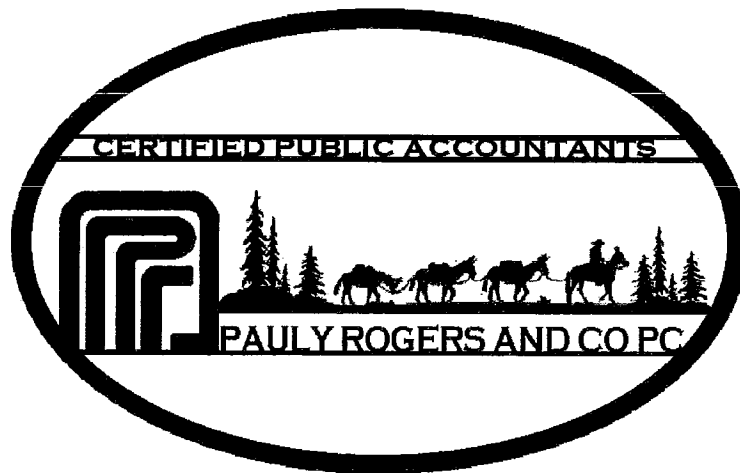


**WILD SALMON CENTER
PORTLAND, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012



**12700 SW 72nd Ave.
Tigard, OR 97223**

WILD SALMON CENTER

CONSOLIDATED BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

WILD SALMON CENTER

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED BASIC FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statement of Activities and Changes in Net Assets – 2012	4
Consolidated Statement of Activities and Changes in Net Assets – 2011	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Basic Financial Statements	7



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CERTIFIED PUBLIC ACCOUNTANTS

-
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February 22, 2013

To the Board of Directors
Wild Salmon Center
Portland, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated basic financial statements of Wild Salmon Center (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated basic financial statements. The consolidated basic financial statements as of December 31, 2011 were audited by other authors whose report dated April 6, 2012 issued an unqualified opinion on those statements.

Management's Responsibility for the Consolidated Basic Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated basic 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 consolidated basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated basic 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 basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated basic 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 consolidated basic 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 consolidated basic 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 consolidated basic financial statements referred to above present fairly, in all material respects, the financial position of Wild Salmon Center as of December 31, 2012, and the activities and changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.

WILD SALMON CENTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 4,491,297	\$ 3,824,993
Accounts receivable	3,715	2,156
Pledges receivable, net	1,619,981	4,181,016
Prepaid expenses, deposits and supplies	107,808	145,245
Property and equipment, net	49,461	58,975
Total Assets	\$ 6,272,262	\$ 8,212,385
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 290,771	\$ 219,160
NET ASSETS		
Unrestricted:		
Undesignated	736,977	1,021,600
Property and equipment, net	42,288	49,944
Fund for certain program activities	252,064	-
Board designated	775,000	775,000
Total unrestricted	1,806,329	1,846,544
Temporarily restricted:		
Time and purpose restricted	4,167,989	6,137,650
Restricted property and equipment, net	7,173	9,031
Total temporarily restricted	4,175,162	6,146,681
Total net assets	5,981,491	7,993,225
Total liabilities and net assets	\$ 6,272,262	\$ 8,212,385

See accompanying notes to consolidated basic financial statements.

WILD SALMON CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Grants and contributions	\$ 1,056,291	\$ 1,968,389	\$ 3,024,680
Program revenue	-	93,731	93,731
Donated materials and services	21,758	21,167	42,925
Interest income	7,719	-	7,719
Other income	2,287	-	2,287
Net assets released from restriction:			
Satisfaction of purpose and time restriction	4,054,806	(4,054,806)	-
Total revenue and support	<u>5,142,861</u>	<u>(1,971,519)</u>	<u>3,171,342</u>
Expenses			
Program services			
North American Program	998,262	-	998,262
Western Pacific Network	1,505,237	-	1,505,237
Sustainable Fisheries and Markets	696,274	-	696,274
State of the Salmon	950,584	-	950,584
Total program services	4,150,357	-	4,150,357
General and administrative	516,241	-	516,241
Development and fundraising	516,478	-	516,478
Total expenses	<u>5,183,076</u>	<u>-</u>	<u>5,183,076</u>
Change in net assets	(40,215)	(1,971,519)	(2,011,734)
Net assets, beginning of year	<u>1,846,544</u>	<u>6,146,681</u>	<u>7,993,225</u>
Net assets, end of year	<u>\$ 1,806,329</u>	<u>\$ 4,175,162</u>	<u>\$ 5,981,491</u>

See accompanying notes to consolidated basic financial statements.

