Southern Utah Wilderness Alliance

Year Ended December 31, 2018

Financial Statements

And

Independent Auditor's Report

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alliance

Southern Utah Wilderness Alliance

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern Utah Wilderness Alliance
Salt Lake City, Utah

Financial Statements

We have audited the accompanying financial statements of Southern Utah Wilderness Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Utah Wilderness Alliance as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As explained in Note 13 to the financial statements, in 2018, the Organization adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Southern Utah Wilderness Alliance's December 31, 2017 financial statements, and our report dated May 18, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Shaw & Co., P.C.

Bountiful, Utah
June 7, 2019

Southern Utah Wilderness Alliance

Statement of Financial Position
December 31, 2018
With Comparative Totals For December 31, 2017

	12/31/2018	12/31/2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,283,210	$ 1,693,592
Accounts receivable	-	2,070
Investments, at fair value	9,931,848	9,327,663
Total current assets	11,215,058	11,023,325
Fixed assets, at cost		
Building and improvements	1,227,973	1,227,973
Equipment	82,219	78,291
Database	24,618	24,618
Vehicle	80,473	47,422
Furniture	88,456	88,456
Total fixed assets	1,503,739	1,466,760
Less: accumulated depreciation	(633,111)	(596,428)
Net fixed assets	870,628	870,332
Other assets		
Investments, at fair value	357,678	357,678
Total other assets	357,678	357,678
Total assets	$ 12,443,364	$ 12,251,335
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 70,075	$ -
Accrued liabilities	1,225	293
Total current liabilities	71,300	293
Net assets		
Without donor restrictions	12,014,386	11,893,364
With donor restrictions	357,678	357,678
Total net assets	12,372,064	12,251,042
Total liabilities and net assets	$ 12,443,364	$ 12,251,335

See accompanying notes to financial statements.

Southern Utah Wilderness Alliance

Statement of Activities
Year Ended December 31, 2018
With Comparative Totals For The Year Ended December 31, 2017

	12/31/2018			
	Without Donor Restrictions	With Donor Restrictions	Total	12/31/2017 Total
REVENUES AND SUPPORT				
Individual donations	$ 2,364,393	$ -	$ 2,364,393	$ 2,094,608
Membership renewals	1,363,440	-	1,363,440	1,040,072
Legacies and bequests	715,136	-	715,136	1,487,236
Grants	340,000	-	340,000	148,000
New memberships	110,457	-	110,457	192,466
Other revenue	36,625	-	36,625	89,657
Loss on sale of assets	-	-	-	(805)
Total revenues and support	4,930,051	-	4,930,051	5,051,234
EXPENSES				
Program services	3,736,085	-	3,736,085	3,131,958
Management and general	184,833	-	184,833	178,376
Fundraising	229,932	-	229,932	249,009
Total expenses	4,150,850	-	4,150,850	3,559,343
Change in net assets from operations	779,201	-	779,201	1,491,891
Investment income, net	(658,179)	-	(658,179)	1,118,592
Change in net assets	121,022	-	121,022	2,610,483
Net assets, beginning of year	11,893,364	357,678	12,251,042	9,640,559
Net assets, end of year	$ 12,014,386	$ 357,678	$ 12,372,064	$ 12,251,042

See accompanying notes to financial statements.

Southern Utah Wilderness Alliance

Statement of Functional Expenses
Year Ended December 31, 2018
With Comparative Totals For The Year Ended December 31, 2017

