008</u>
Program services	180,148	-	180,148	-	-	-	-	180,148	-	180,148
Investment income, net	381,959	360,562	742,521	-	-	-	-	381,959	360,562	742,521
Spending policy	774,477	(774,477)	-	-	-	-	-	774,477	(774,477)	-
Other revenue	644,821	-	644,821	-	-	-	-	644,821	-	644,821
Total revenues	<u>22,247,431</u>	<u>19,928,555</u>	<u>42,175,986</u>	<u>1,845,512</u>	<u>-</u>	<u>1,845,512</u>	<u>-</u>	<u>24,092,943</u>	<u>19,928,555</u>	<u>44,021,498</u>
Net assets released from restrictions	<u>17,548,455</u>	<u>(17,548,455)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,548,455</u>	<u>(17,548,455)</u>	<u>-</u>
Total revenues	<u>39,795,886</u>	<u>2,380,100</u>	<u>42,175,986</u>	<u>1,845,512</u>	<u>-</u>	<u>1,845,512</u>	<u>-</u>	<u>41,641,398</u>	<u>2,380,100</u>	<u>44,021,498</u>
<b>Expenses</b>										
Program services:										
Land and Water	13,629,480	-	13,629,480	-	-	-	-	13,629,480	-	13,629,480
Energy and Climate	8,699,059	-	8,699,059	-	-	-	-	8,699,059	-	8,699,059
People Outdoors	3,889,219	-	3,889,219	-	-	-	-	3,889,219	-	3,889,219
Action Fund	-	-	-	1,441,039	-	1,441,039	-	1,441,039	-	1,441,039
	<u>26,217,758</u>	<u>-</u>	<u>26,217,758</u>	<u>1,441,039</u>	<u>-</u>	<u>1,441,039</u>	<u>-</u>	<u>27,658,797</u>	<u>-</u>	<u>27,658,797</u>
Supporting services:										
Fundraising	5,598,750	-	5,598,750	-	-	-	-	5,598,750	-	5,598,750
Management and general	1,187,570	-	1,187,570	-	-	-	-	1,187,570	-	1,187,570
	<u>6,786,320</u>	<u>-</u>	<u>6,786,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,786,320</u>	<u>-</u>	<u>6,786,320</u>
Total expenses	<u>33,004,078</u>	<u>-</u>	<u>33,004,078</u>	<u>1,441,039</u>	<u>-</u>	<u>1,441,039</u>	<u>-</u>	<u>34,445,117</u>	<u>-</u>	<u>34,445,117</u>
Change in net assets from operations	6,791,808	2,380,100	9,171,908	404,473	-	404,473	-	7,196,281	2,380,100	9,576,381
Loss on investments	(561,352)	(998,873)	(1,560,225)	-	-	-	-	(561,352)	(998,873)	(1,560,225)
Change in value of beneficial interest	-	73,221	73,221	-	-	-	-	-	73,221	73,221
Change in net assets	<u>6,230,456</u>	<u>1,454,448</u>	<u>7,684,904</u>	<u>404,473</u>	<u>-</u>	<u>404,473</u>	<u>-</u>	<u>6,634,929</u>	<u>1,454,448</u>	<u>8,089,377</u>
Net assets, beginning of year - prior to reclassification of Action Fund net assets for consolidation	15,469,772	39,458,111	54,927,883	465,710	-	465,710	-	15,935,482	39,458,111	55,393,593
Net assets, end of year - prior to reclassification of Action Fund net assets for consolidation	<u>\$ 21,700,228</u>	<u>\$ 40,912,559</u>	<u>\$ 62,612,787</u>	<u>\$ 870,183</u>	<u>\$ -</u>	<u>\$ 870,183</u>	<u>\$ -</u>	<u>\$ 22,570,411</u>	<u>\$ 40,912,559</u>	<u>\$ 63,482,970</u>
Reclassification of Action Fund in consolidation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (870,183)</u>	<u>\$ 870,183</u>	<u>\$ -</u>
Net assets, end of year	<u>\$ 21,700,228</u>	<u>\$ 40,912,559</u>	<u>\$ 62,612,787</u>	<u>\$ 870,183</u>	<u>\$ -</u>	<u>\$ 870,183</u>	<u>\$ -</u>	<u>\$ 21,700,228</u>	<u>\$ 41,782,742</u>	<u>\$ 63,482,970</u>