WILD SALMON CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Grants and contributions	\$ 1,292,541	\$ 7,752,862	\$ 9,045,403
Program revenue	-	59,987	59,987
Donated materials and services	4,834	5,205	10,039
Interest income	9,091	6	9,097
Net realized/unrealized gain (loss)	(317)	117	(200)
Other income	4,286	-	4,286
Net assets released from restriction:			
Satisfaction of purpose and time restriction	4,211,110	(4,211,110)	-
Total revenue and support	<u>5,521,545</u>	<u>3,607,067</u>	<u>9,128,612</u>
Expenses			
Program services			
North American Program	792,953	-	792,953
Western Pacific Network	2,179,591	-	2,179,591
Sustainable Fisheries and Markets	634,926	-	634,926
State of the Salmon	771,924	-	771,924
Total program services	4,379,394	-	4,379,394
General and administrative	454,085	-	454,085
Development and fundraising	559,640	-	559,640
Total expenses	<u>5,393,119</u>	<u>-</u>	<u>5,393,119</u>
Change in net assets	128,426	3,607,067	3,735,493
Net assets, beginning of year	<u>1,718,118</u>	<u>2,539,614</u>	<u>4,257,732</u>
Net assets, end of year	<u>\$ 1,846,544</u>	<u>\$ 6,146,681</u>	<u>\$ 7,993,225</u>

See accompanying notes to consolidated basic financial statements.

WILD SALMON CENTER
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Cash received from grants, contracts and contributions	\$ 5,585,715	\$ 5,661,370
Other cash receipts	96,018	64,929
Interest received	7,719	9,097
Cash paid to employees and suppliers	(5,000,427)	(5,259,052)
Cash paid for interest	-	(727)
Net cash provided by (used in) operating activities	689,025	475,617
Cash flows from investing activities		
Proceeds from sale of investments	-	25,063
Additions to property and equipment	(22,721)	(12,754)
Net cash used in financing activities	(22,721)	12,309
Cash flows from financing activities		
Principal payments on note payable	-	31,886
Net increase (decrease) in cash and cash equivalents	666,304	456,040
Cash and cash equivalents, beginning of year	3,824,993	3,368,953
Cash and cash equivalents, end of year	\$ 4,491,297	\$ 3,824,993
Reconciliation of change in net assets to net cash provided by (used in) operating activities		
Change in net assets	\$ (2,011,734)	\$ 3,735,493
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	32,235	63,266
Net realized (unrealized) loss on investments	-	200
Increase (decrease) in:		
Accounts and pledges receivable	2,559,476	(3,383,377)
Prepaid expenses, deposits, and supplies	37,437	117,205
Increase (decrease) in:		
Accounts payable and accrued expenses	71,611	(57,170)
Net cash provided by (used in) operating activities	\$ 689,025	\$ 475,617

See accompanying notes to consolidated basic financial statements.

WILD SALMON CENTER
Notes to Consolidated Basic Financial Statements
December 31, 2012 and 2011

1. NATURE OF OPERATIONS

Wild Salmon Center (WSC), founded in 1992, is an incorporated association whose mission is to promote the conservation and sustainable use of wild salmon ecosystems across the Pacific Rim. WSC identifies science-based solutions to sustain wild salmonids and the human communities and livelihoods on which they depend. WSC protects wild salmon by using forward-looking strategies based on the best science to safeguard rivers, forests, communities and economies. The Board of Directors and staff include experts in salmon management and conservation from Russia and the United States.

