



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**NEW MEXICO
WILDERNESS ALLIANCE**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2017
With Comparative Totals for 2016**

NEW MEXICO WILDERNESS ALLIANCE
For the Year Ended September 30, 2017, With Comparative Totals for 2016

TABLE OF CONTENTS

	<u>Page</u>
Official Roster	1
Independent Auditor's Report	2-3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-18

NEW MEXICO WILDERNESS ALLIANCE
As of September 30, 2016

OFFICIAL ROSTER

Board of Directors

Nancy Morton	Chair
Todd Schulke	Vice-Chair
Roberta Salazar-Henry	Treasurer
Joe Alcock	Secretary
Renee Frank	Member
Ken Cole	Member
Rick Aster	Member
Ernie Atencio	Member
Wendy Brown	Member
Sam DeGeorges	Member
Carol Johnson	Member
Ann Watson	Member
David Soules	Member
Sally Paez	Member

Administrative Personnel

Mark Allison	Executive Director
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Independent Auditor's Report

The Board of Directors of
New Mexico Wilderness Alliance
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the New Mexico Wilderness Alliance (the Alliance)(a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Alliance's financial statements for the year ended September 30, 2016. In our report dated February 28, 2017, we expressed an unmodified opinion on those statements.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
February 28, 2018

NEW MEXICO WILDERNESS ALLIANCE
STATEMENT OF FINANCIAL POSITION
As of September 30, 2017, With Comparative Totals For 2016

	Notes	2017	2016
ASSETS			
Current Assets			
Cash & cash equivalents	C	\$ 636,772	300,978
Accounts & other receivables	H	18,889	357,085
Prepaid expenses	I	18,505	9,181
Total current assets		674,166	667,244
Assets held by community foundation	E, F	21,291	19,469
Security deposit	J	1,992	1,992
Property and equipment	K	37,637	1,124
Total non-current assets		60,920	22,585
TOTAL ASSETS		\$ 735,086	689,829
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		\$ 10,702	7,921
Accrued payroll		20,007	623
Accrued liabilities		17,481	17,388
Accrued leave		32,957	32,116
Deferred revenue	L	-	5,149
Total liabilities		81,147	63,197
Net Assets			
Unrestricted net assets			
Undesignated		547,928	585,571
Board designated		21,291	19,469
Net investment in property and equipment		37,637	1,124
Total unrestricted net assets		606,856	606,164
Temporarily restricted net assets	M	47,083	20,468
Total net assets		653,939	626,632
TOTAL LIABILITIES AND NET ASSETS		\$ 735,086	689,829

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDERNESS ALLIANCE
STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2017, With Comparative Totals For 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
Support				
Contributions	\$ 296,826	-	296,826	558,171
Grants	561,503	65,000	626,503	391,054
Contracts	136,597	-	136,597	188,541
Membership dues	89,380	-	89,380	30,279
In-kind contributions	39,200	-	39,200	15,651
Total support	<u>1,123,506</u>	<u>65,000</u>	<u>1,188,506</u>	<u>1,183,696</u>
Revenues				
Publication and retail sales	6,316	-	6,316	13,730
Interest income	1,390	-	1,390	3,018
Program trips and events	11,297	-	11,297	8,780
Other income	982	-	982	11,522
Advertising income	600	-	600	500
Unrealized gain/(loss) on investments	2,072	-	2,072	(300)
Net assets released from restrictions	<u>38,385</u>	<u>(38,385)</u>	<u>-</u>	<u>-</u>
Total revenues	61,042	(38,385)	22,657	37,250
 Total support, revenue, & reclassifications	 <u>1,184,548</u>	 <u>26,615</u>	 <u>1,211,163</u>	 <u>1,220,946</u>
Operating Expenses				
Programs				
Wilderness protection	303,256	-	303,256	461,150
Wilderness defense	279,681	-	279,681	144,605
Outreach and education	341,520	-	341,520	225,603
Total Programs	924,457	-	924,457	831,358
Supporting Services				
General & administrative	183,959	-	183,959	149,447
Fundraising expense	75,440	-	75,440	61,930
Total operating expenses	<u>1,183,856</u>	<u>-</u>	<u>1,183,856</u>	<u>1,042,735</u>
 Change in net assets	 692	 26,615	 27,307	 178,211
 Net assets, beginning	 <u>606,164</u>	 <u>20,468</u>	 <u>626,632</u>	 <u>448,421</u>
Net assets, ending	<u>\$ 606,856</u>	<u>47,083</u>	<u>653,939</u>	<u>626,632</u>

