

WILD SALMON CENTER

**Audited
Financial Statements**

**For The Years Ended
December 31, 2003 and 2002**

WILD SALMON CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2003 and 2002

	2003	2002
ASSETS		
Cash and cash equivalents	\$ 382,825	\$ 258,469
Accounts receivable	53,774	129,851
Grants receivable	412,682	185,000
Prepaid expenses, deposits, and supplies	25,184	25,660
Refundable advance	150,000	150,000
Property and equipment, net	230,548	159,715
 TOTAL ASSETS	 \$ 1,255,013	 \$ 908,695
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 183,010	\$ 72,242
Deferred revenue	-	63,850
 Total liabilities	 183,010	 136,092
Net assets:		
Unrestricted:		
Undesignated	28,246	28,949
Designated	275,000	275,000
Total unrestricted	303,246	303,949
Temporarily restricted	768,757	468,654
 Total net assets	 1,072,003	 772,603
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,255,013	 \$ 908,695

See notes to financial statements.

WILD SALMON CENTER
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2003 and 2002

	2003			2002		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Grants and contributions	\$ 516,461	\$ 2,363,060	\$ 2,879,521	\$ 181,390	\$ 1,648,167	\$ 1,829,557
Program revenue	-	-	-	1,067,437	-	1,067,437
Donated materials and services	1,300	14,738	16,038	-	6,775	6,775
Interest income	2,650	-	2,650	7,937	-	7,937
Other income	8,932	-	8,932	1,070	-	1,070
Net assets released from restrictions:						
Satisfaction of program restrictions	<u>2,077,695</u>	<u>(2,077,695)</u>	<u>-</u>	<u>1,770,980</u>	<u>(1,770,980)</u>	<u>-</u>
 Total revenue	 <u>2,607,038</u>	 <u>300,103</u>	 <u>2,907,141</u>	 <u>3,028,814</u>	 <u>(116,038)</u>	 <u>2,912,776</u>
Expenses:						
Program services:						
Cascadia Salmon Biodiversity Program	346,426	-	346,426	403,959	-	403,959
Kamchatka Salmon Biodiversity Program	943,750	-	943,750	714,924	-	714,924
Kamchatka Steelhead Program	3,588	-	3,588	1,228,762	-	1,228,762
State of the Salmon Program	195,022	-	195,022	35,241	-	35,241
Russian Far East Salmon Biodiversity Program	265,339	-	265,339	192,863	-	192,863
Tillamook Rainforest Coalition	336,489	-	336,489	130,074	-	130,074
Other programs	<u>3,156</u>	<u>-</u>	<u>3,156</u>	<u>7,720</u>	<u>-</u>	<u>7,720</u>
Total program services	2,093,770	-	2,093,770	2,713,543	-	2,713,543
 General and administrative	 442,057	 -	 442,057	 300,145	 -	 300,145
Development and fundraising	<u>71,914</u>	<u>-</u>	<u>71,914</u>	<u>19,000</u>	<u>-</u>	<u>19,000</u>
 Total expenses	 <u>2,607,741</u>	 <u>-</u>	 <u>2,607,741</u>	 <u>3,032,688</u>	 <u>-</u>	 <u>3,032,688</u>
 Change in net assets	 (703)	 300,103	 299,400	 (3,874)	 (116,038)	 (119,912)
Net assets:						
Beginning of year	<u>303,949</u>	<u>468,654</u>	<u>772,603</u>	<u>307,823</u>	<u>584,692</u>	<u>892,515</u>
 End of year	 <u>\$ 303,246</u>	 <u>\$ 768,757</u>	 <u>\$ 1,072,003</u>	 <u>\$ 303,949</u>	 <u>\$ 468,654</u>	 <u>\$ 772,603</u>

See notes to financial statements.

WILD SALMON CENTER
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Cash received from grants, contracts, and contributions	\$ 2,651,839	\$ 1,619,006
Cash received from program revenues	12,227	1,142,818
Other cash receipts	8,932	1,071
Interest received	2,650	7,937
Cash paid to employees and suppliers	<u>(2,427,403)</u>	<u>(3,004,528)</u>
Net cash provided by (used in) operating activities	<u>248,245</u>	<u>(233,696)</u>
 Cash flows from investing activities:		
Additions to property and equipment	<u>(123,889)</u>	<u>(130,762)</u>
Net cash used in investing activities	<u>(123,889)</u>	<u>(130,762)</u>
 Net increase (decrease) in cash and cash equivalents	124,356	(364,458)
 Cash and cash equivalents - beginning of year	<u>258,469</u>	<u>622,927</u>
 Cash and cash equivalents - end of year	<u>\$ 382,825</u>	<u>\$ 258,469</u>
 Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 299,400	\$ (119,912)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	53,056	31,167
(Increase) decrease in:		
Accounts and grants receivable	(151,605)	(164,456)
Prepaid expenses, deposits, and supplies	476	(6,142)
Increase (decrease) in:		
Accounts payable and accrued expenses	110,768	(3,640)
Deferred revenue	<u>(63,850)</u>	<u>29,287</u>
 Net cash provided by (used in) operating activities	<u>\$ 248,245</u>	<u>\$ (233,696)</u>

See notes to financial statements.

