

**CONSERVATION NORTHWEST**

Financial Statements  
March 31, 2022 and 2021

## Table of Contents

	<b>Page</b>
<b>Independent Auditor's Report</b>	<b>1 and 2</b>
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Conservation Northwest  
Seattle, Washington

### **Opinion**

We have audited the accompanying financial statements of Conservation Northwest (a nonprofit organization), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

Amanda O'Rourke, CPA  
Matt Smith, CPA  
Claire Chow, CPA  
Jason Mallon, CPA



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Conservation Northwest's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Conservation Northwest's ability to continue as a going concern for a reasonable period of time.

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

*Greenwood Ohlund*

Seattle, Washington  
August 9, 2022

## CONSERVATION NORTHWEST

### STATEMENTS OF FINANCIAL POSITION March 31, 2022 and 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	\$ 1,158,773	\$ 1,160,451
Certificates of deposit	562,268	560,516
Contributions receivable	282,310	100,119
Prepaid expenses	56,592	146,757
Total current assets	2,059,943	1,967,843
Property and Equipment, net	19,500	30,493
Mineral Rights	1	1
Other Assets	2,900	2,900
Total assets	\$ 2,082,344	\$ 2,001,237
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 44,540	\$ 42,008
Accrued salaries and related expenses	52,701	56,241
Funds held for Cascades to Rockies Capital Campaign	-	49,832
Refundable advances	-	15,891
Total current liabilities	97,241	163,972
Paycheck Protection Program Loan	-	214,155
Total liabilities	97,241	378,127
Net Assets		
Without donor restrictions		
Net assets without Board designations	1,102,987	775,233
Net assets with Board designations	551,795	551,795
Total net assets without donor restrictions	1,654,782	1,327,028
With donor restrictions	330,321	296,082
Total net assets	1,985,103	1,623,110
Total liabilities and net assets	\$ 2,082,344	\$ 2,001,237

*See accompanying notes to financial statements.*

## CONSERVATION NORTHWEST

### STATEMENTS OF ACTIVITIES For the Years Ended March 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Contributions and bequests	\$ 2,810,651	\$ 306,039	\$ 3,116,690	\$ 2,365,244	\$ 269,117	\$ 2,634,361
Special events	62,055	-	62,055	78,344	-	78,344
Special events - direct benefit to donor	(29,078)	-	(29,078)	(64,468)	-	(64,468)
Interest and dividends	2,698	-	2,698	9,005	-	9,005
Other income	14,028	-	14,028	380	-	380
Net assets released from restrictions	271,800	(271,800)	-	238,246	(238,246)	-
<b>Total support and revenue</b>	<b>3,132,154</b>	<b>34,239</b>	<b>3,166,393</b>	<b>2,626,751</b>	<b>30,871</b>	<b>2,657,622</b>
<b>Expenses</b>						
Program services	2,123,524	-	2,123,524	1,713,269	-	1,713,269
Management and general	243,159	-	243,159	223,938	-	223,938
Fundraising	437,717	-	437,717	375,538	-	375,538
<b>Total expenses</b>	<b>2,804,400</b>	<b>-</b>	<b>2,804,400</b>	<b>2,312,745</b>	<b>-</b>	<b>2,312,745</b>
<b>Change in net assets</b>	<b>327,754</b>	<b>34,239</b>	<b>361,993</b>	<b>314,006</b>	<b>30,871</b>	<b>344,877</b>
Net Assets, beginning of year	1,327,028	296,082	1,623,110	1,013,022	265,211	1,278,233
Net Assets, end of year	<u>\$ 1,654,782</u>	<u>\$ 330,321</u>	<u>\$ 1,985,103</u>	<u>\$ 1,327,028</u>	<u>\$ 296,082</u>	<u>\$ 1,623,110</u>

*See accompanying notes to financial statements.*

## CONSERVATION NORTHWEST

### STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended March 31, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 1,105,285	\$ 108,668	\$ 379,610	\$ 1,593,563	\$ 936,059	\$ 135,350	\$ 328,250	\$ 1,399,659
Contractors and professional services	574,990	78,155	36,145	689,290	551,116	45,981	43,870	640,967
Scholarships and grants	241,026	-	1,750	242,776	121,774	1,000	500	123,274
Information and technology	76,814	404	5,519	82,737	49,537	843	7,696	58,076
Rent	29,770	3,360	8,831	41,961	29,640	3,360	8,400	41,400
Other expenses	21,365	6,028	10,995	38,388	2,162	4,735	4,103	11,000
Travel and entertainment	31,643	3,425	2,126	37,194	10,251	759	740	11,750
Supplies	31,411	2,211	408	34,030	6,477	4,681	724	11,882
Promotion and advertising	10,404	670	10,357	21,431	4,604	-	13,895	18,499
Banking and credit card processing	-	15,549	189	15,738	-	9,997	3,153	13,150
Insurance	-	13,386	60	13,446	869	11,301	-	12,170
Depreciation	-	10,993	-	10,993	-	5,513	-	5,513
Printing	377	-	6,346	6,723	585	31	14,677	15,293
Postage and shipping	439	310	4,459	5,208	195	387	13,998	14,580
Total expenses	2,123,524	243,159	466,795	2,833,478	1,713,269	223,938	440,006	2,377,213
Less: Special events direct benefit to donor	-	-	(29,078)	(29,078)	-	-	(64,468)	(64,468)
	<u>\$ 2,123,524</u>	<u>\$ 243,159</u>	<u>\$ 437,717</u>	<u>\$ 2,804,400</u>	<u>\$ 1,713,269</u>	<u>\$ 223,938</u>	<u>\$ 375,538</u>	<u>\$ 2,312,745</u>