SEE INDEPENDENT AUDITOR'S REPORT
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NEW MEXICO WILDERNESS ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2017, With Comparative Totals For 2016

	Program Services				General & Administrative	Fundraising	2017 Total	2016 Total
	Wilderness Protection	Wilderness Defense	Outreach & Education	Total Program				
Personnel expenses:								
Salaries	\$ 158,101	145,453	177,073	480,627	101,185	50,592	632,404	556,459
Payroll taxes	12,013	11,052	13,454	36,519	7,688	3,844	48,051	60,723
Payroll benefits	10,998	10,118	12,318	33,434	7,039	3,519	43,992	55,448
Retirement expense	5,795	5,332	6,491	17,618	3,709	1,854	23,181	22,009
Workers compensation	721	663	808	2,192	461	231	2,884	3,415
Total personnel	187,628	172,618	210,144	570,390	120,082	60,040	750,512	698,054
General expenses:								
Contractual services	35,643	32,953	40,351	108,947	18,831	6,725	134,503	67,546
Printing & copying	17,420	16,106	19,721	53,247	9,203	3,287	65,737	76,128
Office rent expense	10,952	10,126	12,399	33,477	5,786	2,067	41,330	40,216
Meals and entertainment	10,724	9,958	12,256	32,938	5,363	-	38,301	11,914
Other expenses	8,536	7,926	9,755	26,217	4,267	-	30,484	3,752
Advertising, web and internet	8,069	7,460	9,135	24,664	4,263	1,523	30,450	26,252
Staff travel	5,861	5,443	6,699	18,003	2,930	-	20,933	40,546
Mileage	5,281	4,904	6,036	16,221	2,640	-	18,861	20,152
Postage & delivery	4,294	3,970	4,862	13,126	2,269	810	16,205	17,157
Equipment & supplies	2,611	2,414	2,956	7,981	1,380	493	9,854	16,264
Computer equipment	2,371	2,223	2,816	7,410	-	-	7,410	3,465
Telephone	1,913	1,769	2,166	5,848	1,011	361	7,220	9,230
Insurance	-	-	-	-	4,937	-	4,937	4,043
Training	890	827	1,017	2,734	445	-	3,179	1,390
Depreciation	712	658	806	2,176	377	134	2,687	1,976
Auto expenses	351	326	401	1,078	175	-	1,253	995
Legal	-	-	-	-	-	-	-	691
Subscriptions	-	-	-	-	-	-	-	2,452
Repairs & maintenance	-	-	-	-	-	-	-	512
Total general expenses	115,628	107,063	131,376	354,067	63,877	15,400	433,344	344,681
Total expenses	\$ 303,256	279,681	341,520	924,457	183,959	75,440	1,183,856	1,042,735

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDERNESS ALLIANCE
STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2017, With Comparative Totals For 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2017</u>	<u>2016</u>
Cash received from grants & contracts	\$ 757,951	495,801
Cash received from contributors & others	736,345	313,572
Cash payments to vendors & contractors	(427,783)	(310,179)
Cash payments for wages & benefits	(730,287)	(711,156)
Interest income & dividends	1,390	3,018
Net cash provided/(used) by operating activities	<u>337,616</u>	<u>(208,944)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Changes in endowment	<u>(1,822)</u>	<u>(490)</u>
Net cash provided/(used) by investing activities	<u>(1,822)</u>	<u>(490)</u>
Net increase (decrease) in cash	335,794	(209,434)
Cash & cash equivalents, beginning of year	<u>300,978</u>	<u>510,412</u>
Cash & cash equivalents, end of year	\$ <u><u>636,772</u></u>	<u><u>300,978</u></u>
Reconciliation of change in net assets to cash provided/(used) by operating activities		
Change in net assets	\$ 27,307	178,211
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	2,687	1,976
Noncash adjustments	(39,200)	-
Changes in assets and liabilities:		
Accounts & other receivables	338,196	(308,960)
Prepaid expenses	(9,324)	(150)
Accounts payable	2,781	3,816
Accrued payroll	19,384	(20,258)
Accrued liabilities	93	13,059
Accrued leave	841	7,156
Deferred revenue	<u>(5,149)</u>	<u>(83,794)</u>
Net cash provided (used) by operating activities	\$ <u><u>337,616</u></u>	<u><u>(208,944)</u></u>

