

WILD SALMON CENTER

Audited Consolidated Financial Statements

For the Years Ended
December 31, 2019 and 2018



MCDONALD JACOBS

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, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2019 and 2018, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information in Schedules I and II (supplementary information) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2020 on our consideration of Wild Salmon Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wild Salmon Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wild Salmon Center's internal control over financial reporting and compliance.

McDonald Jacobson, P.C.

Portland, Oregon
April 22, 2020

WILD SALMON CENTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,858,938	\$ 3,951,287
Pledges receivable, current portion	1,892,503	1,660,948
Investments	8,532,942	5,966,946
Prepaid expenses, deposits, and supplies	156,995	116,211
Total current assets	13,441,378	11,695,392
Pledges receivable, net	1,195,832	1,396,834
Property and equipment, net	30,187	-
TOTAL ASSETS	\$ 14,667,397	\$ 13,092,226
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 578,209	\$ 270,071
Total liabilities	578,209	270,071
Net assets:		
Without donor restrictions:		
Undesignated	3,842,874	3,611,783
Property and equipment, net	30,187	-
Board designated	775,000	775,000
Total without donor restrictions	4,648,061	4,386,783
With donor restrictions	9,441,127	8,435,372
Total net assets	14,089,188	12,822,155
TOTAL LIABILITIES AND NET ASSETS	\$ 14,667,397	\$ 13,092,226

See notes to consolidated financial statements.

WILD SALMON CENTER
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Grants and contributions	\$ 2,110,839	\$ 4,512,317	\$ 6,623,156	\$ 1,876,779	\$ 3,349,215	\$ 5,225,994
Donated materials and services	-	-	-	8,669	757	9,426
Investment income, net	41,999	107,081	149,080	28,873	114,590	143,463
Change in value of investments	143,123	529,493	672,616	(64,471)	(323,521)	(387,992)
Other income	229	-	229	164	23,905	24,069
Net assets released from restrictions:						
Satisfaction of purpose and time restrictions	4,143,136	(4,143,136)	-	3,385,045	(3,385,045)	-
Total revenue and support	6,439,326	1,005,755	7,445,081	5,235,059	(220,099)	5,014,960
Expenses:						
Program services:						
North America Program	3,351,567	-	3,351,567	2,564,110	-	2,564,110
Western Pacific Network	587,665	-	587,665	458,108	-	458,108
Science	173,842	-	173,842	202,596	-	202,596
The Stronghold Fund	145,075	-	145,075	222,605	-	222,605
Communications and other programs	621,168	-	621,168	347,273	-	347,273
Total program services	4,879,317	-	4,879,317	3,794,692	-	3,794,692
General and administrative	463,950	-	463,950	376,540	-	376,540
Development and fundraising	834,781	-	834,781	759,029	-	759,029
Total expenses	6,178,048	-	6,178,048	4,930,261	-	4,930,261
Change in net assets	261,278	1,005,755	1,267,033	304,798	(220,099)	84,699
Net assets:						
Beginning of year	4,386,783	8,435,372	12,822,155	4,081,985	8,655,471	12,737,456
End of year	\$ 4,648,061	\$ 9,441,127	\$ 14,089,188	\$ 4,386,783	\$ 8,435,372	\$ 12,822,155

See notes to consolidated financial statements.

WILD SALMON CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	Program Services						Total	Development and		Total
	North America Program	Western Pacific Network	Science	The Stronghold Fund	Communi- cation and Other	Management and General		Fundraising		
Salaries and related expenses	\$ 1,155,914	\$ 224,178	\$ 81,890	\$ 134,283	\$ 325,090	\$ 1,921,355	\$ 322,242	\$ 535,425	\$ 2,779,022	
Subgrants	1,454,948	198,000	50,000	-	-	1,702,948	-	-	1,702,948	
Professional services	594,904	81,968	8,131	1,725	217,937	904,665	50,367	46,713	1,001,745	
Advertising and promotion	5,606	318	-	-	14,455	20,379	-	27,166	47,545	
Rent	36,639	12,511	5,362	6,702	34,369	95,583	19,689	42,177	157,449	
Office and telecommunication	17,780	3,057	2,393	412	9,881	33,523	22,510	27,708	83,741	
Travel	66,166	59,785	25,964	-	6,725	158,640	3,366	86,345	248,351	
Conference	10,425	1,907	-	-	963	13,295	-	43,913	57,208	
Insurance	-	4,498	-	-	-	4,498	19,630	188	24,316	
Dues and subscriptions	6,446	-	-	-	9,225	15,671	481	7,643	23,795	
Other operating costs	2,739	1,443	102	1,953	2,523	8,760	25,665	17,503	51,928	
Total expenses	<u>\$ 3,351,567</u>	<u>\$ 587,665</u>	<u>\$ 173,842</u>	<u>\$ 145,075</u>	<u>\$ 621,168</u>	<u>\$ 4,879,317</u>	<u>\$ 463,950</u>	<u>\$ 834,781</u>	<u>\$ 6,178,048</u>	

See notes to consolidated financial statements.