*See accompanying notes to financial statements.*

## CONSERVATION NORTHWEST

### STATEMENTS OF CASH FLOWS For the Years Ended March 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 361,993	\$ 344,877
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Donated land	-	(19,500)
Depreciation	10,993	5,513
Forgiveness of Paycheck Protection Program loans	(214,155)	(214,000)
Changes in operating assets and liabilities		
Contributions receivable	(182,191)	(56,613)
Prepaid expenses	90,165	(84,757)
Accounts payable	2,532	(39,298)
Accrued salaries and related expenses	(3,540)	17,963
Funds held for Cascades to Rockies Capital Campaign	(49,832)	49,832
Refundable advances	(15,891)	(14,508)
Net cash flows from operating activities	74	(10,491)
Cash Flows from Investing Activities		
Purchases of property and equipment	-	(6,260)
Purchases of certificates of deposit	(1,752)	(130,153)
Net cash flows from investing activities	(1,752)	(136,413)
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program loans	-	428,155
<b>Net change in cash and cash equivalents</b>	<b>(1,678)</b>	<b>281,251</b>
Cash and Cash Equivalents, beginning of the year	1,160,451	879,200
Cash and Cash Equivalents, end of the year	\$ 1,158,773	\$ 1,160,451

*See accompanying notes to financial statements.*



# CONSERVATION NORTHWEST

## NOTES TO FINANCIAL STATEMENTS

### **Note 1 – Organization and Summary of Significant Accounting Policies**

#### *Organization*

Since 1989, Conservation Northwest (the Organization) 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 wildlife. Today, the Organization is working to ensure the region is wild enough to support all its native wildlife, from wolves to grizzly bears to mountain caribou. The Organization works with local communities on forest restoration, wildlands protection, and carnivore recovery. The Organization also works to help ensure safe passage for wildlife between core habitat areas.

The Organization's strategic plan for the next five years is focused on restoring habitat links that keep the North Cascades, Central Cascades, Olympic, Rocky Mountain, and British Columbia Coast and Chilcotin Range ecosystems connected as a functional wildland network, providing habitat for many rare and imperiled wildlife species. The Organization engages in activities that work toward the following conservation goals:

- Protecting and restoring core forest and sageland habitat
- Connecting core wildlife habitats
- Recovering populations of rare and endangered wildlife, especially carnivores like wolves and lynx
- Building community support for wildlife conservation

#### *Cascades to Rockies Capital Campaign*

During the year ended March 31, 2021, the Organization began the Cascades to Rockies Capital Campaign (the Campaign) to raise funds for the purpose of protecting 9,243 acres of land in Okanogan County, Washington with the intent to raise \$4.5 million for the Campaign. The Organization acted as a fiscal agent for this purchase, and therefore, all funds raised on behalf of the Campaign and the ultimate beneficiary, Colville Confederate Tribes, are recognized as a liability upon receipt until real estate closing. At March 31, 2021, the Organization had raised \$49,832 for the Campaign, which were recorded as funds held for Cascades to Rockies Capital Campaign on the statement of financial position. During the year ended March 31, 2022, the remaining funds were raised, and the land was purchased such that the deed transferred directly to the Colville Confederate Tribes.

#### *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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Financial Statement Presentation*

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and without donor restrictions. Contributions that are received are recorded based on the existence and/or nature of any donor restrictions. The Organization has elected to show contributions with donor restrictions, whose restrictions are met in the same reporting period, as contributions without donor restrictions.

## CONSERVATION NORTHWEST

### NOTES TO FINANCIAL STATEMENTS

#### *Board-Designated Net Assets*

Certain net assets without donor restrictions have been designated by the Board of Directors as a reserve fund. Board-designated net assets for the reserve fund amounted to \$551,795 at March 31, 2022 and 2021, respectively.