	December 31, 2018									
	Program Services						Supporting Activities			
	Energy	ORV	RS2477	RMP	Wilderness	Total	Management and General	Fundraising	12/31/2018 Total	12/31/2017 Total
Employee compensation	$ 64,778	$ 86,993	$ 237,083	$ 65,524	$ 1,227,603	$ 1,681,981	$ 91,286	$ 93,526	$ 1,866,793	$ 1,591,379
Legal and professional	1,049	19,760	549,256	-	46,177	616,242	-	-	616,242	203,151
Membership services	33,939	20,146	19,276	21,796	141,998	237,155	5,214	109,607	351,976	411,956
Public education costs	-	-	-	-	325,041	325,041	-	-	325,041	455,094
Grants	-	-	-	-	206,500	206,500	-	-	206,500	208,010
Travel	814	-	16,931	282	67,763	85,790	-	1,232	87,022	74,407
Office expenses	83	110	2,616	83	82,484	85,376	1,415	118	86,909	16,843
Technology	10,534	10,739	12,128	10,541	21,296	65,238	4,003	7,434	76,675	81,254
Grassroots organizing	10,720	-	-	-	62,646	73,366	-	-	73,366	125,825
Rent	2,252	3,024	8,240	2,277	42,668	58,461	3,173	3,251	64,885	55,810
Repairs and maintenance	2,216	2,976	8,110	2,241	41,993	57,536	3,123	3,199	63,858	39,360
Event costs	6,010	6,010	6,010	6,010	27,490	51,530	-	-	51,530	40,887
Accounting and audit	-	-	-	-	-	-	32,514	-	32,514	32,689
Bank and credit card charges	-	-	-	-	-	-	31,397	-	31,397	37,484
Insurance	1,080	1,451	3,954	1,093	20,474	28,052	1,522	1,560	31,134	23,483
Telephone	1,063	1,427	3,889	1,075	20,139	27,593	1,498	1,534	30,625	21,667
Copies and postage	1,910	1,014	2,763	2,546	18,133	26,366	1,064	1,090	28,520	26,129
Supplies	525	704	1,919	530	22,292	25,970	739	757	27,466	16,821
Board expenses	3,401	3,401	3,401	3,401	3,401	17,005	3,645	3,645	24,295	23,397
Training and staff support	2,661	2,662	2,662	2,662	2,662	13,309	-	-	13,309	17,431
Utilities	286	383	1,045	289	5,410	7,413	402	412	8,227	7,170
Property taxes	-	-	-	-	-	-	1,333	-	1,333	1,562
Total expenses before depreciation	143,321	160,800	879,283	120,350	2,386,170	3,689,924	182,328	227,365	4,099,617	3,511,809
Depreciation	1,778	2,387	6,507	1,798	33,691	46,161	2,505	2,567	51,233	47,534
Total expenses	$ 145,099	$ 163,187	$ 885,790	$ 122,148	$ 2,419,861	$ 3,736,085	$ 184,833	$ 229,932	$ 4,150,850	$ 3,559,343

See accompanying notes to financial statements.

Southern Utah Wilderness Alliance

Statement of Cash Flows
Year Ended December 31, 2018
With Comparative Totals For The Year Ended December 31, 2017

	12/31/2018	12/31/2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 121,022	$ 2,610,483
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	51,233	47,534
Unrealized losses (gains) on investments	1,056,317	(784,498)
Realized losses (gains) on sales of investments	3,598	(74,382)
Donated securities	(414,411)	(130,016)
Loss on sale of assets	-	805
Changes in current assets and liabilities:		
Accounts receivable	2,070	(2,070)
Accounts payable	70,075	-
Accrued liabilities	932	293
Net cash provided by operating activities	890,836	1,668,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(51,529)	(9,346)
Purchase of investments	(4,559,898)	(3,698,014)
Proceeds from sale of investments	3,310,209	2,138,176
Net cash used in investing activities	(1,301,218)	(1,569,184)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net change in cash and cash equivalents	(410,382)	98,965
Cash and cash equivalents, beginning of year	1,693,592	1,594,627
Cash and cash equivalents, end of year	$ 1,283,210	$ 1,693,592
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

See accompanying notes to financial statements.