WILD SALMON CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2003 and 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Wild Salmon Center, founded in 1992, is an incorporated association whose mission is to identify, understand and protect the best salmon ecosystems of the Pacific Rim. The Organization devises and implements practical strategies, based on the best science, to protect forever these extraordinary places and their biodiversity. 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. During 2002, the Organization received sponsorship revenue from volunteers participating in expeditions for the Kamchatka Steelhead Program. The Organization ceased these sponsored expeditions in 2003. Sponsorship revenues are reported as program revenues for 2002.

The Organization's primary programs include:

- **Cascadia Salmon Biodiversity Program:** An effort to create a system of sanctuaries for native salmon and steelhead in the United States Pacific Northwest, focusing on the most productive and species-rich salmon ecosystems in Oregon and Washington.
- **Kamchatka Salmon Biodiversity Program:** A joint effort of the Russian government and Wild Salmon Center to support the conservation, study and economic development of salmon, trout, and steelhead on Russia's Kamchatka peninsula.
- **Kamchatka Steelhead Program:** A 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:** The State of the Salmon program is a cooperatively organized source of information and knowledge on North Pacific salmon – an integrated resource that will foster collaborative policy progress toward a future in which wild salmon, and all life that depends on them, prosper. A joint program of Wild Salmon Center and Ecotrust, the State of the Salmon also supports the IUCN/World Conservation Union Salmonid Specialist Group.

WILD SALMON CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2003 and 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- **Russian Far East Salmon Biodiversity Program:** Collaboration with scientists and policy experts across the Russian Far East to develop conservation strategies and action plans to protect the most species-rich, healthy and unique salmon watersheds in the Russian Far East.
- **Tillamook Rainforest Coalition:** Tillamook Rainforest Coalition is a group of more than 130 small businesses, angler, commercial fishing, conservation, and landowner groups concerned about the fate of the Tillamook and Clatsop State Forests. Founding organizations are Wild Salmon Center, Audubon Society of Portland, Coast Range Association, National Wildlife Federation, Sierra Club, and Trout Unlimited

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, 2003 and 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.

WILD SALMON CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2003 and 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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. Donated legal services approximating \$8,000 were recorded to program expenses for 2003.

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.

WILD SALMON CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2003 and 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

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 Hoh River Trust. Upon the sale of the land to the Hoh River Trust, River Network has committed to refund the entire \$150,000 to the Organization.

WILD SALMON CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2003 and 2002

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2003	2002
Real property	\$ 11,900	\$ 11,900
Furniture	21,500	17,217
Office equipment	18,244	16,707
Computer equipment	113,618	49,660
Expedition equipment	164,931	110,820
Display equipment	4,483	4,483
	334,676	210,787
Less accumulated depreciation	104,128	51,072
	\$ 230,548	\$ 159,715

5. BOARD DESIGNATED NET ASSETS

Unrestricted net assets totaling \$275,000 have been designated as the "Opportunity Fund." The purpose of the Opportunity Fund is to provide available funds for special projects. During 2003, the Organization was authorized to use designated funds totaling \$52,119 to cover operating deficits of Cascadia Salmon Biodiversity Program and Tillamook Rainforest Coalition. The intention of the Organization is to restore the Opportunity Fund back to the original \$275,000 with future program surpluses.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	2003	2002
Kamchatka Salmon Biodiversity Program	\$ 711,207	\$ 207,509
Russian Far East Salmon Biodiversity Program	57,550	203,047
Tillamook Rainforest Coalition	-	58,098
	\$ 768,757	\$ 468,654

WILD SALMON CENTER
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2003 and 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 2003 and 2002 were \$27,286 and \$19,471, respectively.

8. OPERATING LEASES

The Organization leases its Portland office facilities under a lease agreement expiring October 31, 2004 and its Seattle office facilities under a lease expiring February 28, 2006. Total lease expense approximated \$62,000 and \$44,000 for 2003 and 2002, respectively.

The future minimum lease payments are as follows:

Year ending December 31, 2004	\$	51,385
2005		18,000
2006		<u>9,150</u>
	\$	<u><u>78,535</u></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.