

**THE WILDERNESS LAND TRUST**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**THE WILDERNESS LAND TRUST**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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**Taylor, Roth and Company, PLLC**  
Certified Public Accountants  
working exclusively with nonprofit organizations

September 14, 2009

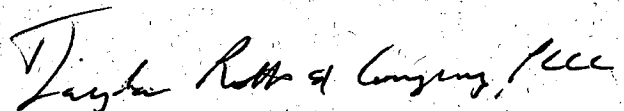
INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Wilderness Land Trust  
Carbondale, Colorado

We have audited the accompanying statement of financial position of **The Wilderness Land Trust**, a Colorado Nonprofit Corporation, as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of The Wilderness Land Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides 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 The Wilderness Land Trust as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**THE WILDERNESS LAND TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
JUNE 30, 2009

	Amount
<u>Assets</u>	
Cash and cash equivalents - unrestricted	\$ 509,919
Cash and cash equivalents - temporarily restricted	62,309
Grants receivable (Note 3)	81,404
Prepaid expenses	520
Investments - unrestricted (Note 4)	315,958
Investments - land acquisition revolving fund (Note 4)	709,980
Investment in wholly-owned for-profit subsidiary (Note 5)	2,000
Land available for sale or donation - unrestricted and temporarily restricted (Note 6)	7,599,760
Net property and equipment (Note 7)	3,495
Total assets	\$9,285,345
 <u>Liabilities and net assets</u>	
<u>Liabilities</u>	
Accounts payable and accruals	\$ 151,395
Land acquisition revolving fund (Note 8)	709,980
Assets held for third parties - non-cash (Note 9)	6,278,926
Notes payable - temporarily restricted (Note 10)	1,238,000
Commitments and contingencies (Note 11)	
Total liabilities	8,378,301
 <u>Net assets</u>	
<u>Unrestricted</u>	
Operating	841,240
Net investment in property and equipment	3,495
Temporarily restricted (Note 12)	62,309
Total net assets	907,044
Total liabilities and net assets	\$9,285,345

The accompanying notes are an integral part of these financial statements

**THE WILDERNESS LAND TRUST**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and other support</u>			
Grant revenues	\$ 939,107	\$ -	\$ 939,107
Gains(losses) on property transfers	60,623	-	60,623
Contributions	50,323	5,000	55,323
Expense reimbursements	43,782	-	43,782
Investment income (Note 4)	8,234	-	8,234
In-kind donations (Note 13)	8,967	-	8,967
Net assets released from restrictions (Note 14)	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total revenue and support - operating	<u>1,116,036</u>	<u>-</u>	<u>1,116,036</u>
 <u>Expense</u>			
Land contributions	880,610	-	880,610
Supporting services			
Management and general	42,141	-	42,141
Development	<u>74,873</u>	<u>-</u>	<u>74,873</u>
Total expense	<u>997,624</u>	<u>-</u>	<u>997,624</u>
Change in net assets	118,412	-	118,412
Net assets, beginning of year	<u>726,323</u>	<u>62,309</u>	<u>788,632</u>
Net assets, end of year	<u>\$ 844,735</u>	<u>\$ 62,309</u>	<u>\$ 907,044</u>

The accompanying notes are an integral part of these financial statements

**THE WILDERNESS LAND TRUST**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Land Contributions</u>	<u>Management and General</u>	<u>Development</u>	
Salaries	\$ 240,807	\$ 24,081	\$ 36,121	\$ 301,009
Payroll taxes and benefits	32,477	3,247	4,872	40,596
Professional fees	276,824	1,887	15,079	293,790
Interest	121,717	-	-	121,717
Travel	50,426	5,043	7,564	63,033
Legal fees	39,958	-	-	39,958
Appraisals and surveys	26,878	-	-	26,878
Accounting	11,215	1,122	1,682	14,019
Office rent	10,954	1,096	1,643	13,693
Training and conferences	9,705	970	1,456	12,131
Closing fees	11,118	-	-	11,118
Communication	6,868	687	1,030	8,585
Land database	7,983	-	-	7,983
Dues and subscriptions	5,642	565	846	7,053
Marketing	5,676	-	-	5,676
Office supplies	4,264	426	640	5,330
Property taxes and fees	5,079	-	-	5,079
Computers	2,849	285	427	3,561
Postage	2,718	271	408	3,397
Charitable contributions	2,450	-	-	2,450
Donor database	-	-	2,355	2,355
Insurance	1,518	151	228	1,897
Board expense	-	1,200	-	1,200
All other	2,101	971	315	3,387
	<u>879,227</u>	<u>42,002</u>	<u>74,666</u>	<u>995,895</u>
Depreciation	1,383	139	207	1,729
Total expense	<u>\$ 880,610</u>	<u>\$ 42,141</u>	<u>\$ 74,873</u>	<u>\$ 997,624</u>