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

NOTE A – NATURE OF OPERATIONS

The New Mexico Wilderness Alliance (the Alliance) New Mexico Wilderness Alliance (the “Alliance”) is a nonprofit corporation founded in 1997. The Alliance’s purpose is to enjoy, protect, and restore wilderness in New Mexico, and to conduct research and educate the public about wilderness in New Mexico. The Alliance’s main sources of support and revenue are grants, contributions, contracts, and memberships. The programs of the Alliance were redefined during the year ended September 30, 2017, to better reflect the Alliance’s actual efforts in pursuit of its organizational priorities. The programs for the year ended September 30, 2017, are as follows:

1. *Wilderness Protection:* Upgrading the status of public lands. Activities directly related to increasing legislative or administrative protection designations; place-based campaign activities, including grassroots organizing, mobilization, advocacy, and communications with elected officials.
2. *Wilderness Defense:* Efforts to improve the management of public lands. Activities include a range of oversight and “watchdog” activities designed to hold agencies accountable for managing lands consistent with relevant statutes, regulations, rules, and management plans and proposals.
3. *Outreach and Education:* Public outreach, education, and engagement. Activities conducted to foster better understanding and appreciation for the value of federal public lands in general, not associated with a specific place-based campaign.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared using the accrual basis of accounting. Under this method, all revenues earned and determinable in amount and receivable by the organization are recognized. Expenses incurred but not paid as of the close of business at September 30 are accrued. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Alliance presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Financial Statements for Not-For-Profit Organizations. Under FASB ASC 958, the Alliance is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted net assets. In addition, the Alliance presents a statement of cash flows and a statement of functional expenses.

Unrestricted Net Assets

Undesignated: Unrestricted amounts are those net assets currently available at the discretion of the Board for use in the Alliance’s programs, and those resources invested in land, buildings and equipment.

Board Designated: Board-designated unrestricted net assets represent quasi-endowment funds held at the NMCF. The board intends to retain and invest these funds. However, the funds can be used if needed subject to the distribution policy of funds held at the NMCF.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

Temporarily Restricted Net Assets

Temporarily restricted net assets result from contributions and other inflows of assets whose use by the Alliance is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of the Alliance pursuant to those stipulations.

Permanently Restricted Net Assets

Permanently restricted net assets result from contributions and other inflows of assets whose use by the Alliance is limited by donor-imposed stipulations that cannot be removed by actions of the Alliance.

Cash and Cash Equivalents

The Alliance considers all highly liquid investments with a maturity date of less than three months when purchased to be cash equivalents.

Investments

Investments in equity securities are carried at readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Assets held by a community foundation are measured at the fair value of the underlying assets as reported by the foundation holding the funds. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Realized and unrealized gains and losses on investments are included in the accompanying statements of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in unrestricted net assets unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

Accounts, Grants and Contracts Receivables

Contracts, grants, and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables. Receivables are charged off in the period in which the management determines the receivable is uncollectible. As of September 30, 2017 and 2016, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

Pledged Receivables

Unconditional pledges to give are recognized as contribution revenues and receivables in the period the pledge is made. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. As of September 30, 2017 and 2016, the Alliance had no conditional pledges outstanding.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ than the amounts reported in these combined financial statements. Fair value estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect the Alliance's financial condition and results of operations in the future.

Revenue Recognition

A substantial portion of the Alliance's revenue is derived from contracts. These revenues are available as temporarily restricted net assets. Revenue is recognized in proportion to services

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

rendered and expenses incurred or otherwise earned during the project term as stipulated by each contract.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Depreciation is computed using the straight-line method. The Alliance capitalizes all expenditures for property and equipment with a cost of \$2,000 or more. Items with a cost of less than \$2,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Type</u>	<u>Useful Lives</u>
Furniture & equipment	5 years
Vehicles	5 years

Impairment of Long-Lived Assets

The Alliance accounts for long-lived assets in accordance with the provisions of FASB ASC 360- 10 and subsections. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators are present as of September 30, 2017.

