THE WILDLANDS CONSERVANCY

FINANCIAL STATEMENTS

June 30, 2023 and 2022

THE WILDLANDS CONSERVANCY

June 30, 2023 and 2022

C O N T E N T S

REPORT OF INDEPENDENT AUDITORS

Board of Directors
The Wildlands Conservancy
Oak Glen, California

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Wildlands Conservancy, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses 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 The Wildlands Conservancy as of June 30, 2023 and 2022, and the changes in its net assets, its cash flows, and its functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 error or fraud, and to issue an audit 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 one resulting from error, since 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.

In performing an audit in accordance with generally accepted auditing standards, we are required to –

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks, which include examining, on a test basis, evidence regarding the amounts and disclosures in the statements.
- Obtain an understanding of internal control relevant to the audit in order to design auditing 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, 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 evaluating the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

March 20, 2024
San Bernardino, California

THE WILDLANDS CONSERVANCY

STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and Equivalents	$ 478,696	$ 4,493,657
Accounts Receivable	861,437	2,690,202
Contracts Receivable	247,449	163,027
Prepaid Expenses	60,734	35,970
Livestock Inventory	530,072	513,528
Note Receivable	1,470,244	1,479,756
Investments	2,548,705	887,652
Land Acquisition in Progress	6,091,250	2,164,029
Land Held for Resale	6,497,130	6,928,544
Land Held for Conservation		
Protected by Legal Instruments	81,309,910	81,309,910
Pending Legal Instrument Protections	66,726,203	71,093,155
Vehicles and Equipment	2,854,308	2,435,028
Buildings and Improvements	23,387,266	22,855,234
Construction in Progress	2,664,521	1,269,480
Accumulated Depreciation	(14,768,361)	(14,121,533)
Net Depreciable Property	14,137,734	12,438,209
Total Assets	$ 180,959,564	$ 184,197,639

See Accompanying Notes to Financial Statements.

THE WILDLANDS CONSERVANCY

STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	$ 600,573	$ 278,028
Accrued Payroll Costs	238,271	222,124
Accrued Interest Payable	12,299	312,480
Contract Liabilities	19,050	15,270
Notes Payable	10,850,000	16,499,184
Total Liabilities	11,720,193	17,327,086
Net Assets		
Net Assets without Donor Restrictions	165,601,912	165,668,900
Net Assets with Donor Restrictions	3,637,459	1,201,653
Total Net Assets	169,239,371	166,870,553
Total Liabilities and Net Assets	$ 180,959,564	$ 184,197,639

See Accompanying Notes to Financial Statements.

THE WILDLANDS CONSERVANCY

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Gain on Sale of Assets	$ 4,109,128	$ -	$ 4,109,128
Contributions	834,114	1,675,370	2,509,484
Grant Income	138,350	1,165,000	1,303,350
Lease Income	1,253,506	-	1,253,506
Royalty Income	1,076,595	-	1,076,595
Contract Revenue	434,687	-	434,687
Gain on Sale of Livestock	368,908		368,908
Contributions - Noncash	334,521	-	334,521
Other Income	238,297	-	238,297
Extension Payments	233,333	-	233,333
Interest Income	213,421	-	213,421
Insurance Proceeds	133,689	-	133,689
Property Tax Refund	23,618	-	23,618
Unrealized Loss on Investments	(38,374)	-	(38,374)
Release of Restrictions	404,564	(404,564)	-
Total Revenues	9,758,357	2,435,806	12,194,163
Expenses			
Program Services			
Conservancy	8,198,773	-	8,198,773
Support Services			
Management and General	1,061,280	-	1,061,280
Fundraising	565,292	-	565,292
Total Expenses	9,825,345	-	9,825,345
Change in Net Assets	(66,988)	2,435,806	2,368,818
Net Assets -- Beginning	165,668,900	1,201,653	166,870,553
Net Assets -- Ending	$ 165,601,912	$ 3,637,459	$ 169,239,371

See Accompanying Notes to Financial Statements.

