

# WILD SALMON CENTER

Audited Consolidated Financial Statements

For the Years Ended  
December 31, 2015 and 2014



MCDONALD JACOBS

Shareholders

Mark A. Clift, CPA

Jill Oswald

Karin S. Wandtke, CPA

Sang Ahn, CPA

Gerard DeBlois Jr., CPA

Mary Strasdin, CPA

Anthony Almer, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Wild Salmon Center

We have audited the accompanying consolidated financial statements of Wild Salmon Center (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Principals

Jake Jacobs, CPA

Susan J. Marks, CPA

Tyee Carr, CPA

Victor Epstein, CPA

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Wild Salmon Center as of December 31, 2015 and 2014, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*McDonald Jacobson, P.C.*

Portland, Oregon  
May 5, 2016

WILD SALMON CENTER  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,505,248	\$ 4,585,588
Accounts receivable	19,019	123,370
Pledges receivable, current portion	2,558,447	1,585,201
Prepaid expenses, deposits, and supplies	74,912	122,345
Total current assets	10,157,626	6,416,504
Pledges, net	1,855,970	1,636,256
Property and equipment, net	22,413	46,936
<b>TOTAL ASSETS</b>	<b>\$12,036,009</b>	<b>\$ 8,099,696</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 172,101	\$ 192,230
Total liabilities	172,101	192,230
Net assets:		
Unrestricted:		
Undesignated	3,289,944	3,364,612
Property and equipment, net	22,413	46,936
Board designated	775,000	775,000
Total unrestricted	4,087,357	4,186,548
Temporarily restricted	7,776,551	3,720,918
Total net assets	11,863,908	7,907,466
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$12,036,009</b>	<b>\$ 8,099,696</b>

See notes to consolidated financial statements.

**WILD SALMON CENTER**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
For the years ended December 31, 2015 and 2014

	2015		2014	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>Revenue and support:</b>				
Grants and contributions	\$ 1,432,077	\$ 6,619,553	\$ 3,153,213	\$ 6,001,896
Program revenue	8,680	15,042	21,625	158,363
Donated materials and services	-	13,992	7,830	14,072
Interest income	4,326	-	2,832	-
Other income	1,620	120	2,680	-
Net assets released from restrictions:				
Satisfaction of purpose and time restrictions	2,593,074	(2,593,074)	5,362,750	(5,362,750)
Total revenue and support	<u>4,039,777</u>	<u>4,055,633</u>	<u>8,550,930</u>	<u>811,581</u>
				<u>9,362,511</u>
<b>Expenses:</b>				
Program services:				
North America Program	1,356,954	-	2,213,441	-
Western Pacific Network	736,127	-	1,004,619	-
Sustainable Fisheries and Markets	135,889	-	1,404,059	-
Science	112,893	-	87,859	-
Communications and other programs	404,398	-	420,014	-
Total program services	<u>2,746,261</u>	<u>-</u>	<u>5,129,992</u>	<u>-</u>
General and administrative	436,301	-	455,551	-
Development and fundraising	502,441	-	532,980	-
Total expenses	<u>3,685,003</u>	<u>-</u>	<u>6,118,523</u>	<u>6,118,523</u>
Change in net assets from operations	354,774	4,055,633	2,432,407	811,581
Transferred to Oceans Outcomes (Note 1)	<u>(453,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(99,191)	4,055,633	2,432,407	811,581
<b>Net assets:</b>				
Beginning of year	<u>4,186,548</u>	<u>3,720,918</u>	<u>1,754,141</u>	<u>2,909,337</u>
End of year	<u>\$ 4,087,357</u>	<u>\$ 7,776,551</u>	<u>\$ 4,186,548</u>	<u>\$ 3,720,918</u>
				<u>\$ 7,907,466</u>

See notes to consolidated financial statements.

**WILD SALMON CENTER**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2015 and 2014

	2015	2014
<b>Cash flows from operating activities:</b>		
Cash received from grants, contracts, and contributions	\$ 6,733,670	\$ 7,445,360
Other cash receipts	66,607	73,450
Interest received	4,326	2,832
Cash paid to employees and suppliers	<u>(3,884,943)</u>	<u>(6,209,709)</u>
Net cash provided by operating activities	<u>2,919,660</u>	<u>1,311,933</u>
<b>Cash flows from investing activities:</b>		
Additions to property and equipment	<u>-</u>	<u>(42,681)</u>
Net cash used in investing activities	<u>-</u>	<u>(42,681)</u>
 Net increase in cash and cash equivalents	 2,919,660	 1,269,252
Cash and cash equivalents - beginning of year	<u>4,585,588</u>	<u>3,316,336</u>
Cash and cash equivalents - end of year	<u>\$ 7,505,248</u>	<u>\$ 4,585,588</u>
 <b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Change in net assets	\$ 3,956,442	\$ 3,243,988
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,396	19,829
Non-cash items transferred to Oceans Outcomes	197,999	-
Disposition of property and equipment	(610)	-
(Increase) decrease in:		
Accounts and pledges receivable	(1,276,815)	(1,818,967)
Prepaid expenses, deposits, and supplies	42,377	(42,361)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>(20,129)</u>	<u>(90,556)</u>
Net cash provided by operating activities	<u>\$ 2,919,660</u>	<u>\$ 1,311,933</u>