Inventory

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

Accrued Leave

Annual PTO is accrued in equal installments by pay period based on the number of years of employment. Employees are allowed to carry forward up to one year's worth of PTO based on their year of service accrual category. Any additional time not used cannot be cashed out or carried forward. Employees will be compensated for accrued PTO upon voluntary termination of employment, not to exceed a total of one year's worth of accrual, consistent with the employee's length of service, as long as two weeks' notice is given. Employees involuntarily terminated from the Alliance will not be paid out any remaining balance of PTO. The annual leave balance at year end was \$32,957 in 2017 and \$32,116 in 2016.

Support

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

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

Contributed (Donated) Services

Contributions of services are recognized in the accompanying financial statements in accordance with FASB ASC 958-605-25-16; if the services received:

- enhance or create non-financial assets,
- require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

See Note N for additional detail regarding donated services.

Contributed (Donated) Assets

The Alliance may receive contributions of non-cash assets. Donated marketable securities and other non-cash donations are recorded as in-kind contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, the Alliance reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Alliance reclassifies restricted net assets to unrestricted net assets at that time unless the donor has restricted the donated asset to a specific purpose. See Note N for additional detail regarding donated assets.

Advertising

The Alliance expenses advertising costs as incurred. Advertising costs are incurred primarily for the dissemination of program information.

Retirement Benefits

The Alliance provides a retirement plan under Section 403(b) of the Internal Revenue Code. Eligible employees may contribute the maximum allowable by the IRS. The Alliance matches employee's contributions up to 5% of the participating employee's compensation. Employer contributions to the retirement plan for the years ended September 30, are as follows:

	<u>2017</u>	<u>2016</u>
\$	<u><u>23,181</u></u>	<u><u>22,009</u></u>

Functional Allocation of Expenses

Expenses have been functionally allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized for the related activities.

Use of Estimates

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

Operating Leases

The Alliance is currently occupying an office space with a three-year lease agreement with monthly payments ranging from \$2,451 to \$2,600. In addition, the Alliance has multi-year copier and postage machine leases. Furthermore, the Alliance has multiple month-to-month and yearly leases.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

Future lease obligations are as follows:

<u>Year ending</u>	<u>Amount</u>
2018	\$ 10,758
2019	4,770
2020	2,484
2021	-
2022	-
Thereafter	-

Office and equipment leases for the years ended September 30, are as follows:

<u>2017</u>	<u>2016</u>
\$ <u>41,330</u>	<u>40,216</u>

Income Taxes

The Alliance is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as an organization that is not a private foundation.

The Alliance files Federal Form 990 and, when required, Form 990-T, tax returns in the U.S. federal jurisdiction. The 990s are also filed online with charitable registration in the Office of the Attorney General for the State of New Mexico.

Management of the Alliance has determined its advertising activities to be an unrelated business activity.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Alliance's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

Reclassifications

Certain reclassifications may have been made to 2016 amounts to conform to 2017 presentation.

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NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at year end, consist of the following at September 30:

<u>Type</u>		<u>2017</u>	<u>2016</u>
Checking and savings	\$	594,349	281,226
Vanguard money market		3,820	3,797
Nusenda money market		1,780	1,778
Raymond James cash sweep		36,823	13,979
Petty cash		-	198
Total cash and cash equivalents	\$	<u>636,772</u>	<u>300,978</u>

NOTE D – CONCENTRATIONS OF CREDIT RISK

Periodically throughout the year ended September 30, 2017, Alliance's cash balances in its local bank accounts may have exceeded the insured limits allowed under the Federal Deposit Insurance Corporation. Currently those limits insure up to \$250,000 per financial institution. However, management felt the risks related to these balances were within an acceptable range. As of September 30, 2017, all the Alliance's cash balances were fully insured.

