

**WILD SALMON CENTER**

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**Audited  
Financial Statements**

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**For The Year Ended  
December 31, 2002**



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

Jake Jacobs, CPA

Susan J. Marks, CPA

Dennis C. Johnson, CPA

Mark A. Clift, CPA

James R. McDonald, CPA  
of counsel

To the Board of Directors  
Wild Salmon Center  
Portland, Oregon

We have audited the accompanying statement of financial position of Wild Salmon Center as of December 31, 2002 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Wild Salmon Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2001 financial statements which were audited by other auditors whose report dated July 2, 2002 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Wild Salmon Center as of December 31, 2002, and the results of its activities and changes in net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*McDonald Jacobs, P.C.*

December 4, 2003

*Strength in Numbers*

ACCOUNTANTS & CONSULTANTS

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**WILD SALMON CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2002**  
**(With comparative totals for 2001)**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 258,469	\$ 622,927
Accounts receivable	129,851	50,395
Grants receivable	185,000	100,000
Prepaid expenses, deposits, and supplies	25,660	19,518
Refundable advance	150,000	150,000
Property and equipment, net	<u>159,715</u>	<u>60,120</u>
 TOTAL ASSETS	 <u>\$ 908,695</u>	 <u>\$ 1,002,960</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 72,242	\$ 75,882
Deferred revenue	<u>63,850</u>	<u>34,563</u>
 Total liabilities	 <u>136,092</u>	 <u>110,445</u>
Net assets:		
Unrestricted:		
Undesignated	28,949	108,172
Designated	<u>275,000</u>	<u>199,651</u>
Total unrestricted	303,949	307,823
Temporarily restricted	<u>468,654</u>	<u>584,692</u>
 Total net assets	 <u>772,603</u>	 <u>892,515</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 908,695</u>	 <u>\$ 1,002,960</u>

See notes to financial statements.

**WILD SALMON CENTER**  
**STATEMENT OF ACTIVITIES**  
**For the year ended December 31, 2002**  
**(With comparative totals for 2001)**

	2002			2001 Total
	Unrestricted	Temporarily Restricted	Total	
<b>Revenue:</b>				
Grants and contributions	\$ 55,839	\$ 1,648,167	\$ 1,704,006	\$ 1,798,494
Program revenue	1,192,987	-	1,192,987	610,241
Donated materials and services	-	6,775	6,775	-
Interest income	7,937	-	7,937	16,940
Other income	1,071	-	1,071	9,559
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>1,770,980</u>	<u>(1,770,980)</u>	<u>-</u>	<u>-</u>
 Total revenue	 <u>3,028,814</u>	 <u>(116,038)</u>	 <u>2,912,776</u>	 <u>2,435,234</u>
 <b>Expenses:</b>				
Program services:				
Cascadia Salmon Biodiversity Program	403,959	-	403,959	276,793
Kamchatka Salmon Biodiversity Program	714,924	-	714,924	485,361
Kamchatka Steelhead Program	1,228,762	-	1,228,762	613,253
State of the Salmon Program	35,241	-	35,241	196,226
Russian Far East Salmon Biodiversity Program	192,863	-	192,863	140,784
Tillamook Rainforest Coalition	130,074	-	130,074	47,668
Salmon Without Rivers Documentary	<u>7,720</u>	<u>-</u>	<u>7,720</u>	<u>7,280</u>
Total program services	2,713,543	-	2,713,543	1,767,365
 General and administrative	 <u>319,145</u>	 <u>-</u>	 <u>319,145</u>	 <u>126,666</u>
 Total expenses	 <u>3,032,688</u>	 <u>-</u>	 <u>3,032,688</u>	 <u>1,894,031</u>
 Change in net assets	 (3,874)	 (116,038)	 (119,912)	 541,203
 <b>Net assets:</b>				
Beginning of year	<u>307,823</u>	<u>584,692</u>	<u>892,515</u>	<u>351,312</u>
 End of year	 <u>\$ 303,949</u>	 <u>\$ 468,654</u>	 <u>\$ 772,603</u>	 <u>\$ 892,515</u>

See notes to financial statements.