See notes to consolidated financial statements.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2015 and 2014

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Wild Salmon Center (the Organization or WSC), founded in 1992, is an incorporated association. The mission of Wild Salmon Center is to promote the conservation and sustainable use of wild salmon ecosystems across the Pacific Rim. Science-based solutions are identified to sustain wild salmonids and the human communities and livelihoods that depend on them. The Organization's Board of Directors and staff include experts in salmon management and conservation from Russia and the United States. The Organization receives support primarily from public and private foundations.

The Organization's primary programs include:

**North America Program:** The North America Program conducts conservation activities in the states of California, Oregon, Washington, and Alaska as well as British Columbia, Canada. Through 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 conserving ecosystems in Bristol Bay (Alaska), the Skeena River (British Columbia), and Tillamook (Oregon). In addition to place-based activities, the North America Program leads a public-private partnership conceived to accelerate the protection and restoration of salmon strongholds: the best remaining wild salmon ecosystems in North America.

**Western Pacific Network:** The Western Pacific Program is working to ensure effective long-term protection of a network of salmon strongholds in Russia. This program conducts conservation activities in Kamchatka, Sakhalin Island, and in the Khabarovsk region in the Russian Far East. To accomplish this goal, WSC has developed proactive models of cooperation to achieve significant conservation gains on local, regional, and national scales. At the local level, watershed councils empower communities to protect and steward salmon rivers in their area. By coordinating councils across multiple basins and ecoregions, WSC can also accomplish larger conservation goals. At the federal level, the Russian government has taken the initiative to safeguard the economic and ecological importance of salmon runs by prioritizing some of its most significant salmon rivers and creating new protected areas to help safeguard watersheds for the long-term.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2015 and 2014

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Organization, Continued

Oceans Outcomes (O2), which was a part of the programs of Wild Salmon Center, filed to become a separate entity with Trust for Conservation Innovation (TCI) as their fiscal sponsor. As of January 1, 2015, the entity had transferred their fiscal sponsorship to TCI. During 2015, the new entity completed their transfer to TCI and Wild Salmon Center made a contribution of the remaining restricted net assets totaling approximately \$453,965 that relate to the program to the new entity.

Basis of Presentation

Net assets and all balances and transactions are presented 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 unrestricted or restricted net assets. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Consolidated Financial Presentation

The consolidated 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 (collectively, the Organization). All inter-organization transactions and balances have been eliminated.

Cash and Cash Equivalents

For the purposes of the statements 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.

Accounts and Pledges Receivable

Accounts and pledges receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to the change in net assets and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. At December 31, 2015 and 2014, management believes that all amounts are collectible; therefore no allowance has been recorded.



WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2015 and 2014

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property and Equipment

Additions to property and equipment with values exceeding \$5,000 (\$1,500 prior to 2015) 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.

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 consolidated statements 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. Donated services approximating \$1,500 in 2014 were charged to general and administrative expenses.

Some of the Organization's operation are staffed by volunteers. These volunteer services have not been recognized in the accompanying consolidated financial statements since the criteria for recording these contributed services have not been met.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2015 and 2014

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Allocation of Expenses

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

Income Taxes

Wild Salmon Center and North Pacific Salmon Trust are exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and applicable state law. There is no provision for income taxes in the accompanying consolidated financial statements as the Organizations have no activities subject to unrelated business income tax. The Organizations are not private foundations.

The Organization follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the consolidated financial statements to comply with provisions of this Topic.

The Organizations' information returns for years ended December 31, 2011 and prior are generally no longer subject to examination by taxing authorities in its major tax jurisdictions.

Self-Funded Unemployment Insurance

The Organization was self-insured for unemployment and made periodic payments to a trust company in an amount equal to estimated future claims. Deposits to the trust were recorded as prepaid expenses and were reduced by claims outstanding at year end.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2015 and 2014

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

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

Subsequent Events

The Organization has evaluated all subsequent events through May 5, 2016, the date the consolidated financial statements were available to be issued.