At September 30, 2017, the Alliance had \$- deposited in money market accounts that were fully insured by federal deposit insurance. The amounts in these accounts are protected by the Securities Investors Protection Corporation (SIPC), a non-government entity, up to \$500,000 for each customer. The SIPC replaces missing cash and securities – such as stocks and bonds – held by a customer where it is possible to do so in the event of theft or a brokerage failure.

NOTE E – ASSETS HELD BY COMMUNITY FOUNDATION

The Alliance transferred \$10,000 in 2009 and \$3,000 in July 2014, to the New Mexico Community Foundation (NMCF) to establish the New Mexico Wilderness Alliance Fund. The NMCF holds, manages, and invests these funds on behalf of the Alliance. The assets remain property of the Alliance. The Alliance elects whether to take distributions of income from these funds or reinvest the income. The funds can be withdrawn by the Alliance with a 75% vote of the board of directors of the Alliance. As of September 30, 2017 and 2016, these funds represented the investment of board-designated quasi-endowment funds. The fair value of these assets are as follows as of September 30:

		<u>2017</u>	<u>2016</u>
Assets held by the NMCF	\$	<u>21,291</u>	<u>19,469</u>

NOTE F – QUASI-ENDOWMENT

For the years ended September 30, 2017 and 2016, the assets of the quasi-endowment consist of funds held and invested by the NMCF. The quasi-endowment originated during the year ended September 30, 2009, with \$10,000 of contributions and additional contributions have been made since the inception.

Net assets associated with the quasi-endowment fund are classified as board-designated. Income earned on the quasi-endowment is available for operations. Management of the Alliance has not yet adopted spending policies for the quasi-endowment.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

The quasi-endowment's changes in activity and cost basis is as follows as of September 30:

	<u>2017</u>	<u>2016</u>
Fair value at October 1,	\$ 19,469	\$ 18,979
Contributions	-	-
Investment income/(loss)		
Net realized and unrealized gain/(loss)	\$ 7	\$ (24)
Adjustments, market depreciation, & other payments	<u>1,815</u>	514
Net change	1,822	490
Distributions	<u>-</u>	<u>-</u>
Fair value at September 30,	\$ <u>21,291</u>	\$ <u>19,469</u>
Cost Basis	\$ <u>20,654</u>	\$ <u>19,473</u>

NOTE G—FAIR VALUES MEASURED ON RECURRING BASIS

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Organization's financial statements as reflected herein. The Organization measures certain financial assets and liabilities at fair value on a recurring basis, including its derivative liabilities. The Organization's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of investments securities is the market value based on the quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses, and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt, if any, is the carrying value due to the adjustable market rate if interest.

The following methods and assumptions were used by the Federation in estimating the fair value of its financial instruments:

NMCF assets – valued at quoted prices for similar assets in active markets.

The following table summarizes the valuation of the Organization’s financial instruments by the above FASB ASC 820-10 categories as of September 30:

Type	Level 2	
	2017	2016
Assets held by		
Community Foundation \$	21,291	19,469

NOTE H – ACCOUNTS & OTHER RECEIVABLES

Accounts receivable summary and other receivable at year end are as follows:

Customer	2017	2016
Wells Fargo NFWF	\$ 7,620	-
TWS - Cibola/Gila 2018	5,000	-
New Mexico Wilderness Stewardship	4,314	-
Conservation Lands Foundation	1,500	10,000
Public Lands Interpretive Association	240	-
Other receivables	155	-
La Montanita Co-op	60	215
Henry Rothschild Trust	-	343,750
Bookworks	-	838
Gabriel Vasquez	-	408
PayPal	-	353
Julie Zimmer	-	299
Rio Grande Ace Hardware	-	215
Wilderness Society	-	200
Theodore Roosevelt Partnership	-	196
Travel Bug	-	128
Collected Works Bookstore	-	120
Maria's Bookshop	-	96
Cid Food Market	-	75
Taos Fly Shop	-	72
Taos Ski Valley Store	-	72
O'Keefe's Bookshop	-	48
Total accounts receivables	\$ 18,889	357,085

As of September 30, 2017 and 2016, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

NOTE I – PREPAID EXPENSES

Prepaid expenses consist of insurance that is paid ahead of time and reduced throughout the fiscal year. The remaining balance of prepaid expenses at September 30, are as follows:

