

**CONSERVATION NORTHWEST**

**FINANCIAL STATEMENTS**

**March 31, 2012 and 2011**

# CONSERVATION NORTHWEST

## INDEX

	Page
Independent Auditors' Report.....	1
Financial Statements:	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows .....	4
Notes to the Financial Statements .....	5 - 10



**CURNOW & CURNOW** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Conservation Northwest

We have audited the accompanying statements of financial position of Conservation Northwest as of March 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservation Northwest as of March 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CURNOW & CURNOW, PLLC

*Curnow + Curnow*

Bellingham, WA  
January 28, 2013

**CONSERVATION NORTHWEST**

**STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2012 and 2011**

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and cash equivalents.....	\$ 581,880	\$ 515,732
Pledges receivable, net .....	106,122	337,658
Grants receivable .....	43,330	24,655
Prepaid expenses.....	19,331	29,441
Inventory .....	23,550	24,172
Other current assets.....	<u>2,967</u>	<u>3,345</u>
Total current assets .....	<u>777,180</u>	<u>935,003</u>
Property and Equipment:		
Fixed assets, net .....	44,922	60,588
Land .....	<u>127,009</u>	<u>126,619</u>
Total property and equipment .....	<u>171,931</u>	<u>187,207</u>
Other Assets:		
Mineral rights.....	97,000	
Deposits .....	53,171	153,000
Pledges receivable, net .....	<u>9,097</u>	<u>51,060</u>
Total other assets .....	<u>159,268</u>	<u>204,060</u>
Total assets .....	<u>\$ 1,108,379</u>	<u>\$ 1,326,270</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts payable and accrued liabilities .....	\$ 44,057	\$ 52,963
Current portion of note payable .....	<u>1,305</u>	<u>7,827</u>
Total current liabilities .....	45,362	60,790
Other Liabilities:		
Note payable, net of current portion .....	<u>350,000</u>	<u>1,305</u>
Total liabilities .....	<u>395,362</u>	<u>62,095</u>
Net assets:		
Unrestricted:		
Board designated reserve fund.....	123,323	123,403
Undesignated .....	<u>328,067</u>	<u>989,440</u>
Total unrestricted .....	451,390	1,112,843
Temporarily restricted.....	<u>261,627</u>	<u>151,332</u>
Total net assets .....	<u>713,017</u>	<u>1,264,175</u>
Total liabilities and net assets .....	<u>\$ 1,108,379</u>	<u>\$ 1,326,270</u>

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

**CONSERVATION NORTHWEST**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2012 and 2011**

	<u>2012</u>			<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Temporarily Total</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Support and Revenue:						
Contributions .....	\$ 761,587	\$ 1,038,822	\$ 1,800,409	\$ 1,559,237	\$ 600,203	\$ 2,159,440
Other revenue .....	11,554		11,554	5,760		5,760
Interest and dividends .....	163		163	1,014		1,014
Contributions released from temporary restriction .....	<u>928,527</u>	<u>(928,527)</u>		<u>657,109</u>	<u>(657,109)</u>	
Total Revenue .....	<u>1,701,831</u>	<u>110,295</u>	<u>1,812,126</u>	<u>2,223,120</u>	<u>(56,906)</u>	<u>2,166,214</u>
Expenses:						
Program services						
Cascade Conservation Partnership .....	212		212	410		410
I-90 Campaign .....	41,238		41,238	51,177		51,177
Other programs .....	1,827,582		1,827,582	1,319,179		1,319,179
Supporting services						
Fundraising .....	348,359		348,359	367,288		367,288
Administration and general .....	<u>145,893</u>		<u>145,893</u>	<u>139,836</u>		<u>139,836</u>
Total Expenses .....	<u>2,363,284</u>		<u>2,363,284</u>	<u>1,877,890</u>		<u>1,877,890</u>
Change in Net Assets .....	(661,453)	110,295	(551,158)	345,230	(56,906)	288,324
Net Assets, Beginning of the Year .....	<u>1,112,843</u>	<u>151,332</u>	<u>1,264,175</u>	<u>767,613</u>	<u>208,238</u>	<u>975,851</u>
Net Assets, End of the Year .....	<u>\$ 451,390</u>	<u>\$ 261,627</u>	<u>\$ 713,017</u>	<u>\$ 1,112,843</u>	<u>\$ 151,332</u>	<u>\$ 1,264,175</u>