2. PLEDGES RECEIVABLE

Pledges receivable at December 31, 2015 and 2014 are unsecured and due as follows:

	<u>2015</u>	<u>2014</u>
Due within one year	\$ 2,558,447	\$ 1,585,201
Due in two to five years	1,875,000	1,718,069
Over five years	<u>300,000</u>	<u>-</u>
Total pledges receivable	4,733,447	3,303,270
Less discount for long-term pledges	<u>319,030</u>	<u>81,813</u>
Net pledges receivable	<u>\$ 4,414,417</u>	<u>\$ 3,221,457</u>
Current	\$ 2,558,447	\$ 1,585,201
Long-term	<u>1,855,970</u>	<u>1,636,256</u>
Net pledges receivable	<u>\$ 4,414,417</u>	<u>\$ 3,221,457</u>

Long-term pledges are discounted to present value at a rate of 5%.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2015 and 2014

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015 and 2014 consist of the following:

	2015	2014
Furniture	\$ 131,495	\$ 140,081
Office equipment	34,636	62,986
Computer equipment	28,645	157,618
Leasehold improvements	67,545	67,545
Expedition equipment	-	5,977
Software	612	167,409
	262,933	601,616
Less accumulated depreciation	240,520	554,680
Property and equipment, net	\$ 22,413	\$ 46,936

4. BOARD DESIGNATED NET ASSETS

Board designated net assets are held as an operating reserve and totaled \$775,000 at December 31, 2015 and 2014.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets, including time restricted pledges, are restricted to the following activities:

	2015	2014
North America Program	\$ 1,092,196	\$ 1,108,960
Western Pacific Network	864,060	1,306,947
Sustainable Fisheries and Markets	-	453,964
Communication	-	70,073
Salmon Science	708,139	779,872
Stronghold Fund	5,112,156	-
Other	-	1,102
	\$ 7,776,551	\$ 3,720,918

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2015 and 2014

6. SPECIAL EVENT

The Organization held special events during the year. All revenues and expenses were recorded in the consolidated statements of activities as follows:

	2015	2014
Reported with contributions:		
Ticket sales	\$ 6,320	\$ 63,745
Other contributions	45,150	119,200
Net auction proceeds	-	75,450
Reported with program revenue:		
Ticket sales	8,680	21,625
Event expenses reported in fundraising:		
Paid to other organizations	(15,000)	(21,000)
Event expenses	(24,413)	(57,431)
Net proceeds from special event	\$ 20,737	\$ 201,589

7. EMPLOYEE BENEFIT PLANS

The Organization had defined contribution salary deferral plans (401(k) and 403(b)) covering all eligible full-time employees based in the United States during 2014. During 2015 the Organization consolidated to one retirement plan and closed the 403(b) plan. Under the plan, these employees are eligible to contribute to the plan 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 seven percent. The Organization's contributions to the plans during 2015 and 2014 totaled \$87,237 and \$126,966, respectively.

8. LINE OF CREDIT

The Organization has a \$500,000 line of credit with Wells Fargo Bank. Interest payments are to be made monthly on the outstanding balance at a floating rate equal to 1.00% over the bank prime rate or the floor rate of 5.00%, whichever is greater (5.00% as of December 31, 2015). The line of credit is secured by all supplies, receivables and equipment of the Organization and matures on June 1, 2016. There were no advances on the line at December 31, 2015 and 2014.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2015 and 2014

9. LEASE COMMITMENTS

The Organization leases its Portland office facilities under an agreement expiring July 31, 2016. Monthly base rent for the main office area, Suite 300, is currently \$10,528. The Organization also leases various office equipment under operating leases expiring at various times through 2018 with current monthly rent totaling \$1,725.

Beginning July 1, 2014, the Organization entered into a lease expiring September 2017 for office space for use by the Sustainable Fisheries and Markets program. Effective January 1, 2015, the program became a separate organization and the newly established organization assumed the lease (Note 1).

Total rent expense approximated \$146,900 for 2015 and \$154,300 for 2014.

Future minimum lease payments under non-cancelable leases are as follows:

Year ending December 31, 2016	\$ 94,400
2017	13,500
2018	<u>7,400</u>
Total	<u>\$ 115,300</u>

10. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in several financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances in excess of insured limits were approximately \$6,862,000 and \$3,976,000 at December 31, 2015 and 2014, respectively.

Credit risk for pledges receivable is concentrated in that 70% of the balance at December 31, 2015 is receivable from three organization and 65% of the balance at December 31, 2014 is receivable from one organization. In addition, four grantors provided approximately 73% of the Organization's support for 2015 and one grantor provided approximately 62% of the Organization's support for 2014.