THE WILDLANDS CONSERVANCY

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grant Income	$ 16,439,195	$ 1,762,563	$ 18,201,758
Gain on Sale of Assets	4,728,577	-	4,728,577
Royalty Income	1,405,609	-	1,405,609
Lease Income	1,094,694	-	1,094,694
Extension Payments	750,000	-	750,000
Contributions	701,146	-	701,146
Contract Revenue	509,716	-	509,716
Gain on Sale of Livestock	183,857	-	183,857
Insurance Proceeds	161,917	-	161,917
Investment Income	73,684	-	73,684
Other Income	20,228	-	20,228
Unrealized Loss on Investments	(100,274)	-	(100,274)
Release of Restrictions	3,942,997	(3,942,997)	-
Total Revenues	29,911,346	(2,180,434)	27,730,912
Expenses			
Program Services			
Conservancy	7,301,957	-	7,301,957
Support Services			
Management and General	1,164,993	-	1,164,993
Fundraising	364,425	-	364,425
Total Expenses	8,831,375	-	8,831,375
Change in Net Assets	21,079,971	(2,180,434)	18,899,537
Net Assets -- Beginning	144,588,929	3,382,087	147,971,016
Net Assets -- Ending	$ 165,668,900	$ 1,201,653	$ 166,870,553

See Accompanying Notes to Financial Statements.

THE WILDLANDS CONSERVANCY

STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Increase in Net Assets	$ 2,368,818	$ 18,899,537
Noncash Items Included in Revenues and Expenses-		
(Gain) on Sale of Assets	(4,478,036)	(4,912,434)
Depreciation	1,063,162	1,035,245
Unrealized Loss on Investments	38,374	100,274
In-Kind Contributions	(334,521)	(30,732)
Increase (Decrease) in Cash Resulting from Changes In:		
Accounts Receivable	1,798,765	(236,896)
Contracts Receivable	(84,422)	326,118
Pledges Receivable	-	2,850,000
Prepaid Expenses	(24,764)	64,030
Livestock Inventory	(16,544)	(497,928)
Accounts Payable and Accrued Expenses	338,692	(40,912)
Contract Liabilities	3,780	(158,530)
Interest Payable	(300,181)	312,480
Cash Provided by Operating Activities	373,123	17,710,252
Cash Flows From Investing Activities		
Purchase of Investments	(1,661,053)	-
Proceeds from Sale of Investments	-	718,013
Purchase of Land Held for Conservancy	(4,313,177)	(34,512,321)
Land Acquisition in Progress	(3,927,221)	(2,080,866)
Purchase of Property	(2,433,806)	(2,484,521)
Construction in Progess	(1,395,041)	(661,230)
Proceeds from Sale of Property	14,981,884	6,574,051
Collection of Note Receivable	9,514	20,244
Cash Provided (Used) by Investing Activities	1,261,100	(32,426,630)
Cash Flows From Financing Activities		
Proceeds from Borrowing	6,850,000	16,499,184
Repayment of Debt	(12,499,184)	-
Cash Provided (Used) by Financing Activities	(5,649,184)	16,499,184
Net Increase (Decrease) in Cash	(4,014,961)	1,782,806
Cash and Equivalents - Beginning	4,493,657	2,710,851
Cash and Equivalents - Ending	$ 478,696	$ 4,493,657

See Accompanying Notes to Financial Statements.

THE WILDLANDS CONSERVANCY

STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended June 30, 2023 and 2022

June 30, 2023	Conservancy Programs	Management and General	Fundraising	Total Expenses
Payroll and Related Costs	$ 3,356,095	$ 707,647	$ 286,293	$ 4,350,035
Depreciation	820,240	172,951	69,971	1,063,162
Utilities, Maintenance and Supplies	954,530	-	-	954,530
Property Taxes	780,712	-	-	780,712
Consulting and Professional Fees	543,914	38,524	-	582,438
Office and Supplies	300,271	85,167	185,971	571,409
Insurance	509,533	-	-	509,533
Loan Interest	436,043	-	-	436,043
Travel Costs	270,286	56,991	23,057	350,334
Grants	169,694	-	-	169,694
Outdoor Education	57,455	-	-	57,455
Total Expenses 2023	$ 8,198,773	$ 1,061,280	$ 565,292	$ 9,825,345