WILD SALMON CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018

	Program Services						Management and General	Development and Fundraising	Total
	North America Program	Western Pacific Network	Science	The Stronghold Fund	Communi- cation and Other	Total			
Salaries and related expenses	\$ 997,034	\$ 178,028	\$ 123,686	\$ 68,299	\$ 217,248	\$ 1,584,295	\$ 222,272	\$ 499,054	\$ 2,305,621
Subgrants	1,302,058	210,000	45,000	119,597	-	1,676,655	-	-	1,676,655
Professional services	98,920	16,387	1,200	28,219	62,550	207,276	52,979	45,612	305,867
Advertising and promotion	316	-	-	6	17,424	17,746	-	17,070	34,816
Rent	35,897	7,630	6,937	3,121	22,878	76,463	33,640	28,430	138,533
Office and telecommunication	14,676	2,327	5,596	358	11,560	34,517	16,195	33,587	84,299
Travel	73,567	37,172	18,942	439	5,480	135,600	4,599	91,547	231,746
Conference	3,056	849	430	1,294	328	5,957	-	18,821	24,778
Insurance	21	4,498	-	-	-	4,519	16,050	21	20,590
Dues and subscriptions	7,998	30	105	-	4,287	12,420	1,448	4,664	18,532
Other operating costs	30,567	1,187	700	1,272	5,518	39,244	29,357	20,223	88,824
Total expenses	<u>\$ 2,564,110</u>	<u>\$ 458,108</u>	<u>\$ 202,596</u>	<u>\$ 222,605</u>	<u>\$ 347,273</u>	<u>\$ 3,794,692</u>	<u>\$ 376,540</u>	<u>\$ 759,029</u>	<u>\$ 4,930,261</u>

See notes to consolidated financial statements.

WILD SALMON CENTER
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from grants, contracts, and contributions	\$ 6,592,603	\$ 5,217,662
Other cash receipts	229	51,385
Investment earnings	149,080	143,463
Cash paid to employees and suppliers	<u>(5,909,105)</u>	<u>(4,996,399)</u>
Net cash flows from operating activities	<u>832,807</u>	<u>416,111</u>
 Cash flows from investing activities:		
Proceeds from the sale of investments	355,000	362,500
Purchases of investments	(2,248,380)	(826,538)
Additions to property and equipment	<u>(31,776)</u>	<u>-</u>
Net cash flows from investing activities	<u>(1,925,156)</u>	<u>(464,038)</u>
 Net change in cash and cash equivalents	(1,092,349)	(47,927)
 Cash and cash equivalents - beginning of year	<u>3,951,287</u>	<u>3,999,214</u>
 Cash and cash equivalents - end of year	<u>\$ 2,858,938</u>	<u>\$ 3,951,287</u>

See notes to consolidated financial statements.

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019 and 2018

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. WSC identifies science-based solutions to sustain wild salmonids and the human communities and livelihoods that depend on them. The primary source of revenue is contributions from foundations, individuals, government and businesses.

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, this Program focuses on building and leading coalitions to ensure the long-term abundance and viability of North America's strongest remaining wild salmon and steelhead populations.

Western Pacific Program: The Western Pacific Program is working to ensure effective long-term protection of a network of salmon strongholds in Russia. In collaboration with partners, this Program conducts conservation activities in Kamchatka, Sakhalin Island, and in the Khabarovsk region in the Russian Far East.

Science Program: Wild Salmon Center's Science Program conducts research and draws together the best available information and data, so that the Organization and its partners can best conserve the North Pacific's wild salmon ecosystems.

Stronghold Fund: WSC has established an impact fund, to be spent on high priority wild salmon conservation and partnership initiatives throughout the Pacific Rim

Consolidated Financial Presentation

The consolidated financial statements include the accounts of Wild Salmon Center and The Stronghold Fund, a nonprofit organization established to facilitate one of WSC's programs (collectively, the Organization). All inter-organization transactions and balances have been eliminated.

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

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

Net Assets

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

Investments

Investments are carried at fair value. Investment income earned on donor restricted investments is reported as an increase in net assets without donor restrictions unless restricted by the donor in which case it is classified according to the nature of the restriction until appropriated for expenditure.

Property and Equipment

Additions to property and equipment with values exceeding \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

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

Revenue Recognition

Contributions: Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Government Grants: A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditional upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization has been awarded cost-reimbursable grants of approximately \$2.5 million for the period through December 31, 2021 that have not been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred. The Organization has not received any advances on these grants as of December 31, 2019.

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.

Some of the Organization's operations 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.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related costs, occupancy, office and telecommunications, and other, which are allocated on the basis of estimates of time and effort.

