

CASCADE FOREST CONSERVANCY

Financial Statements

For the Year Ended December 31, 2017

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Independent Auditor's Report

**To the Board of Directors
Cascade Forest Conservancy
Vancouver, Washington**

We have audited the accompanying financial statements of Cascade Forest Conservancy, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 consolidated 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, I 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.

Richard Winkel, CPA
PO Box 91637
Portland, OR 97291

tel: (503) 332-6750
fax: (888) 739-8185
email: rwinkel@winkelcpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cascade Forest Conservancy as of December 31, 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.

Richard Winkel, CPA

April 13, 2018

CASCADE FOREST CONSERVANCY
STATEMENT OF FINANCIAL POSITION

December 31, 2017

	2017
ASSETS	
Current assets	
Cash and cash equivalents	\$ 88,742
Certificates of deposit	181,566
Prepaid expenses and other assets	1,811
Total current assets	272,119
Long-term assets:	
Furnishings and equipment, net of depreciation	-
Total assets	\$ 272,119
LIABILITIES	
Current liabilities	
Accounts payable	\$ 6,949
Accrued payroll expenses	12,450
Total current liabilities	19,399
NET ASSETS	
Board designated	230,000
Undesignated	(15,053)
Total unrestricted	214,947
Temporarily restricted net assets	37,773
Total net assets	252,720
Total liabilities and net assets	\$ 272,119

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

CASCADE FOREST CONSERVANCY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Revenues:			
Contributions	\$ 181,132	\$ -	\$ 181,132
Grants	93,000	121,804	214,804
Interest income	123	-	123
Other income	49,164	-	49,164
	<u>323,419</u>	<u>121,804</u>	<u>445,223</u>
 Total revenues	 <u>323,419</u>	 <u>121,804</u>	 <u>445,223</u>
 Net assets released from restriction	 <u>138,967</u>	 <u>(138,967)</u>	 <u>-</u>
 Total revenues	 <u>462,386</u>	 <u>(17,163)</u>	 <u>445,223</u>
Expenses:			
Program services	320,004	-	320,004
Management and general	83,802	-	83,802
Fundraising	75,225	-	75,225
	<u>479,031</u>	<u>-</u>	<u>479,031</u>
 Total expenses	 <u>479,031</u>	 <u>-</u>	 <u>479,031</u>
 Change in Net Assets	 <u>(16,645)</u>	 <u>(17,163)</u>	 <u>(33,808)</u>
 Net assets, beginning of year	 <u>231,592</u>	 <u>54,936</u>	 <u>286,528</u>
 Net assets, end of year	 <u>\$ 214,947</u>	 <u>\$ 37,773</u>	 <u>\$ 252,720</u>

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

CASCADE FOREST CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Payroll expense	\$ 221,288	\$ 61,727	\$ 40,735	\$ 323,750
Payroll taxes	23,857	5,561	4,033	33,451
Employee benefits	15,513	1,930	2,361	19,804
Program contractors	1,049	200	400	1,649
Fundraising expense	-	-	1,949	1,949
Professional services	10,254	1,372	692	12,318
Travel	7,736	1,306	1,252	10,294
Office expense	16,827	4,841	9,822	31,490
Occupancy	17,163	3,937	2,681	23,781
Conference and meetings	1,826	1,148	9,601	12,575
Insurance	3,133	832	567	4,532
Bank fees	1,358	948	1,132	3,438
Total expense	<u>\$ 320,004</u>	<u>\$ 83,802</u>	<u>\$ 75,225</u>	<u>\$ 479,031</u>

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

CASCADE FOREST CONSERVANCY
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2017

	<u>2017</u>
Cash flows from operating activities	
Change in net assets	\$ (33,808)
Adjustment to reconcile increase in net assets to net cash provided by (used in) operating activities	
Change in:	
Prepaid expenses	(13)
Accounts payable	3,402
Accrued expenses	<u>(408)</u>
Net cash used in operating activities	<u>(30,827)</u>
Cash flows from investing activities	
Purchase of certificates of deposit	<u>(181,566)</u>
Net cash used in investing activities	<u>(181,566)</u>
Net change in cash and cash equivalents	(212,393)
Cash and cash equivalents, beginning of year	<u>301,135</u>
Cash and equivalents, end of year	<u><u>\$ 88,742</u></u>

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

CASCADE FOREST CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

NOTE A – ORGANIZATION

Cascade Forest Conservancy (“the Organization”) is a nonprofit corporation organized to support the biological diversity and communities of the Northwest through conservation and restoration of forests, rivers, fish and wildlife. Support comes from grants and contributions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with Accounting Standards Codification (ASC) of the Financial Accounting Standards Board 958. ASC 958 is the standard for external financial reporting for not-for-profit organizations.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets are net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that will not be met by actions of the Organization or the passage of time.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Temporary restrictions expire when the donor-stipulated purpose has been fulfilled and/or the donor-stipulated time period has elapsed. Expirations of temporary restrictions result in the reclassification of temporarily restricted net assets to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Cash and Cash Equivalents

Cash and cash equivalents include accounts with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. For purposes of the statement of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

CASCADE FOREST CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables consist of amounts due from grants and contributions. The Organization uses the allowance method to account for uncollectible accounts. Management has determined that the risk of loss for uncollectible balances is not significant and no allowance was deemed necessary at December 31, 2017.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Donor restricted contributions are recorded as unrestricted if the restrictions are satisfied in the same reporting period in which the contributions are made. Contributions are recorded as increases in temporarily restricted net assets when the restrictions will be met in a future reporting period.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted revenues. Contributions of services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

During the year ended December 31, 2017 the Organization received no donations of goods or services.

Investments

The Organization follows guidance in Accounting Standards Codification (ASC) 820 and 958. Investments are reflected on the statement of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities. Interest income is reported as earned.

Furnishings and Equipment

Furnishings and equipment are recorded at purchase cost. Acquisitions, renovations and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed property is recorded at its fair market value on the date of contribution.

The Organization depreciates furnishings and equipment over its estimated useful life using the double declining balance method for financial reporting purposes, which is generally between 5 and 7 years.

Advertising Costs

Advertising is expensed as incurred.

CASCADE FOREST CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under section 509(a)(1). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, prepaid expenses and other assets, accounts payable and accrued liabilities, their fair value approximates carrying value.

Use of Estimates

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

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2017:

Checking accounts	\$	88,642
Petty cash		<u>100</u>
	\$	<u>88,742</u>

At December 31, 2017 the balances in the bank accounts did not exceed FDIC insurance.

NOTE D – CERTIFICATES OF DEPOSIT

The Organization has invested in three certificates of deposit with maturity dates ranging from May 2018 to April 2019 and interest rates between 1.25% and 1.65%. Fair value of these certificates of deposit is \$181,566 at December 31, 2017.

CASCADE FOREST CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

NOTE E – FURNISHINGS AND EQUIPMENT

Major classes of furnishings and equipment consist of the following at December 31, 2017:

Furniture and equipment	\$	41,581
Less accumulated depreciation		<u>(41,581)</u>
	\$	<u><u>-</u></u>

Depreciation expense was zero dollars for the year ended December 31, 2017.

NOTE F – LEASES

The Organization leases office space and extended their lease on July 15, 2017 for 60 months, terminating on June 30, 2020. Rent expense for the year ended December 31, 2017 was \$21,514. Future obligations under the terms of the lease for the year ended December 31, 2017 are:

2018	\$	20,795
2019		21,419
2020		<u>10,868</u>
	\$	<u><u>53,082</u></u>

NOTE G – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 13, 2018, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2017.