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

**CONSERVATION NORTHWEST**

**STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2012 and 2011**

---

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets.....	\$ (551,158)	\$ 288,325
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation .....	19,806	20,786
Allowance for doubtful accounts .....	(1,890)	1,068
Cash provided (used) by changes in operating assets and liabilities:		
Pledges receivable .....	275,389	(297,104)
Other receivables.....	(18,296)	25,719
Land acquired for donation .....	(390)	(305)
Other current assets .....	10,732	(30,775)
Accounts payable and accrued liabilities.....	<u>(8,906)</u>	<u>(17,861)</u>
Net cash provided by operating activities .....	<u>(274,713)</u>	<u>(10,147)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposit on mineral rights.....	99,829	(150,000)
Purchases of property and equipment.....	<u>(101,141)</u>	<u>(21,789)</u>
Net cash provided by investing activities .....	<u>(1,312)</u>	<u>(171,789)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds.....	350,000	
Debt payments .....	<u>(7,827)</u>	<u>(7,827)</u>
Net cash flows from financing activities.....	<u>342,173</u>	<u>(7,827)</u>
INCREASE (DECREASE) IN CASH .....	66,148	(189,763)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....	<u>515,732</u>	<u>705,495</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD .....	<u>\$ 581,880</u>	<u>\$ 515,732</u>

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

## CONSERVATION NORTHWEST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012 and 2011

---

1. Nature of Activities and Summary of Significant Accounting Policies:

- a. The Organization - Conservation Northwest is a not-for-profit corporation organized under the laws of the State of Washington in 1990, governed by a volunteer board of directors.
- b. Nature of Activities - Since 1989 conservation Northwest has worked to protect and connect old-growth forests and other wild areas from the Washington coast to the British Columbia Rocky Mountains for the benefit of both people and animals. We are small enough to think outside the box and swiftly respond to urgent needs yet large enough to have broad public support and use of strategic partnerships to leverage our efforts. Today we are ensuring the region is wild enough to support wildlife, from wolves to grizzly bears to mountain caribou. We work with local communities on forest restoration, creating sustainable timber jobs and wilderness protection. We help ensure safe passage for wildlife, including those moving north and south in the Cascades and across the Canadian border, and east and west between the Cascades and Selkirks of the Rockies.

Conservation Northwest's strategic plans for the next 5 years are focused on protecting habitat links that keep the North Cascades, Central Cascades, Rocky Mountains, and British Columbia Coast and Chilcotin Ranges connected as a functional wildlands network and re-wilding these ecosystems through recovery and/or reintroduction of native wildlife. In 2012 the Organization:

#### **Advanced wolf recovery in Washington state**

- Helped the state adopt its first wolf conservation management plan.
- Helped wolves gain acceptance around the state by hosting forums around the state.
- Worked with ranchers and hunters to dispel myths about wolves.
- Documented the Cascades' newest wolf pack in the Teanaway.
- Established a \$10,000 reward fund to help stem the tide of poaching of wolves, grizzly and other wildlife.
- Stopped three proposed anti-wolf bills in the state legislature.

#### **Made progress in the Columbia Highlands**

- Rallied public support, helping the Colville National Forest to recommend 100,000 acres of wilderness.
- Developed Colville National Forest restoration strategy through the Northeast WA Forestry Coalition.
- Gained conservation easements on 800 acres of private ranchlands to protect wildlife habitat and heritage.
- Began work on a volunteer-constructed 20 mile motorized and non-motorized trail in Republic's backyard.