The accompanying notes are an integral part of these financial statements

**THE WILDERNESS LAND TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Amount
<u>Cash flows from operating activities</u>	
Change in net assets	\$ 118,412
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Prior period adjustments to net assets	(1,239,898)
Depreciation	1,729
Investment (gains)losses	150
<u>Changes in operating assets and liabilities</u>	
(Increase)decrease in accounts receivable	5,734,158
(Increase)decrease in grants receivable	(81,044)
(Increase)decrease in prepaid expenses	(520)
(Increase)decrease in land available for sale or donation	283,799
Increase(decrease) in accounts payable and accruals	84,880
Increase(decrease) in deferred revenue	(487,876)
Increase(decrease) in land acquisition revolving fund	709,980
Increase(decrease) in assets held for others - noncash	(1,942,918)
Net cash provided(used) by operating activities	3,180,852
<u>Cash flows from investing activities</u>	
Sales of investments	1,405,093
(Purchases) of investments	(1,814,321)
(Reinvestment) of earnings	(8,384)
(Purchases) of property and equipment	(1,926)
Net cash provided(used) by investing activities	(419,537)
<u>Cash flows from financing activities</u>	
Repayments of notes payable	(2,330,000)
Net increase(decrease) in cash	431,315
Cash and cash equivalents, beginning of year	140,913
Cash and cash equivalents, end of year	\$ 572,228
Supplemental disclosure of information:	
Cash paid during the period for interest	\$ 41,125

The accompanying notes are an integral part of these financial statements

**THE WILDERNESS LAND TRUST**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 1 - DESCRIPTION OF THE ORGANIZATION**

The Wilderness Land Trust, a Colorado nonprofit corporation (the Trust), was incorporated in 1992 for the purpose of acquiring private lands in current and potential wilderness areas from willing sellers and transferring those lands to public ownership so that all generations of Americans will enjoy an enduring source of wilderness. The Trust is supported primarily through foundation grants, contributions, and investment income.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES**

1. Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard (SFAS) No. 117, "Financial Statement of Not-for-Profit Organizations." Under SFAS No. 117, the Trust 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.

3. Cash and Cash Equivalents

Cash and cash equivalents are considered to be all unrestricted highly liquid investments with an initial maturity of three months or less.

4. Donations

The Trust reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Trust reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Trust reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

5. Capitalization and Depreciation

The Trust follows the practice of capitalizing all expenditures for land, buildings and equipment of \$1,000 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

6. Land Inholdings

Parcels of privately owned lands contained within federally-designated wildernesses are termed land inholdings.

7. Grants

The Trust receives grants from private organizations to be used for the purchase of land inholdings and general operating expenses.

8. Estimates

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

9. Income Taxes

The Trust is exempt from Federal and State income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

10. Functional Reporting of Expenses

For the year ended June 30, 2009, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3 - GRANTS RECEIVABLE

Grants receivable as of June 30, 2009 represents \$81,404 in direct reimbursements due from grants for expenses already incurred under the conditions of the grant.

NOTE 4 - INVESTMENTS

At year-end, investments consisted of certificates of deposit and cash. Market value approximates cost. Investment income for the year consisted of:

<u>Description</u>	<u>Amount</u>
Interest and dividends	\$ 8,384
Gains(losses)	<u>(150)</u>
Total	<u>\$ 8,234</u>

NOTE 5 - INVESTMENT IN WHOLLY OWNED FOR-PROFIT SUBSIDIARY

During the year ended June 30, 2009, the Trust purchased all of the stock of Avawatz Acquisition Corporation, a C corporation, for \$2,000. Avawatz Acquisition Corporation was formed for the sole purposes of acquisition and conveyance of the land inholdings of an unrelated corporation.

NOTE 6 - LAND AVAILABLE FOR SALE OR DONATION

The Trust acquires land from willing landowners and then conveys the land inholdings to public agencies for protection. The land is valued at the lower of cost or market.

As part of its normal operations, the Trust was involved in various stages of negotiation for the purchase of real property at June 30, 2009. Purchase and Sale Agreements were executed with various contingencies for inspection period, seller requirements, etc. Some of these negotiations will result in completed acquisitions in the following fiscal year.

The Trust receives foundation grants for land acquisitions and operating expenses. The grant documents state that the lands must be re-conveyed to the federal government. The re-conveyance normally occurs within 1 to 5 years after the Trust's acquisition of the land. The Trust does not recognize any revenue or expenses for the land acquisition portion of the grants. Proceeds received from the sale of inholdings may be used for the purchase of additional high-priority inholdings consistent with the applicable grant agreements.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of:

<u>Description</u>	<u>Amount</u>
Office equipment	\$ 13,074
Office furniture	<u>4,298</u>
Total	17,372
Less: accumulated depreciation	<u>(13,877)</u>
Net	<u>\$ 3,495</u>

Depreciation expense for the year was \$1,729.