	<u>2017</u>	<u>2016</u>
Prepaid insurance \$	<u>18,505</u>	<u>9,181</u>

NOTE J – SECURITY DEPOSIT

The Alliance has a security deposit related to their office space. The security deposit is the following at September 30:

	<u>2017</u>	<u>2016</u>
Security deposit \$	<u>1,992</u>	<u>1,992</u>

NOTE K – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30:

<u>Type</u>	<u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>2017</u>
Depreciable property and equipment				
Furniture & equipment	\$ 24,622	-	-	24,622
Vehicles	8,137	39,200	-	47,337
Subtotal	32,759	39,200	-	71,959
Less: Accumulated depreciation	(31,635)	(2,687)	-	(34,322)
Total property and equipment, net	\$ 1,124	36,513	-	37,637

Depreciation expense for the years ended September 30, 2017 and 2016 was \$2,686 and \$1,976, respectively.

NOTE L – DEFERRED REVENUE

The Alliance's deferred revenue consist of amount collected from certain contracts that have not yet been earned by the organization. Deferred revenue for the fiscal years ended September 30, is as follows:

<u>Type</u>		<u>2017</u>	<u>2016</u>
Contracts	\$	-	5,149
Total deferred revenue	\$	-	5,149

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NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

NOTE M – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes for periods after September 30:

	2016	Additions	Released	2017
REI SFNF	\$ -	5,000	(1,250)	3,750
National Fish and Wildlife Foundation	-	20,000	(16,667)	3,333
Pew CAW	-	40,000	-	40,000
Lineberry Foundation	12,352	-	(12,352)	-
Conservation Lands Foundation	8,116	-	(8,116)	-
Total Temporarily Restricted	\$ <u>20,468</u>	<u>65,000</u>	<u>(38,385)</u>	<u>47,083</u>

NOTE N– IN-KIND CONTRIBUTIONS

The Alliance utilizes volunteer services to meet project requirements. The Alliance's number of volunteers and amounts of hours contributed are as follows, as of September 30:

	2017	2016
Number of volunteers	<u>1,977</u>	<u>952</u>
Total volunteer hours	<u>10,148</u>	<u>10,151</u>

At year end the Alliance recognizes in-kind contributions as follows:

<u>Type</u>	2017	2016
<i>Unrestricted contributions</i>		
Program use of aircraft and service of pilots	\$ -	11,307
Program materials, supplies, and travel costs	-	4,344
RV camper	39,200	-
Total in-kind contributions	\$ <u>39,200</u>	<u>15,651</u>

NOTE O– PUBLICATION AND RETAIL SALES

The Alliance sells items to further awareness regarding their mission. The items include; shirts, sweatshirts, mugs, and calendars. The following shows the gross profit from the sales for fiscal years ended September 30:

	2017		2016	
Sales	\$ 6,316	100%	13,730	100%
Less: cost of goods sold	-	0%	-	0%
Gross profit	\$ <u>6,316</u>	<u>100%</u>	<u>13,730</u>	<u>100%</u>

For the years ended September 30, 2017 and 2016, most sales were associated with a new book that the Alliance published. Since only a small number of copies of the book were printed, they were not counted as inventory. Therefore, the associated costs were run through printing expenses instead of cost of goods sold.

NOTE P– JOINT COST ALLOCATIONS

The Alliance did not participate in joint activities during the 2017 year or the 2016 year that required allocations.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017, With Comparative Totals for 2016

NOTE Q—ECONOMIC DEPENDENCY

The Alliance receives a significant portion of its revenue in the form of grants, contracts, and other contributions. The Alliance expects these grants, contracts, and awards to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, the Alliance's ability to continue all programs would be diminished. The following is a summary of concentrations from contributions and grants as of September 30:

Concentrations	2017	2016
Contributions, grants & contracts	\$ 1,059,926	1,137,766
Total revenue	\$ 1,211,163	1,220,946
Concentration percentage	88%	93%

NOTE R—EVALUATION OF SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Alliance recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Alliance's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The organization has evaluated subsequent events through February 28, 2018, which is the date the financial statements were available to be issued.