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

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

Income Taxes

Wild Salmon Center and The Stronghold Fund are exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. At times, the Organization may engage in lobbying activities. To the extent that activities exceed allowable limits, the Organization accrues estimated excise taxes. Accrued amounts included in the financial statements are not material. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC *Topic 740 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.

Change in Accounting Principles

The Organization has implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* beginning in 2019. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. There was no significant impact to the Organization's revenue recognition in either year presented for this change in accounting principle.

The Organization also implemented Accounting Standards Update 2018-08, *clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists organizations in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The provisions of ASU 2018-08 were implemented applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no significant impact to the Organization's revenue recognition in either year presented for this change in accounting principle.

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.

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.

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

2. LIQUIDITY MANAGEMENT

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, pledges receivable, marketable debt and equity securities and a line of credit. See Note 6 for information about the Organization's line of credit.

Financial assets consist of the following at December 31:

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 2,858,938	3,951,287
Pledges receivable, current	1,892,503	1,660,948
Investments	8,532,942	5,966,946
Total financial assets	13,284,383	11,579,181
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	(8,245,295)	(7,038,538)
Board designations	(775,000)	(775,000)
Financial assets available for general expenditure	\$ 4,264,088	\$ 3,765,643

Board designated funds may be released for spending upon approval of the Board. See Note 7 regarding board designated net assets.

3. INVESTMENTS

Investments are carried at fair value and consist of the following at December 31:

	2019	2018
Cash and equivalents	\$ 886,183	\$ 968,548
U.S. treasury securities	2,077,179	1,577,594
Corporate bonds	1,890,700	1,209,884
Equities	3,678,880	2,210,920
Total investments	\$ 8,532,942	\$ 5,966,946

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

4. PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give that are unsecured. Management believes that all amounts are fully collectible and, therefore, no allowance for uncollectible balances has been recorded. Pledges receivable are due as follows at December 31:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 1,892,503	\$ 1,660,948
Due in two to five years	1,325,000	1,155,000
Over five years	<u>25,000</u>	<u>475,000</u>
Total pledges receivable	3,242,503	3,290,948
Less discount for long-term pledges	<u>154,168</u>	<u>233,166</u>
Net pledges receivable	<u>\$ 3,088,335</u>	<u>\$ 3,057,782</u>
Current	\$ 1,892,503	\$ 1,660,948
Long-term	<u>1,195,832</u>	<u>1,396,834</u>
Net pledges receivable	<u>\$ 3,088,335</u>	<u>\$ 3,057,782</u>

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

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Furniture	\$ 163,271	\$ 131,495
Office equipment	34,636	34,636
Computer equipment	29,257	29,257
Leasehold improvements	<u>67,545</u>	<u>67,545</u>
	294,709	262,933
Less accumulated depreciation	<u>264,522</u>	<u>262,933</u>
Property and equipment, net	<u>\$ 30,187</u>	<u>\$ -</u>

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

6. LINE OF CREDIT

The Organization has a \$500,000 line of credit with Wells Fargo Bank. Interest payments on the outstanding balance are to be made monthly at a floating rate equal to 1.0% over the bank prime rate or the floor rate of 4.75%, whichever is greater (5.75% and 6.5% as of December 31, 2019 and 2018, respectively). The line of credit is secured by all supplies, receivables and equipment of the Organization and matures on June 1, 2020. There were no advances on the line at December 31, 2019 and 2018.

7. BOARD DESIGNATED NET ASSETS

Board designated net assets are held as an operating reserve and total \$775,000 at December 31, 2019 and 2018.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, including time restricted pledges, are restricted to the following activities at December 31:

	2019	2018
Stronghold Fund	\$ 8,004,377	\$ 7,175,728
North America Program	1,255,178	885,162
Western Pacific Network	-	75,906
Salmon Science	152,675	215,483
Other purposes	28,897	8,093
Time restricted - general support	-	75,000
Total net assets with donor restrictions	\$ 9,441,127	\$ 8,435,372

9. EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution salary deferral 401(K) plan covering all eligible 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 may contribute up to the statutory limit of their pre-tax earnings each period and the Organization will match employee contributions up to 7.5%. The Organization's contributions to the plan during 2019 and 2018 totaled approximately \$113,600 and \$92,900, respectively.

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

10. LEASE COMMITMENTS

The Organization leases its Portland office facilities under an agreement expiring July 31, 2022. Current monthly rent is \$11,472 subject to annual increases. The Organization also leases office equipment under operating leases expiring through December 2020 and December 2021 with current monthly rent totaling \$760.

Total rent expense approximated \$144,600 and \$138,500 for 2019 and 2018, respectively.