June 30, 2022	Conservancy Programs	Management and General	Fundraising	Total Expenses
Payroll and Related Costs	$ 2,764,399	$ 728,963	$ 216,010	$ 3,709,372
Consulting and Professional Fees	1,039,124	56,840	-	1,095,964
Depreciation	771,514	203,445	60,286	1,035,245
Utilities, Maintenance and Supplies	637,338	-	-	637,338
Property Taxes	580,569	-	-	580,569
Loan Interest	451,183	-	-	451,183
Insurance	427,419	-	-	427,419
Office and Supplies	222,851	109,071	68,372	400,294
Travel Costs	252,843	66,674	19,757	339,274
Grants	131,820	-	-	131,820
Outdoor Education	22,897	-	-	22,897
Total Expenses 2022	$ 7,301,957	$ 1,164,993	$ 364,425	$ 8,831,375

See Accompanying Notes to Financial Statements.

NOTE 1 – ORGANIZATION AND OTHER MATTERS

The Wildlands Conservancy (the Conservancy) is a nonprofit corporation organized in California in September 1995. The Conservancy's dual mission is to preserve the beauty and biodiversity of the Earth and to provide so that children may know the wonder and joy of Nature.

Program Descriptions

Preserve Management: Stewarding nature preserves that are open to over 1,500,000 visitors annually. The Conservancy has established the largest nonprofit nature preserve system on the West Coast, comprising 23 preserves encompassing nearly 200,000 acres of diverse mountain, valley, desert, river, and coastal landscapes. Ecological restoration and species rewilding are an emphasis in the Conservancy's approach to land management. Since the Conservancy believes that access to nature is a birthright, preserves are open to the public free of charge for passive recreation, including camping, hiking, picnicking, birding, field studies, and more. The Conservancy's motto "Behold the Beauty" is also the name of the program that seeks to engage visitors and supporters to be inspired by these magnificent landscapes. The Conservancy employs a full-time staff of friendly and knowledgeable rangers and stewards, available to engage with visitors while stewarding the land and maintaining outdoor education sites. Each year these rangers work side-by-side with hundreds of volunteers, logging thousands of hours, restoring and maintaining these unique and important properties.

***Providing outdoor environmental education*:** For more than two decades, the Conservancy has been Southern California's nonprofit leader in providing free outdoor education programs to underserved youth. Since the inception of city life, people have sought refuge from its commotion by retreating to nature and the great outdoors. An educational journey begins the moment a child steps outdoors and begins to wonder and think far beyond the textbook. Nature holds a mirror to our human sympathies - reflecting the kind, just, and loving qualities that elevate the human mind. After a quality outdoor learning experience, children return home with a new understanding and indelible memory of their place in the world. From day-long field trips to week-long science school, more than 1.3 million children have participated in an outdoor education experience provided by The Wildlands Conservancy since 1995. Annually, more than 60,000 youth participate in educational opportunities at a Conservancy preserve, from self-guided exploration through interactive interpretive signage to naturalist-guided field trips and programs. Since the pandemic, new preserve-based programs focus on providing visiting families and individuals with educational opportunities.

Land Acquisition and Land Conservation: TWC has acquired more than 750,000 acres for conservation using a blend of private and public funding, and still owns nearly 200,000 acres as nature preserves. The preserves serve as outposts for land-based advocacy to support larger conservation efforts including the 154,000-acre Sand to Snow National Monument, named after the Conservancy's Sand to Snow Wilderness Interface Project, and the 1.6 million-acre Mojave Trails National Monument, the second largest national monument in the lower 48 states, of which more than 560,000 acres were acquired by the Conservancy with private funding and was donated to the American people for conservation.