Primary programs include:

North American Program

The North American Program conducts conservation activities in Oregon, Washington, and Alaska, while cultivating partnerships in California, Idaho, and British Columbia, Canada. Through extensive collaboration with public and private partners, the program focuses on building and leading diverse coalitions to ensure the long-term abundance, viability, and diversity of North America's strongest remaining salmon populations. Projects range from leadership on community-based conservation in the Olympic Peninsula (Washington) to actively opposing threats posed by resource extraction activities in the Bristol Bay (Alaska) and Tillamook (Oregon) strongholds. In addition to these location-based activities, the program leads the development of the North American Salmon Stronghold Partnership (NASSP). Designed as a complement to ongoing investments in salmon recovery, NASSP is a public-private partnership conceived to accelerate the protection and restoration of the best remaining North American salmon ecosystems. Among its major initiatives is the introduction of the Pacific Salmon Stronghold Conservation Act, which will establish new, proactive U.S. policy recognizing the need for conservation of salmon strongholds.

Western Pacific Network

The Western Pacific Program is working to ensure effective long-term protection of network of salmon strongholds in Russia. This program conducts conservation activities in Kamchatka, on Sakhalin Island, in the Russian Far East, and Japan. To accomplish this goal, proactive models of international cooperation have been developed to achieve significant conservation gains at local, regional, and global scales. At the local level, watershed councils empower communities to protect and manage salmon rivers in their area. By coordinating councils across multiple basins and ecoregions, larger conservation goals can be accomplished. At the federal level, the Russian government has taken the initiative to safeguard the economic and ecological importance of salmon by prioritizing its most significant salmon rivers and creating new federally protected zones. Internationally, WSC is working with leading U.S. and Russian environmental specialists to increase the visibility of salmon conservation and to strengthen collaboration between the federal government and civil societies of the two nations. As one of the few non-native NGOs working in the Russian Far East, WSC is in a unique position to help protect some of Russia's most pristine and unique places while they are still relatively intact.

WILD SALMON CENTER
Notes to Consolidated Basic Financial Statements
December 31, 2012 and 2011

1. NATURE OF OPERATIONS (continued)

Sustainable Fisheries and Markets

The Sustainable Fisheries and Markets Program combines WSC's technical, scientific, and collaborative strengths with the power of the global marketplace to leverage improvement in wild salmon fishery management. For those Pacific salmon fisheries not yet certified, WSC provides the roadmap to certification and related fishery improvements via technical, scientific and logistical assistance. WSC also assists with the development of a legal and sustainable supply chain of Pacific salmon by implementing traceability systems that help the market distinguish and prioritize legal and sustainable sourced over illegal and unsustainable sourced salmon. Another important component of swaying the tide of illegal, unreported, or unregulated (IUU) fisheries that are the paramount threat to wild salmon fisheries in Russia involves investing in additional verification and enforcement measures, such as independent observation and anti-poaching brigades. With their partners, who include the Sustainable Fisheries Partnership, World Wildlife Fund, Marine Stewardship Council, and major seafood buyers and retailers, WSC catalyzes much needed changes in the seafood industry.

State of the Salmon

State of the Salmon tracks the health, status and trends of wild salmon populations, and informs salmon management and conservation improvements across the Pacific Rim. It is dedicated to evaluating status and conservation challenges of wild North Pacific salmon across the six nations that comprise their entire range. A key vision of the program is to create international forums where salmon managers, scientists, and conservationists from watersheds across the Pacific Rim can learn from each other's successes and failures, and work together to accelerate the adoption of science-based standards for salmon conservation. State of the Salmon also partners with international organizations to promote the adoption of practices for fisheries harvest and hatchery operations to ensure the sustainability of wild salmon populations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying basic financial statements were prepared in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 (formerly SFAS No. 117), *Financial Statements for Not-For-Profit Organizations*. Under FASB ASC 958-205, information regarding financial position and activities are reported according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Unrestricted – Revenue, gains, and other support that have no external restrictions on their use or purpose and can be used for any purpose consistent with the bylaws are unrestricted. Unrestricted net assets include all assets available for general purposes.

Temporarily Restricted – Contributions that are received with donor stipulations that limit their use are temporarily restricted. When a donor 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 statements of activities as net assets released from restrictions.

WILD SALMON CENTER
Notes to Consolidated Basic Financial Statements
December 31, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Permanently Restricted – Contributions that have been restricted by donor or by law to be maintained in perpetuity are permanently restricted. Permanently restricted net assets consist of beneficial interest in funds held by other organizations. The income from these assets can be used to support general activities. There were no permanently restricted net assets for the years ended December 31, 2012 and 2011.