#### *Net Assets with Donor Restrictions*

Net assets with donor restrictions are available for the following purposes at March 31:

	2022	2021
Connecting Habitat - Healthy Watersheds BC	\$ 59,693	\$ -
Connecting Habitat - Sagelands Heritage	58,712	8,680
Wildlife Recovery - Other	48,705	-
Connecting Habitat - Central Cascades Watershed	37,571	31,152
Protecting Core Habitat - Columbia Highlands	22,000	-
Restoring Native Wildlife - Wildlife Monitoring	18,551	19,500
Protecting Core Habitat - Forest Field	12,500	14,513
Poaching Reward Fund	11,298	11,298
Connecting Habitat - Working for Wildlife	11,259	29,000
Connecting Habitat - Habitat Connectivity	10,000	-
Restoring Native Wildlife - Wolf Recover	10,000	-
Restoring Native Wildlife - NC Grizzly	10,000	-
Connecting Habitat - Coast to Cascades	9,725	42,627
Restoring Native Wildlife - Wolverines	7,350	-
Connecting Habitat - Cascade to Olympics	2,957	26,500
Future Periods (Time)	-	105,000
Underpass Capital Campaign	-	7,812
	\$ 330,321	\$ 296,082

#### *Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At times, the Organization may hold cash and cash equivalents in excess of federally insured limits.

#### *Certificates of Deposit*

Certificates of deposit are stated at cost plus accrued interest.

## CONSERVATION NORTHWEST

### NOTES TO FINANCIAL STATEMENTS

#### *Contributions Receivable*

Contributions receivable are stated at net realizable value, which is the amount management expects to collect from outstanding balances. Subsequent to initial measurement, management provides for probable uncollectible amounts by setting up a valuation allowance based on historical collection rates. The Organization charges off receivables to the allowance when management determines that a receivable is not collectible. Management determined that no allowance against receivables were necessary at March 31, 2022 or 2021.

At March 31, 2022, 80% of contributions receivable were from two donors. At March 31, 2021, 57% of contributions receivable were from one donor.

#### *Property and Equipment*

Property and equipment are recorded at cost, if purchased, or at fair value at the date of receipt, if donated. All purchases greater than \$5,000 with a useful life of one year or longer are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives range between three and five years.

Property and equipment consist of the following at March 31:

	2022	2021
Automobiles	\$ 51,605	\$ 51,605
Furniture and equipment	29,508	29,508
	81,113	81,113
Less: accumulated depreciation	(81,113)	(70,120)
	-	10,993
Land	19,500	19,500
	<u>\$ 19,500</u>	<u>\$ 30,493</u>

#### *Mineral Rights*

The Organization retains title to subsurface mineral rights on properties that are under conservation easements that were transferred to the Okanogan Land Trust in 2013. The Organization has no intention of ever exercising or selling these mineral rights and has therefore recorded them on the statements of financial position with a value of \$1 for both the years ended March 31, 2022 and 2021.

# CONSERVATION NORTHWEST

## NOTES TO FINANCIAL STATEMENTS

### *Revenue Recognition*

Contributions - Contributions (including those earned at special events) are generally recognized when the pledge is made or when the cash is received.

During the year ended March 31, 2021, the Organization received a Paycheck Protection Program loan (round 1) from the Small Business Administration of \$214,000. This loan included forgivable conditions which were met during the year ended March 31, 2021 and, therefore, the loan amount was recognized to contribution revenue.

During the year ended March 31, 2021, the Organization received a Paycheck Protection Program loan (round 2) from the Small Business Administration of \$214,155. This loan included forgivable conditions which were met during the year ended March 31, 2022 and, therefore, the loan amount was recognized to contribution revenue.

Refundable advances represent contributions received before applicable conditions have been satisfied.

Bequests - Bequests are recognized when the Organization is informed that they will receive a bequest and the amount to be received is known by the Organization, which is typically after the death of the donor and the will has cleared probate.

### *Functional Allocation of Expenses*

The 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. Salaries and related expenses and contractors and professional services are allocated based on personnel timesheets. Rent expense is allocated based on square footage of the related building. All other expenses are allocated based on direct costs.

### *Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, it is subject to income taxes only on unrelated business income. During the years ended March 31, 2022 and 2021, the Organization had no unrelated business income and, accordingly, no provision for federal income taxes has been reported in the accompanying financial statements.

### *Reclassifications*

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

### *Subsequent Events*

Management of the Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was August 9, 2022.

# CONSERVATION NORTHWEST

## NOTES TO FINANCIAL STATEMENTS

### Note 2 – Liquidity and Availability of Resources

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in cash and cash equivalents and certificates of deposit. The Organization's financial assets available for general expenditure within one year are as follows at March 31:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,158,773	\$ 1,160,451
Certificates of deposit	562,268	560,516
Contributions receivable	<u>282,310</u>	<u>100,119</u>
	2,003,351	1,821,086
Amounts Available (Not Available) to be Used Within One Year:		
Net assets with board designations	(551,795)	(551,795)
Net assets with donor restrictions	<u>(330,321)</u>	<u>(296,082)</u>
	<u>\$ 1,121,235</u>	<u>\$ 973,209</u>

### Note 3 – Leases

The Organization maintains an office lease agreement with a maturity of December 2022. Rent expense under this lease was \$33,600 during each of the years ended March 31, 2022 and 2021, respectively. Future minimum lease payments under this lease are \$25,200 during the year ending March 31, 2023.

The Organization also leases office space in Bellingham and Twisp, Washington, under month-to-month lease agreements.