1. ORGANIZATION

Southern Utah Wilderness Alliance (the "Organization") was incorporated under the laws of the State of Utah as a nonprofit corporation on December 12, 1983. The principal purpose of the Organization is the preservation and the management of the outstanding Southern Utah wild lands in their natural state. The Organization's major sources of revenue come from donations from the general public and non-governmental grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Association have been prepared on the accrual basis. The Association follows the provisions of Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

<u>Date of Management's Review</u>

Subsequent events were evaluated through June 7, 2019, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

<u>Estimates in the Financial Statements</u>

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

<u>Classes of Net Assets</u>

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

a. *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

b. *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.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Therefore, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus, accounts receivable does not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts receivable will be fully collectible.

Fixed Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed $1,000. Minor repairs and maintenance that do not extend the useful lives of the assets are expended as incurred. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to thirty-nine years. Depreciation expense for the year ended December 31, 2018 was $51,233.

The Organization reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as measured by a comparison of estimated future cash flows (undiscounted and without interest charges) to the carrying value of the asset. Assets held for sale are written down to their fair value, less cost to sell.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

In-kind contributions are recorded as support at their estimated fair market value at the date of gift. These contributions are considered to be without donor restrictions unless restricted by the donor. Assets donated with donor-imposed restrictions regarding their use are considered net assets with donor restrictions until the asset is placed in service. In-kind donations consisted of donated investments and totaled $414,411 for the year ended December 31, 2018.

In accordance with FASB ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributed services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no services donated during the year ended December 31, 2018.

Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At December 31, 2018, the Organization had bank deposits of $192,122 that exceeded the FDIC insurance limit of $250,000 per financial institution, and therefore were not insured. The Organization also holds cash and securities at investment firms. The cash and investments held at those firms are insured through the Securities Investor Protection Corporation (SIPC) up to $500,000 per institution. The Organization had cash and securities in the amount of $9,862,074 that exceeded the insurance limit. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and securities.

Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2018, 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, professional fees, occupancy, and depreciation, which are allocated on the basis of estimated time and effort.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Reclassifications

Certain items from December 31, 2017 have been reclassified to conform to the December 31, 2018 presentation.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following:

Cash and cash equivalents	$ 1,283,210
Investments	9,931,848
Financial assets available to meet cash needs for general expenditure within one year	$ 11,215,058

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in savings and short-term investments. To help manage unanticipated liquidity needs, the Organization credit cards with an aggregate credit limit of $50,000, which it could draw upon.

4. FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

Level 1	Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets
Level 2	Valuations based on quoted market prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets
Level 3	Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The fair value of assets and liabilities measured on a recurring basis as of December 31, 2018 are as follows:

Assets at Fair Value as of December 31, 2018

	Level 1	Level 2	Level 3	Total
Asset-backed securities	$ -	$ 184,670	$ -	$ 184,670
Certificates of deposit	-	2,205,702	-	2,205,702
Mutual Funds	4,965,151	-	-	4,965,151
Corporate bonds	-	235,820	-	235,820
Exchange-traded funds	-	2,692,802	-	2,692,802
Common stocks	5,381	-	-	5,381
Totals	$ 4,970,532	$ 5,318,994	$ -	$ 10,289,526

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair values of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable. The Organization reviewed and evaluated the values and assumptions used in determining the fair value of Level 3 financial instruments. The carrying amounts of all other assets and liabilities reflected in the statements of financial position for the Organization's financial instruments approximates their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs.

The Organization's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

Certain of the Organization's investments classified as exchange-traded funds and hedge funds are recorded at net asset value in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Fair value represents the net asset value (NAV) of shares or units held by the Organization at year end. The financial statements of these investments are prepared in accordance with U.S. GAAP and are audited annually by independent auditors. As of December 31, 2018, the Organization had no unfunded commitments to invest in these funds. Redemptions, at NAV, of shares in these investments are immediate with one-day notice.

Net investment income consisted of the following for the year ended December 31, 2018:

Interest and dividend income	$ 440,966
Realized loss on sale of investments	(3,598)
Unrealized losses on investments	(1,056,317)
Investment fees	(39,230)
Investment income, net	$ (658,179)

5. NET ASSETS WITH DONOR RESTRICTIONS

In December 1995, investments totaling $357,678 were contributed to the Organization for the establishment of an endowment fund and are therefore considered to be a donor-restricted endowment held in perpetuity.