Consolidated Financial Presentation

The consolidated basic financial statements include the accounts of Wild Salmon Center and North Pacific Salmon Trust, a nonprofit organization established to facilitate one of WSC's programs. North Pacific Salmon Trust consists of a cash balance of \$1,963 and bank fees of \$179. All inter-organizational transactions and balances are eliminated at year end.

Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments with an original maturity of three months or less from the date of purchase are considered to be cash equivalents.

Use of Estimates

The preparation of the consolidated basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires disclosure of contingent assets and liabilities at the date of the consolidated basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts and Pledges Receivable

Accounts and pledges receivable, less an allowance for uncollectible amounts, are recognized as revenues in the period the promise is made and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. The allowance for uncollectible pledges is an estimate based on management's knowledge of historical pledge collection rates. At December 31, 2012 and 2011, all amounts were deemed collectible; therefore, no allowance was established for the years then ended. Pledges receivable over 90 days totaled \$1,242, 981 for the year ended December 31, 2012.

Prepaid Expenses

Prepaid expenses consist of 2013 expenses that were paid in 2012.

Property and Equipment

Purchases of property and equipment are recorded at cost. Purchases exceeding \$1,500 are capitalized. Costs of repairs and maintenance are expensed as incurred. Expenditures for property, equipment and major renewals that extend the useful lives are capitalized. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

WILD SALMON CENTER
Notes to Consolidated Basic Financial Statements
December 31, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contributions

Grants and other contributions of cash are reported as unrestricted support unless those amounts are received with donor restrictions that limit 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), those temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statement of Activities and Changes in Net Assets as net assets released from restriction.

Donated Material and Services

Donated property and equipment is recorded at estimated 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 and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service as instructed by the donor. There was no donated property and equipment for the years ended December 31, 2012 and 2011.

Contributions of services are recorded at estimated fair value in the period received. Contributions of donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased had they not been donated. Donated professional services that were charged to program expenses totaled \$28,440 and approximately \$7,200 for the years ended December 31, 2012 and 2011, respectively.

Many of the daily operations are staffed by volunteers. These volunteer services are not recognized in the accompanying consolidated basic financial statements because the criteria for recording these contributed services have not been met. For the years ended December 31, 2012 and 2011 contributed services totaled 1,232 and 1,132 hours, respectively.

Fair Value Measurements

FASB ACS 820-10 (formerly SFAS No. 157), *Fair Value Measurements*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant, observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, and others)

WILD SALMON CENTER
Notes to Consolidated Basic Financial Statements
December 31, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Level 3 – significant unobservable inputs

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There were no investments for the years ended December 31, 2012 and 2011.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among program and support services benefited based on total personnel costs or other systematic basis.

Self-funded Unemployment Insurance

WSC is self-insured for unemployment and makes periodic payments to a trust company in an amount equal to estimated future claims. Deposits to the trust are recorded as prepaid expenses and are reduced by outstanding claims at year end.

3. CASH AND CASH EQUIVALENTS

Credit Risk – Deposits

As of December 31, 2012 and 2011, the bank balances were \$4,502,488 and \$3,834,017 respectively. In 2012 \$2,261,787 was insured by the Federal Deposit Insurance Corporation and the rest was uninsured. In 2011 \$1,369,167 was insured by the Federal Deposit Insurance Corporation the rest was uninsured.

4. CONCENTRATIONS

Four grantors provided approximately 28% of support for 2012 and three grantors provided approximately 69% of support for 2011.

Credit risk for pledges receivable is concentrated in that 43% of the balance at December 31, 2012 is receivable from one organization and 52% of the balance at December 2011 was receivable from two organizations. In addition, the majority of the balances are receivables from organizations and individuals located within the same geographic region and are unsecured.

5. INCOME TAX STATUS

Wild Salmon Center and North Pacific Salmon Trust are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. No provision for federal income taxes is made in the accompanying consolidated basic financial statements, as there were no activities subject to unrelated business income tax. Wild Salmon Center and North Pacific Salmon Trust are not private foundations.

WILD SALMON CENTER
Notes to Consolidated Basic Financial Statements
December 31, 2012 and 2011

5. INCOME TAX STATUS (continued)

U.S. Generally Accepted Accounting Principles require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Both organizations are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes they are no longer subject to income tax examinations for years prior to 2009.