The Conservancy is also the primary nonprofit organization advocating on behalf of the Santa Ana River Trail to complete the vision of a continuous 110-mile trail from the San Bernardino Mountains to the Pacific Ocean, which passes through the urban core of Orange, Riverside, and San Bernardino counties and is a passport to nature for millions of urban Southern California residents.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICES

Revenue Recognition

The Conservancy presents its financial statements and recognizes revenues in accordance with accounting principles generally accepted in the United States of America (GAAP), which provide guidance for reporting information about financial position and activities for nonprofit organizations. The following is a summary of revenue recognition methodologies used by the Conservancy in conformity with GAAP.

Contracts with Funding Agencies: Revenue from contracts with federal, state, and local funding agencies is recognized when qualifying costs are incurred for cost-reimbursement contracts or when units of service are provided for performance contracts. Revenue from contracts with funding agencies is recognized using a principles-based five-step framework that is intended to create consistency and comparability across entities and industries.

The transaction price is stated in each contract and is satisfied over time, generally by monthly billings over the one-year contract period. Significant judgments about these revenues involve 1) determining that a cost allowable under the contract has been incurred, and 2) determining that the cost relates to a period covered by the contract. Both of these performance obligations must be satisfied before the funding agency can be billed for reimbursement, and revenue is recognized when the funding agency is billed. Contract reimbursements are subject to review by funding agencies, and some costs may be disallowed.

Service Fees: The Conservancy recognizes service fee revenue in the period when the services are provided and when the amount and certainty of the fee can be determined.

Contributions: GAAP requires that information about financial position and activities be reported in two net asset classes: with donor restrictions and without donor restrictions. Net assets with donor restrictions may be either temporarily or permanently restricted. Contributions without donor restrictions are recognized when received. Contributions restricted by the donor are presented as increases in net assets with donor restrictions, depending on the nature of the donor-imposed restriction. When temporary restrictions are satisfied, the restricted net assets are reclassified to net assets without donor restrictions and reported in the activity statement as net assets released from restrictions. When a restriction is satisfied in the same year the contribution is received, the contribution is reported as unrestricted.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that may affect assets, liabilities, revenues, and expenses at the reporting date and during the period. Actual results could differ from those estimates.

Donated Services

Approximately 900 volunteers have donated significant time and service to advance the charitable purposes of the Conservancy. The value of these donated services has not been recognized in the financial statements because no objective basis is available to measure the value of those services.

Depreciation Methods

Property and equipment are presented at cost and are depreciated by the straight-line method over estimated useful lives of 30 to 40 years for buildings and improvements and five to seven years for equipment and vehicles. The Conservancy's policy is to capitalize purchases in excess of $2,000.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents

For purposes of the cash flow statement, the Conservancy considers all temporary cash investments with original maturities of three months or less to be cash equivalents.

Valuation of Receivables

Accounts receivable consist of amounts due from royalties and various leases and are considered by management to be fully collectible.

Fair Value Measurements

Generally accepted accounting principles (GAAP) provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets
Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets
Level 3 inputs – estimated using the best information available when there is little or no market

The Conservancy is required to measure certain types of assets and the related revenues at fair value, most commonly contributions of real estate and investments. The technique used to measure fair value of investments is described in Note 7.

Functional Expense Reporting

The costs of providing the Conservancy's programs and services have been summarized on a functional basis in the statement of functional expenses. Based on management estimates and an allocation plan, costs are allocated between programs and supporting services as they relate to those functions. The allocation of costs depends on the nature of the cost, the reason the cost is incurred, and the benefit received by each function.

Income Taxes

The Conservancy is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Tax Code, so no provision is made for current or deferred income tax expense. Annual information returns are filed with federal and state taxing agencies, and the accounting methods for such filings are the same as those used for financial reporting.

Adoption of Recently Issued Accounting Standard Updates

In the current year, the Conservancy adopted FASB Accounting Standards Update 2016-02, *Leases (Topic 842).* This guidance is effective for years beginning in 2022 and requires the recognition of lease contracts, both existing and new leases, as assets and liabilities in the statement of financial position. In adopting this new standard, management elected to use the transition method that allows existing leases to be measured and capitalized as of the date of adoption, which was July 1, 2022, rather than applying the standard retrospectively to January 1, 2022.