## CONSERVATION NORTHWEST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012 and 2011

---

#### **Made several wins for wildlife**

- Gained more protection for the endangered mountain caribou through recreation closures at three snowmobile areas near Revelstoke, B.C.
- Through our Citizen Wildlife Monitoring Program, tracked the presence of wildlife in some of our most biologically important landscapes.
- Established a Grizzly Bear Working Group for B.C. and U.S. interests to help trans-boundary bears at our XX annual Wild links conference.

#### **Connected and improved Northwest habitat**

- Helped persuade the legislature to commit funding to build Washington's first wildlife bridge over Interstate 90.
- Formed a coalition to gain a wildlife underpass on Highway 97, a road plagued by one of the highest wildlife -vehicle collision rates in the state.

- c. Coalitions Administered by Conservation Northwest - We formed the coalition called The Cascades Conservation Partnership (2000-2004) to purchase private forestland in Washington's central Cascades for transfer to the US Forest Service for protecting old-growth forests, connecting a wildlife habitat and saving trails.

In 2005, Conservation Northwest started administering the I-90 Wildlife Bridges Coalition (under the umbrella of The Cascades Conservation Partnership) to address the remaining barrier to connected wildlife habitat in the Central Cascades by advocating safe passage over Interstate 90 between Hyak and Easton.

- d. Primary Sources of Support - Primary sources of revenue are private membership gifts and private major donor gifts, membership activities, corporate matching gifts and foundation grants.
- e. Financial Statement Presentation - According to FASB Accounting Standards Codification (ASC) 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Unrestricted Net Assets:** Net assets that are not restricted by donor stipulation.

**Temporarily Restricted Net Assets:** Net assets that arise from contributions and grants whose use by the Organization is limited by donor imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.



## CONSERVATION NORTHWEST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012 and 2011

---

**Permanently Restricted Net Assets:** Net assets that result from contributions whose use by the Organization is permanently restricted by donor imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At March 31, 2012 and 2011 the Organization had no net assets with permanent restrictions.

The Organization reports gifts of property, goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

The Organization reports restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions.

- f. Basis of Accounting - Conservation Northwest uses the accrual basis of accounting.
- g. Use of Estimates - The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period. Actual results could differ from those estimates.
- h. Investment and Stock Liquidation - The Organization has a policy to liquidate stock donations as soon as possible after receipt. In accordance with FASB ASC 958, stocks held at year-end are reported at their fair market value.
- i. Inventory – Inventory consists of marketing and promotional items intended for giveaway to thank donors and increase public awareness. Inventory items are recorded at cost.
- j. Property and Equipment - Property and equipment are carried at cost or market value at the time of donation. Depreciation is provided using the straight-line method over the estimated useful life of the assets.
- k. Unconditional promises to give – Unconditional promises to give contributions by donors are recognized as revenue when the underlying promises are received by the Organization.
- l. Donated Non-Cash Assets and Services – Contributions of non-cash assets are recorded as revenue at their estimated fair market value at the date of donation. Donated services are recognized if the services: 1) create or enhance non-financial assets or 2) require specialized skills, are performed by people with those skills, and would otherwise need to be purchased by the Organization.

**CONSERVATION NORTHWEST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012 and 2011**

---

- m. Tax Exempt Status - Under Internal Revenue Code section 501(c)(3), the Organization's excess support and revenues over expenses are tax exempt.
- n. Advertising - Advertising costs are expensed as incurred. Advertising expense totaled \$4,800 and \$6,117 for the years ended March 31, 2012 and 2011, respectively.

2. Cash and Cash Equivalents:

Cash and cash equivalents at March 31, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Checking and money market accounts .....	\$ 566,667	\$ 514,383
Deposit on hand .....	<u>15,213</u>	<u>1,349</u>
Total cash and cash equivalents .....	<u>\$ 581,880</u>	<u>\$ 515,732</u>

3. Pledges Receivable:

Pledges receivable at March 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Pledges receivable-collectible in less than one year .....	\$ 112,132	345,558
Pledges receivable-collectible after one year.....	9,097	51,060
Allowance for uncollectible pledges .....	<u>(6,010)</u>	<u>(7,900)</u>
Total pledges receivable, net .....	<u>\$ 115,219</u>	<u>\$ 388,718</u>