**WILD SALMON CENTER**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2002**  
**(With comparative totals for 2001)**

	<u>2002</u>	<u>2001</u>
<b>Cash flows from operating activities:</b>		
Cash received from grants, contracts, and contributions	\$ 1,619,006	\$ 1,698,494
Cash received from program revenues	1,142,818	513,886
Other cash receipts	1,071	36,020
Interest received	7,937	16,940
Cash paid to employees and suppliers	<u>(3,004,528)</u>	<u>(1,979,537)</u>
Net cash provided by (used in) operating activities	<u>(233,696)</u>	<u>285,803</u>
 <b>Cash flows from investing activities:</b>		
Additions to property and equipment	<u>(130,762)</u>	<u>(23,361)</u>
Net cash used in investing activities	<u>(130,762)</u>	<u>(23,361)</u>
 <b>Cash flows from financing activities:</b>		
Principal payments on capital lease obligations	<u>-</u>	<u>(2,500)</u>
Net cash used in financing activities	<u>-</u>	<u>(2,500)</u>
 Net increase (decrease) in cash and cash equivalents	(364,458)	259,942
 Cash and cash equivalents - beginning of year	<u>622,927</u>	<u>362,985</u>
 Cash and cash equivalents - end of year	<u>\$ 258,469</u>	<u>\$ 622,927</u>
 <b>Reconciliation of change in net assets to net cash provided by (used in) operating activities:</b>		
Change in net assets	\$ (119,912)	\$ 541,203
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	31,167	11,857
(Increase) decrease in:		
Accounts and grants receivable	(164,456)	(148,125)
Prepaid expenses, deposits, and supplies	(6,142)	(151,947)
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,640)	60,090
Deferred revenue	<u>29,287</u>	<u>(27,275)</u>
 Net cash provided by (used in) operating activities	<u>\$ (233,696)</u>	<u>\$ 285,803</u>

See notes to financial statements.

**WILD SALMON CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Wild Salmon Center, founded in 1992, is an incorporated association whose mission is to identify and protect the most productive and species-rich remaining salmon ecosystems along the Northern Pacific Rim. The Organization's Board of Directors and staff include experts in salmon management and conservation from Canada, Russia and the United States. The Organization receives support primarily from various public and private foundations. The Organization's primary programs include:

- **Cascadia Salmon Biodiversity Program:** An effort of the Organization is to create a system of sanctuaries for native salmon and steelhead in three to seven coastal basins in Oregon and Washington. The project will map and work to protect wild fish "refugia" within selected watersheds.
- **Kamchatka Salmon Biodiversity Program:** A joint effort of the United Nations Development Programme, the Russian Government and the Organization to create a system of refuges, research and monitoring stations, and other related conservation programs for native salmonid fish in Russia's Kamchatka Peninsula.
- **Kamchatka Steelhead Program:** A twenty-year partnership with Russia's Moscow State University to inventory, research, and protect the wild steelhead and trout and their habitats in the Kamchatka Peninsula.
- **State of the Salmon Program:** In 2001, the Organization developed the first report on the status and threats to the wild salmon and steelhead across the entire Pacific Rim, from California to Japan. Since March of 2001, a team of scientists from the United States, Canada, Japan and Russia has been working to publish an atlas of the most species-rich and productive remaining salmon ecosystems on each biogeographic region of the northern Pacific Rim.
- **Russian Far East Salmon Biodiversity Program:** A program to send multidisciplinary science teams to the field to conduct rapid biological assessments and draft conservation action plans to protect high diversity/high productivity basins in three regions of the Russian Far East.