The Conservancy's lease arrangements are discussed in further detail in Note 20.

NOTE 3 – ACCOUNTS AND CONTRACTS RECEIVABLE

	2023	2022
Accounts Receivable consist of the following:		
Riverside County Grant Refund	$ -	$ 2,000,000
Lease Agreements	495,640	432,123
Livestock Operations	361,632	247,474
Refunds and Reimbursements	4,165	10,605
	$ 861,437	$ 2,690,202
Contracts Receivable consist of the following:		
California Department of Transportation	$ 222,447	$ 71,045
San Joaquin Valley Air Pollution Control District	-	39,550
US Government Agencies	21,328	4,765
Other Grants	3,674	47,667
Total Contracts Receivable	$ 247,449	$ 163,027

NOTE 4 – PRIOR PLEDGE RECEIVABLE

On December 3, 2021, The Wildlife Conservation Board granted The Conservancy $2.85 million to acquire 6,095 acres of the former Hayden Ranch in Siskiyou County to protect fish and wildlife habitat and improve the in-stream water flows of the Scott River to benefit anadromous fish. The funds represent the entirety of the $2.85 million fair market value of the property.

The pledge was received directly into escrow to affect the acquisition, which closed escrow on December 13, 2021. The funds were awarded from the Proposition 1 Streamflow Enhancement Program managed by the Wildlife Conservation Board.

NOTE 5 – NOTE RECEIVABLE

In June 2021, the Conservancy issued a $1,500,000 note to an individual for the purchase of property in Yucaipa. The property is secured with a first deed of trust. The note bears interest at 5% and is to be repaid in monthly installments of $6,134. The note will mature in August 2033, with the unpaid balance due at the end of the term.

NOTE 6 – LAND HELD FOR CONSERVATION

Land held for conservation is presented in two categories depending on the status of legal instruments. This follows the land trust community practice of placing legal instruments to permanently protect lands to produce greater conservation outcomes and to obtain funds that take advantage of many public agency programs. This process often takes a number of years during which time lands are held by the land trust. The first category includes lands which are already subject to permanent protective legal instruments. The second category are lands held for future protection by the Conservancy, which is actively seeking permanent protective legal instruments through various funding programs and partnerships.

THE WILDLANDS CONSERVANCY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – INVESTMENTS

Investments consist of cash savings, mutual funds, and U.S. Treasury Notes, carried at fair value, and intended to provide income for the Conservancy's programs or capital expenditures. The fair value of investments has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs). Significant information about investments is as follows:

June 30, 2023	Cost or Donated Value	Fair Market Value	Unrealized Gain (Loss)
Preferred Savings	$ 1,560,372	$ 1,560,372	$ -
U.S. Treasury Notes	993,477	816,559	(176,918)
Remnant Ranch	171,774	171,774	-
Total - Ending	$ 2,725,623	$ 2,548.705	(176,918)
Unrealized Gains (Losses) – Beginning			(138,544)
Unrealized Loss – During the Current Year			$ (38,374)

June 30, 2022	Cost or Donated Value	Fair Market Value	Unrealized Gain (Loss)
Preferred Savings	$ 8,628	$ 8,628	$ -
Mutual Funds	18,862	24,665	5,803
U.S. Treasury Notes	998,706	854,359	(144,347)
Total - Ending	$ 1,026,196	$ 887,652	(138,544)
Unrealized Gains (Losses) – Beginning			(38,270)
Unrealized Loss – During the Current Year			$ (100,274)

NOTE 8 – GRANT REFUND

In October 2017, the Conservancy entered into a revised agreement with the Riverside County Regional Park in which the Conservancy will be refunded a grant that was given in 2005 in the amount of $2,350,000. The rejuvenated grant terms allowed the County to utilize the grant proceeds as a revolving fund in order to advance the Santa Ana River Trail project. The Conservancy received $350,000 in 2018, and the remaining $2,000,000 was received as agreed in September 2022.