NOTE 8 - LAND ACQUISITION REVOLVING FUND

Land Acquisition Revolving Fund represents funds received from the Wyss Foundation, to be used for the purpose of additional land acquisitions. Proceeds from the sales of properties to public agencies are re-deposited and used for future purchases.

NOTE 9 - ASSETS HELD FOR THIRD PARTIES – NONCASH

Assets Held for Third Parties – Noncash represents land inholdings that the Trust is legally obligated to re-convey to the federal government.

NOTE 10 - NOTES PAYABLE

At June 30, 2009, notes payable consisted of the following:

<u>Description</u>	<u>Amount</u>
<b>Big Horn Mine Purchase Funds:</b> Notes dated 09/15/2007; mature 09/15/2010 or upon sale of property; interest rate of 3.000 to 4.820%; secured by deed of trust	
Bonderman	\$ 400,000
Blumenthal	25,000
Schuyler	25,000
Schuyler	25,000
Werner	<u>400,000</u>
Subtotal, Big Horn Mine	<u>875,000</u>
<b>Forest Marketing Purchase Funds:</b> Notes dated 09/01/2006; mature 09/01/2011 or upon sale of property; interest rate of 0.000%; secured by deed of trust	
Pope	25,000
Jacobsen	25,000
Walker	25,000
Blumenthal	25,000
Campion	<u>25,000</u>
Subtotal, Forest Marketing	<u>125,000</u>
<b>Buckner and Scarpelli Purchase Funds:</b>	
Werner: dated 11/18/2002; matures 11/18/2003 or upon sale of property; interest rate of 3.000%; secured by deed of trust	<u>18,000</u>
<b>Brewster Purchase Funds:</b>	
Werner: dated 07/15/2005; matures 07/15/2007 or upon sale of property; interest rate of 3.000%; secured by deed of trust	<u>150,000</u>

NOTE 10 - NOTES PAYABLE (Continued)

<u>Description</u>	<u>Amount</u>
<b>Stuchell Purchase Funds:</b> Notes dated 07/20/2007; mature 07/20/2012 or upon sale of property; interest rate of 0.000%; unsecured	
Jacobsen	14,000
Walker	14,000
Blumenthal	14,000
Campion	14,000
Pope	<u>14,000</u>
Subtotal, Stuchell	<u>70,000</u>
Total	<u>\$ 1,238,000</u>

Interest expense for the year ended June 30, 2009 was \$121,717. Interest has been imputed at the applicable federal rate for below-market rate loans.

The future scheduled maturities for the years ended June 30<sup>th</sup> are:

<u>Year</u>	<u>Amount</u>
2010	\$ 168,000
2011	875,000
2012	125,000
2013	70,000
2014 and thereafter	<u>0</u>
Total	<u>\$ 1,238,000</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Occupancy

The Organization leases office space under a noncancelable operating lease with a term of two years. Monthly is \$520. The following is a schedule by years of future minimum rentals under the leases at June 30, 2009:

<u>Year</u>	<u>Amount</u>
2010	\$ 5,720
2011 and thereafter	<u>0</u>
Total	<u>\$ 5,720</u>

Rent expense was \$13,693 for the year ended June 30, 2009.

Environmental Remediation

The Trust may be potentially responsible for clean-up costs of certain properties prior to their conveyance to the federal government. Although a loss is probable, it is not possible to reasonably estimate the amount of any obligation for remediation that would be material to the Trust's financial statements at June 30, 2009.

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

At year-end, temporarily restricted net assets were available for the following purposes:

<u>Description</u>	<u>Amount</u>
Land purchases – Catto Foundation funds	<u>\$ 62,309</u>

NOTE 13 - IN-KIND DONATIONS

In-kind donations include interest in the amount of \$8,967 that was forgiven on a note payable during the year ended June 30, 2009. The Trust had the ability to pay the interest at the time the loan was paid off.

NOTE 14 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from restrictions by satisfying restricted program purposes as follows:

<u>Description</u>	<u>Amount</u>
Land purchases	<u>\$ 5,000</u>

NOTE 15 - PENSION PLAN

The Trust sponsors a SEP deferred compensation plan. The Trust matches employee contributions up to 15 percent of eligible employees' annual compensation. During the year, the Trust contributed \$35,679 to the plan.

NOTE 16 - CONCENTRATION OF FUNDING SOURCE

Resources Legacy Fund Foundation (RLFF) provided 84 percent of the total fiscal 2009 funding for the Organization. Two land acquisition grants with RLFF have October 31, 2009 completion dates. An operations grant with RLFF will be completed on December 31, 2009.