WILD SALMON CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- **Tillamook Rainforest Coalition:** The Coalition seeks broad public support for a revised forest management plan that specifies management of 50% of the forest for the "first purpose" of biodiversity for fish, wildlife, recreation and clean water, with the rotational logging plan to remain in effect on the remaining 50%. The Organization's vision means working together to make sure that surrounding communities have the resources they need, without devastating the ecosystems that support clean drinking water and abundant fish and wildlife.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization had only unrestricted and temporarily restricted net assets at December 31, 2002.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less, at the time of purchase, to be cash equivalents.

Property and Equipment

Additions to property and equipment with values exceeding \$500 are capitalized. Property and equipment are carried at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**WILD SALMON CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**December 31, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Deferred Revenue

Contract revenue is earned over the period services are performed. Contract amounts received in advance of the services performed are reported as deferred revenue.

Grants and Contributions

Grants and other contributions of cash and other assets are reported as unrestricted support unless they are received with donor restrictions that limit their use. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Materials and Services

In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an integral part of the Organization's activities.

The Organization reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. The Organization regularly receives contributed services from a variety of volunteers who assist the Organization in its programs and events. The value of such services has not been recognized in the accompanying financial statements since the criteria for recording these contributed services have not been met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Fund-raising expenses approximating \$19,000 for 2002 are included in general and administrative expenses.



**WILD SALMON CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**December 31, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Income Taxes

Wild Salmon Center is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). The Organization is not a private foundation.

Use of Estimates

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

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total. 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 Organization's 2001 financial statements, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**2. GRANTS RECEIVABLE**

Grants receivable include unconditional foundation grants which are expected to be received within one year.

**3. REFUNDABLE ADVANCE**

In August 2001, the Organization advanced \$150,000 to River Network toward their purchase of the Schmidt Bar Tract. River Network plans to sell the land to the U.S. Forest Service. Upon the sale of the land to the U.S. Forest Service, River Network has committed to refund the entire \$150,000 to the Organization.

**WILD SALMON CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**December 31, 2002**

**4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2002</u>	<u>2001</u>
Real property	\$ 11,900	\$ 11,900
Furniture	17,217	11,452
Office equipment	16,707	9,870
Computer equipment	49,660	34,215
Expedition equipment	110,820	8,104
Display equipment	4,483	4,483
	<u>210,787</u>	<u>80,024</u>
Less accumulated depreciation	51,072	19,904
	<u>\$ 159,715</u>	<u>\$ 60,120</u>

**5. BOARD DESIGNATED NET ASSETS**

Unrestricted net assets totaling \$275,000 and \$199,651 at December 31, 2002 and 2001, respectively, have been designated as the "Opportunity Fund." The purpose of the Opportunity Fund is to provide available funds for special projects.

**6. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

	<u>2002</u>	<u>2001</u>
Cascadia Salmon Biodiversity Program	\$ -	\$ 82,709
Salmon Without Rivers Documentary	-	7,720
Kamchatka Salmon Biodiversity Program	207,509	338,213
State of the Salmon Program	-	15,501
Russian Far East Salmon Biodiversity Program	203,047	28,217
Tillamook Rainforest Coalition	58,098	112,332
	<u>\$ 468,654</u>	<u>\$ 584,692</u>

**WILD SALMON CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**December 31, 2002**

**7. EMPLOYEE BENEFIT PLAN**

The Organization has a defined contribution salary deferral plan covering all full-time employees based in the United States. Under the plan, these employees are eligible to contribute to the plan after six months of employment. Employees can contribute up to seven percent of their pre-tax earnings each period and the Organization will match employee contributions up to seven percent. Plan contributions during 2002 and 2001 were \$19,471 and \$15,034, respectively.

**8. OPERATING LEASE**

Wild Salmon Center leases office space under a lease agreement expiring October 31, 2004. Total lease expense was \$44,103 and \$11,009 for 2002 and 2001, respectively.

The future minimum lease payments are as follows:

Year ending December 31, 2003	\$	46,476
2004		<u>39,335</u>
	\$	<u>85,811</u>

**9. CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS**

The Organization's cash accounts are maintained in various financial institutions. The balances with each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At times, these balances may exceed the insured limit.