NOTE 9 – ROYALTY AGREEMENT

In 2009, the Conservancy conveyed land to an unrelated aggregate materials company in exchange for the mineral rights of land previously sold to the same company. The agreement provided that the Conservancy would receive a royalty on all aggregate material mined on the land, as well as on certain other land owned by the company.

NOTE 10 – SALE OF RESTRICTIVE USE EASEMENT

In September 2021, the Conservancy sold an easement over 14,631 acres of land to a governmental agency that will protect the land in perpetuity. The Conservancy was paid $4,308,237, which reduced the underlying value of the land and resulted in a gain $2,223,797. This gain is included with other gains on sale of assets in the 2022 activity statement.

NOTE 11 – NON-CASH CONTRIBUTIONS

During the reporting periods, the Conservancy received the following non cash contributions:
In 2022, donated stock valued at $30,732. The fair value was measured using Level 1 inputs.
In 2023, donated land in Stanwood Washington. The fair value was measured using Level 2 inputs.

NOTE 12 – FIRE INSURANCE PROCEEDS

In the early morning hours of October 2, 2020, fire broke out and destroyed many of the historic facilities located at Los Rios Ranch, including the packing house, refrigeration room, and restroom. The Conservancy carried insurance on the property and has received a settlement for the physical structures that were lost, as well as lost business income. Claims for personal property are settled and all claims are now closed.

NOTE 13 – ACCRUED PAYROLL COSTS

Accrued payroll costs consist of the following items:	2023	2022
Vacation Pay	$ 159,460	$ 162,426
Salaries and Wages	71,515	52,411
Tax and Benefit Withholdings	7,296	7,287
Total Accrued Payroll Costs	$ 238,271	$ 222,124

NOTE 14 – CONTRACT LIABILITIES

Contract liabilities from funding sources consist of payments received before performance obligations have been satisfied on government contracts. Deferrals include advance payments on the Caltrans and other contracts. These totaled $19,050 in 2023 and $15,270 in 2022.

NOTE 15 – PENSION PLAN

The Conservancy has a contributory Section 401(k) pension plan, which covers all full-time and part-time permanent employees who have reached 21 years of age. Contributions to the plan include voluntary payments by employees based on annual salaries, and matching payments by the employer of up to 3% of salaries. The Conservancy contributed $70,711 in 2023 and $60,986 in 2022.

NOTE 16 – LIVESTOCK ARRANGEMENTS

Livestock grazing is performed on Conservancy Preserves for agroecological and vegetation management purposes to advance conservation of biological diversity.

In March 2021, the Conservancy purchased 14 head of cattle to be grazed at the Beaver Valley Headwaters Preserve.

In December 2021, the Conservancy purchased a 50% interest in a 700-head herd of cattle to be grazed at the Eel River Canyon Preserve.

Revenues from these livestock grazing arrangements are used to pay for the expenses relating to preserve operations.

NOTES 17 – NOTE PAYABLE

At June 30, 2023 and 2022, the Conservancy had the following outstanding obligations:	2023	2022
A promissory note payable to the Center for Biological Diversity, used for the purchase of the Cherry Creek and Enchanted Rocks Preserves, interest free, due in November 2026. Repayment of the loan is expected to be made from the sale of land and easements.	$ 7,000,000	$ 4,000,000
A note payable to Curti Ranch LLC / Curti Land LLC, secured by investment property, interest at 5%, due in July 2025.	3,850,000	-
A note payable to Derby Smith Partners, LLC, secured by a portion of the Cherry Creek property, with interest at 5%. The note was paid in full in November 2022.	-	12,499,184
Total Notes Payable	$ 10,850,000	$ 16,499,184

Future maturities of notes payable:

The note payable to the Center for Biological Diversity is due in full in November 2026.

The Curti Ranch property is currently in escrow to be sold with an expected closing date in March 2024. The note payable to Curti Ranch LLC is expected to be repaid at the close of that escrow.

NOTE 18 – RELATED PARTY TRANSACTIONS

An organization, whose Director is a Conservancy board member, was paid $106,750 in 2023 and $123,320 in 2022 for sponsorships, general operations and program support. Also, the spouse of the Human Resources Director was paid $414,953 in 2023 and $128,222 in 2022 for contracting services on multiple projects.