4. Property and Equipment:

Property and equipment at March 31, 2012 and 2011, consisted of the following components:

	<u>2012</u>	<u>2011</u>
Furniture and equipment .....	\$ 88,400	\$ 96,455
Leasehold improvements .....	4,586	4,586
Automobiles .....	<u>50,006</u>	<u>50,006</u>
Total .....	142,992	151,047
Less: accumulated depreciation.....	<u>(98,070)</u>	<u>(90,459)</u>
Net fixed assets .....	<u>\$ 44,922</u>	<u>\$ 60,588</u>

Depreciation expense totaled \$19,806 and \$20,786 for the years ended March 31, 2012 and 2011, respectively.

**CONSERVATION NORTHWEST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012 and 2011**

---

5. Land:

Land has been acquired as part of the commitment to the Cascade Conservation Partnership for transfer to the United States Forest Service for permanent environmental protection. 100 acres of land (former mining property) is still owned by the Organization at March 31, 2012. The land is recorded at a cost of \$127,009.

6. Deposits:

On July 28, 2010 the Organization entered into a contract for the option to purchase and subsequently retire subsurface mineral rights on a 2,200 acre property between Republic, WA and Sherman Pass, WA. As of March 31, 2012, \$50,000 remains deposited on the purchase option.

7. Restrictions on Net Assets:

Restrictions on net assets at March 31, 2012 and 2011 follow:

	<u>2012</u>	<u>2011</u>
Temporarily restricted net assets		
The Cascades Conservation Partnership and I-90 Wildlife Bridges Coalition activities.....	\$ 71,326	\$ 70,021
Conservation Northwest core activities .....	<u>190,301</u>	<u>81,311</u>
Total temporarily restricted net assets.....	<u>\$ 261,627</u>	<u>\$ 151,332</u>

8. Leases:

Conservation Northwest rents office space in Bellingham, Seattle, and Spokane Washington on leases expiring between April 2012 and December 2013. At March 31, 2012, the Organization had committed to the following future minimum lease payments:

For the years ending March 31:

2013 .....	\$ 64,682
2014 .....	\$ 20,655

9. Notes Payable:

	<u>2012</u>	<u>2011</u>
Note payable, Toyota Financial Services, payable \$652.29 per month, 0% interest; due May 11, 2012; secured by vehicle .....	\$ 1,305	\$ 9,132
Less portion due within one year .....	<u>(1,305)</u>	<u>(7,827)</u>
Amount due after one year .....	<u>\$ 0</u>	<u>\$ 1,305</u>

**CONSERVATION NORTHWEST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012 and 2011**

---

10. Retirement Plan:

Conservation Northwest maintains a Simple IRA plan for the benefit of employees. Under the plan eligible employees may voluntarily contribute to individual retirement accounts. The Organization matches the voluntary contribution to a maximum of three percent of the employee's annual gross wages. The total matching contribution amounted to \$20,018 and \$21,136 for the years ending March 31, 2012 and 2011, respectively.

11. Mineral Rights:

During the year ended March 31, 2012 the Organization purchased conservation easements and mineral rights totaling \$794,315. The conservation easements were transferred to land trusts in order to facilitate stewardship and enforcement of easements. The mineral rights were retained by the Organization. As of March 31, 2012 management estimated the value of the mineral rights to be \$97,000.

12. Related Party Transactions:

As of March 31, 2012 a note payable in the amount of \$350,000 is payable to the Campion Foundation, whose trustee sits on the Organization's Board of Directors. The note does not bear interest and is unsecured. The note is due on December 31, 2013 and management does not plan to repay any principal in the coming year.

13. Subsequent Events:

On December 12, 2012 the Organization exercised an option to purchase additional conservation easements and mineral rights for \$110,000, of which, \$10,000 had been recorded as a deposit. The remaining deposit of \$40,000 will be used to exercise its last option to purchase conservation easements in November, 2013.