6. ENDOWMENT FUND

The Organization's endowment fund consists of the Wyss endowment. The Wyss endowment consists of donor-restricted funds, $357,678 of which are permanently restricted. The remainder of the Wyss endowment is unrestricted. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At December 31, 2018, there were no such donor stipulations. As a result of this interpretation, the organization retains in perpetuity:

- The original value of gifts donated to the endowment, and
- Any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other sources of the Organization
- The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce returns that are 2% to 3% higher than the rate of inflation, while assuming a moderate level of investment risk.

Spending Policy

The Organization has a policy which allows all portions of the endowment fund that are not donor-restricted in perpetuity to be appropriated for expenditure at the discretion of the board of directors.

Strategies Employed for Achieving Objectives

The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The organization targets a diversified asset allocation that emphasizes common stocks and fixed income securities to achieve its long-term objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of December 31, 2018 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Wyss endowment	$ 2,108,507	$ 357,678	$ 2,466,185

Changes in endowment net assets for the fiscal years ending December 31, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, December 31, 2017	$ 2,297,113	$ 357,678	$ 2,654,791
Investment return			
Investment income, net of fees	104,280	-	104,280
Realized losses from sale	(3,647)	-	(3,647)
Net depreciation,	(289,239)	-	(289,239)
Total investment return	(188,606)	-	(188,606)
Appropriation of endowment assets for expenditure	-	-	-
Net assets, December 31, 2018	$ 2,108,507	$ 357,678	$ 2,466,185

7. RETIREMENT PLAN

The Organization has a 403(b) Retirement Plan, which is a contributory plan and covers all employees. The Organization is entitled to make discretionary contributions to the plan. The Organization made contributions totaling $53,154 for the year ended December 31, 2018.

8. RELATED PARTY TRANSACTIONS

In 2007, the Board of Directors for the Organization unanimously voted for a board member to edit the Organization's three newsletters. The board member received $6,858 for approximately 88.5 hours of editing services for the year ended December 31, 2018.

9. LEASE COMMITMENTS

The Organization leases office space for its satellite offices in Moab, Utah and Washington D.C. under operating lease agreements. The Moab office requires monthly payments of $1,450 and is on a month-to-month basis. The Organization entered into an operating lease for the Washington D.C. location in January 2018. The lease agreement expires on June 30, 2025. The lease requires monthly payments of $4,490 which escalate each year by 2.75%. Future minimum operating lease payments are based on remaining terms of the agreement. The required minimum lease payments are as follows:

Year ending	
12/31/2019	$ 55,362
12/31/2020	56,884
12/31/2021	58,448
12/31/2022	60,056
12/31/2023	61,707
Thereafter	95,979
	$ 388,436

Total rent expense for the year ended December 31, 2018 was $64,885.

10. ALLOCATION OF EXPENSES

Based on management's allocation of expenses, operating expenses have been allocated in the following manner:

	Amount	%
Program services	$ 3,736,085	90.00
Management and general	184,833	4.45
Fundraising	229,932	5.55
	$ 4,150,850	100.00

11. PRIOR YEAR INFORMATION

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. The financial statements for the year ended December 31, 2017 are presented for comparative purposes only. The notes presented herein contain information relating to December 31, 2018 only. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017 from which the summarized information was derived.

12. COMMITMENTS AND CONTINGENCIES

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

13. ADOPTION OF NEW ACCOUNTING PRONOUNCMENT

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.* This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include:

- Presentation of two classes of net assets, versus the previously required three
- Recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service
- Recognition of underwater endowment funds as a reduction in net assets with donor restrictions and presentation of investment expenses as a reduction of investment income, versus the previously required gross presentation of investment expenses

The guidance also enhances disclosures for liquidity, board designated amounts, composition of net assets with donor restrictions, and expenses by both their natural and functional classification. The ASU has been applied retrospectively to all periods presented.