NOTE 19 – CONCENTRATION OF CREDIT RISK

From time to time, the Conservancy holds cash deposits with one financial institution in excess of limits covered by the FDIC. Management does not consider this to be a significant credit risk.

NOTE 20 – LEASES AS LESSOR

The Conservancy has two short-term operating ground leases as lessor for the Los Rios Rancho property with Riley's Frontier Events and with H. Roy and Gail Gordon for the Estero property on the Sonoma Coast.

The Conservancy has 26 additional operating lease agreements as lessor. Some conservancy land is leased to individuals and organizations that use the land for cattle grazing, hunting, orchards, pipelines, residential rentals, vegetation management, and other agro-ecological purposes. Some of the leases include escalation clauses which are subject to future indexes. Environmental factors such as weather, rain fall, and grass conditions can cause some of the revenue from these leases to be inconsistent and unpredictable

Because these are leases of biological assets and do not convey the right to control the use of the property, these leases are specifically removed from the scope of FASB Codification Section 842, and are not required to be capitalized.

Future lease payments expected in the next five years are as follows:

June 30, 2024	$ 1,114,901
June 30, 2025	1,092,494
June 30, 2026	1,100,161
June 30, 2027	1,107,906
June 30, 2028	1,115,729
Total	$ 5,531,191

NOTE 21 – DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following elements:	2023	2022
Land Stewardship (purpose restriction)	$ 2,699,024	$ 78,947
Capital Projects (purpose restriction)	777,801	917,240
Outdoor Education (purpose restriction)	160,634	205,466
Total	$ 3,637,459	$ 1,201,653

Net assets released from restriction consist of the following:

Land Stewardship (purpose restriction satisfied)	$ 160,293	$ 3,305,048
Capital Projects (purpose restriction satisfied)	174,439	333,000
Outdoor Education (purpose restriction satisfied)	69,832	304,949
Total	$ 404,564	$ 3,942,997

NOTE 22 – SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest was $729,473 in 2023 and $138,703 in 2022. The Conservancy had no income tax payments in either year.

NOTE 23 – SIGNIFICANT TRANSACTIONS DURING THE YEAR

During the current reporting period, the Conservancy sold 16,714 acres in Oregon with conservation restrictions, which closed escrow in October 2022. The Conservancy was able to pay off financing for the Enchanted Rocks Preserve with the proceeds from this sale. In November 2022, it sold the Onyx Mine property for inclusion in the San Bernardino National Forest and investment properties in San Diego County.

In July 22, the Conservancy completed the acquisition of the Curti Ranch as an investment property with financing. In December 2022, the Conservancy completed a land exchange in Pioneertown. In June 2023, it closed escrow on a land donation in the state of Washington.

NOTE 24 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Wildlands Conservancy receives some support from restricted contributions. Because donor restrictions require that resources be used in a specified manner, the Conservancy must maintain sufficient resources to meet those donor commitments. The Conservancy has $3,637,459 of liquid assets that must be held to satisfy the commitments included in net assets with donor restrictions. These funds are not available for general expenditures in future periods.

The Conservancy has a policy to structure its financial assets to be available for general expenditures as they come due. The following financial assets are available for general expenditures during the next year:

Cash	$ 478,696
Accounts Receivable	861,437
Contract Receivables	247,449
Investments	2,548,705
Restrictions	(3,637,459)
Total Financial Assets Available	$ 498,828

General expenditures in the current reporting period were approximately $9.8 million.

NOTE 25 – SUBSEQUENT EVENTS

The Conservancy closed escrow on the Cottonwood Wash property in Bluff, Utah on July 14, 2023, the Rana Creek Ranch property in Carmel Valley, California on July 28, 2023, the Bently Ranch property in Coleville, California on August 14, 2023, and the Eel River Canyon Ph 3 property on December 15, 2023. Each of these properties will eventually be open to the public for free access and will expand conservation outcomes.

Management has evaluated subsequent events through March 20, 2024, the date the financial statements were available to be issued.