6. PLEDGES RECEIVABLE

Pledges receivable are summarized as follows as of December 31:

	<u>2012</u>	<u>2011</u>
Pledges expected to be collected within one year	\$ 1,581,886	\$ 3,183,783
Pledges expected to be collected in two to five years	<u>40,000</u>	<u>1,047,093</u>
Total pledges receivable	1,621,886	4,230,876
Less discount on long-term pledges	<u>(1,905)</u>	<u>(49,860)</u>
Net pledges receivable	<u>\$ 1,619,981</u>	<u>\$ 4,181,016</u>

The present value discount of long-term pledges was calculated using a discount rate of 5% at December 31, 2012 and 2011.

7. BOARD DESIGNATED NET ASSETS

Board designated net assets are held as an Operating Reserve Fund and totaled \$775,000 at December 31, 2012 and 2011.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets, including time-restricted pledges, are as follows for December 31:

	<u>2012</u>	<u>2011</u>
North American Program	\$ 643,743	\$ 619,947
Western Pacific Network	1,714,507	2,293,694
Sustainable Fisheries and Markets	464,997	936,735
State of the Salmon	<u>1,351,915</u>	<u>2,296,305</u>
Total temporarily restricted net assets	<u>\$ 4,175,162</u>	<u>\$ 6,146,681</u>

WILD SALMON CENTER
Notes to Consolidated Basic Financial Statements
December 31, 2012 and 2011

9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	January 1, 2012	Additions	(Deletions)	December 31, 2012
Property and Equipment				
Furniture	\$ 137,381	-	-	\$ 137,381
Office Equipment	43,077	18,095	-	61,172
Software	167,410	-	-	167,410
Computer Equipment	149,648	4,626	-	154,274
Leasehold Improvements	50,232	-	-	50,232
Expedition Equipment	5,977	-	-	5,977
Total	553,725	22,720	-	576,446
Accumulated Depreciation				
Furniture	96,058	19,094	-	115,152
Office Equipment	42,050	2,478	-	44,528
Software	167,410	-	-	167,410
Computer Equipment	133,370	10,316	-	143,686
Leasehold Improvements	49,885	347	-	50,232
Expedition Equipment	5,977	-	-	5,977
Total	494,750	32,235	-	526,985
Total Property and Equipment, net	<u>\$ 58,975</u>			<u>\$ 49,461</u>

10. RELATED PARTY TRANSACTIONS

A Board member was paid for consulting fees during 2012 and 2011 in the amounts of \$12,000 and \$11,500, respectively.

There was a contract with a Board member, who served on both WSC's Board and the contracting organization's Board in 2011. There was a contract with a company that sub-granted to an organization that was managed by an employee's son in 2011. Contract expenses to these entities totaled \$30,000 in 2011. There were none in 2012.

In 2011 equipment was purchased for \$4,000 from a company that was owned by an WSC employee. There were no such purchases in 2012.

WILD SALMON CENTER
Notes to Consolidated Basic Financial Statements
December 31, 2012 and 2011

11. EMPLOYEE BENEFIT PLANS

There are defined contribution salary deferral plans under Section 401(k) and 403(b) of the Internal Revenue Code. All full-time employees who are based in the United States are covered. Under the plans, these employees are eligible to contribute to one of the plans after six months of employment. Employees may contribute up to the statutory limit of their pre-tax earnings each period, and the Organization will match employee contributions up to 7%. Employer contributions to the plans for the years ended December 31, 2012 and 2011 were \$124,948 and \$116,033, respectively.

12. OPERATING LEASES

Portland office facilities are leased under an agreement that is set to expire on July 31, 2016. Monthly base rent for the main office is \$9,698 and is subject to an annual rate increase equal to the Consumer Price Index.

Office equipment and additional office space are leased under various operating leases set to expire between 2012 and 2016.

For the years ended December 31, 2012 and 2011 total rent expense approximated \$134,000 and \$129,000, respectively.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 137,727
2014	125,427
2015	125,427
2016	<u>49,999</u>
Total	<u>\$ 438,580</u>

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated for the year ended December 31, 2012 through February 22, 2013, the issuance date of the consolidated basic financial statements. No subsequent events were noted by management that require note disclosure.