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

Year ending December 31, 2020	\$ 148,200
2021	151,000
2022	<u>84,400</u>
Total	<u>\$ 383,600</u>

11. 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 \$2.34 million and \$3.47 million at December 31, 2019 and 2018, respectively.

Credit risk for pledges receivable is concentrated in that 65% of the balance at December 31, 2019 is due from four sources including three individuals, one of which is a board member, and one government entity. At December 31, 2018, 97% of the balance is due from five sources including two individuals, one of which is a board member and three foundations. In addition, one donor provided approximately 16% of the Organization's total revenue in 2018.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

12. FAIR VALUE MEASUREMENTS

Assets and liabilities, including investments, are recorded at fair value in the statement of financial position and are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on a recurring basis at December 31, 2019 and 2018 are as follows:

	Fair Value	Level 1	Level 2
<u>December 31, 2019</u>			
Investments:			
U.S. treasury securities	\$ 2,077,179	\$ 2,077,179	\$ -
Corporate bonds	1,890,700	-	1,890,700
Equity securities	3,256,243	3,256,243	-
Exchange traded funds	396,783	396,783	-
Real estate investment trust	25,854	-	25,854
<u>December 31, 2018</u>			
Investments:			
U.S. treasury securities	\$ 1,577,594	\$ 1,577,594	\$ -
Corporate bonds	1,209,884	-	1,209,884
Equity securities	1,883,457	1,883,457	-
Exchange traded funds	271,096	271,096	-
Real estate investment trust	56,367	-	56,367

Fair value of investments in U.S. treasury and equity securities are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for investments in corporate bonds and the real estate investment trust are provided by custodians and are based on pricing models that incorporate available trade, bid and other market information.

WILD SALMON CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

13. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through April 22, 2020, the date the consolidated financial statements were available to be issued.

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The Organization's financial statements do not include adjustments to fair value that have resulted from these declines.

SUPPLEMENTARY INFORMATION

WILD SALMON CENTER
SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2019

	Wild Salmon Center	Stronghold Fund	Eliminating Entries	Consolidated Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,452,310	\$ 406,628	\$ -	\$ 2,858,938
Pledges receivable, current portion	1,317,503	575,000	-	1,892,503
Investments	2,671,173	5,861,769	-	8,532,942
Prepaid expenses, deposits, and supplies	156,461	534	-	156,995
Total current assets	6,597,447	6,843,931	-	13,441,378
Pledges receivable, net	23,810	1,172,022	-	1,195,832
Property and equipment, net	30,187	-	-	30,187
TOTAL ASSETS	<u>\$ 6,651,444</u>	<u>\$ 8,015,953</u>	<u>\$ -</u>	<u>\$ 14,667,397</u>
 LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	\$ 566,633	\$ 11,576	\$ -	\$ 578,209
Total liabilities	566,633	11,576	-	578,209
 Net assets:				
Without donor restrictions:				
Undesignated	3,842,874	-	-	3,842,874
Property and equipment, net	30,187	-	-	30,187
Board designated	775,000	-	-	775,000
Total without donor restrictions	4,648,061	-	-	4,648,061
With donor restrictions	1,436,750	8,004,377	-	9,441,127
Total net assets	6,084,811	8,004,377	-	14,089,188
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,651,444</u>	<u>\$ 8,015,953</u>	<u>\$ -</u>	<u>\$ 14,667,397</u>

See independent auditor's report.

WILD SALMON CENTER
SCHEDULE II - CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

	<u>Wild Salmon Center</u>	<u>Stronghold Fund</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
Revenue and support:				
Grants and contributions	\$ 6,286,006	\$ 692,150	\$ (355,000)	\$ 6,623,156
Investment income, net	41,999	107,081	-	149,080
Change in value of investments	143,123	529,493	-	672,616
Other income	229	-	-	229
Total revenue and support	<u>6,471,357</u>	<u>1,328,724</u>	<u>(355,000)</u>	<u>7,445,081</u>
Expenses:				
Program services:				
North America Program	3,351,567	-	-	3,351,567
Western Pacific Network	587,665	-	-	587,665
Science	173,842	-	-	173,842
The Stronghold Fund	-	500,075	(355,000)	145,075
Communications and other programs	621,168	-	-	621,168
Total program services	4,734,242	500,075	(355,000)	4,879,317
General and administrative	463,950	-	-	463,950
Development and fundraising	834,781	-	-	834,781
Total expenses	<u>6,032,973</u>	<u>500,075</u>	<u>(355,000)</u>	<u>6,178,048</u>
Change in net assets	438,384	828,649	-	1,267,033
Net assets:				
Beginning of year	<u>5,646,427</u>	<u>7,175,728</u>	<u>-</u>	<u>12,822,155</u>
End of year	<u>\$ 6,084,811</u>	<u>\$ 8,004,377</u>	<u>\$ -</u>	<u>\$ 14,089,188</u>

See independent auditor's report.