



COMBINED FINANCIAL REPORT

December 31, 2012



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3104 Fourth Avenue
San Diego, California 92103
619.615.5380 Fax 619.615.5389

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Board of Directors
WiLDCOAST and Subsidiary
San Diego, California

We have audited the accompanying consolidated financial statements of WiLDCOAST (a nonprofit organization) and subsidiary (Coastasalvaje), which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the WiLDCOAST's 2011 financial statements, and in our report dated July 27, 2012, we expressed an unqualified opinion on those 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 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 consolidated financial statements based on our audit. We did not audit the financial statements of Coastasalvaje, subsidiary, which statements reflect total assets of \$5,094,978, as of December 31, 2012, and the total support and revenues of \$1,601,641, for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Coastasalvaje, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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, that auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 opinion.

Opinion – In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WiLDCOAST and subsidiary as of December 31, 2012, 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.

Christopher M. Roberts, CPA
for WEST RHODE & ROBERTS

San Diego, California
July 1, 2013

WILDCOAST AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2012
With Summarized Financial Information for December 31, 2011

	2012	2011 (Note 11)
ASSETS		
Cash and cash equivalents	\$ 746,566	\$ 743,990
Receivables	265,821	83,241
Prepaid expenses	6,132	14,006
Land and land interests	4,799,290	3,977,825
Property and equipment, net	<u>237,170</u>	<u>149,100</u>
Total assets	<u>\$ 6,054,979</u>	<u>\$ 4,968,162</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expense	\$ 78,847	\$ 66,652
Note payable	<u>29,057</u>	<u>-</u>
Total liabilities	<u>107,904</u>	<u>66,652</u>
 Commitments (Note 7)		
 Net assets:		
Unrestricted:		
Designated for land, property, and equipment	5,036,460	4,126,925
Undesignated	<u>156,318</u>	<u>189,376</u>
	5,192,778	4,316,301
Temporarily restricted	<u>754,297</u>	<u>585,209</u>
Total net assets	<u>5,947,075</u>	<u>4,901,510</u>
Total liabilities and net assets	<u>\$ 6,054,979</u>	<u>\$ 4,968,162</u>

WILDCOAST AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2012
With Summarized Financial Information for Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	2012	2011 (Note 11)
SUPPORT AND REVENUE				
Contributions and grants	\$ 443,162	\$ 2,252,447	\$ 2,695,609	\$ 2,460,734
Investment income	1,745	-	1,745	554
Other income	6,995	-	6,995	667
Currency translation gain	6,468	-	6,468	(7,338)
Special events	61,861	-	61,861	23,656
Net assets released from restrictions, satisfaction of restriction	<u>2,083,359</u>	<u>(2,083,359)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,603,590</u>	<u>169,088</u>	<u>2,772,678</u>	<u>2,478,273</u>
EXPENSES				
Program services	1,270,416	-	1,270,416	1,225,303
Management and general	317,211	-	317,211	249,201
Development	99,238	-	99,238	69,484
Special events	<u>40,248</u>	<u>-</u>	<u>40,248</u>	<u>7,354</u>
Total expenses	<u>1,727,113</u>	<u>-</u>	<u>1,727,113</u>	<u>1,551,342</u>
CHANGE IN NET ASSETS	<u>876,477</u>	<u>169,088</u>	<u>1,045,565</u>	<u>926,931</u>
NET ASSETS AT BEGINNING OF YEAR	<u>4,316,301</u>	<u>585,209</u>	<u>4,901,510</u>	<u>3,974,579</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,192,778</u>	<u>\$ 754,297</u>	<u>\$ 5,947,075</u>	<u>\$ 4,901,510</u>

WILDCOAST AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2012
With Summarized Financial Information for Year Ended December 31, 2011

	2012	2011 (Note 11)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets	\$ 1,045,565	\$ 926,931
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	81,769	77,934
(Increase) Decrease in operating assets:		
Receivables	(182,580)	50,593
Prepaid expenses	7,874	(2,490)
Increase in operating liabilities:		
Accounts payable and accrued expenses	12,195	11,087
Net cash provided by operating activities	964,823	1,064,055
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of land and land interests	(821,465)	(1,097,533)
Purchase of equipment	(169,839)	(40,365)
Withdrawal of certificates of deposits	-	66,306
Net cash (used in) investing activities	(991,304)	(1,071,592)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Gross Proceeds from Note payable	33,831	-
Payments made on Note payable	(4,774)	-
Net cash provided by financing activities	29,057	-
Net increase (decrease) in cash	2,576	(7,537)
CASH AT BEGINNING OF YEAR	743,990	751,527
CASH AT END OF YEAR	\$ 746,566	\$ 743,990
INTEREST EXPENSED DURING YEAR	\$ 690	\$ -

WILDCOAST AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE ORGANIZATION

Nature of the Organization – WILDCOAST was founded in 2000 to protect and conserve some of the most ecologically important coastal wildlands, lagoons, islands, and marine ecosystems that remain in California, Baja California, and the Sea of Cortez. Since then WILDCOAST has also successfully conserved more than 2 million acres of coastal wildlands and wildlife habitat including Laguna San Ignacio, Bahia de los Angeles, Tijuana Estuary, Coronado Islands, Magdalena Bay, Los Cirios Coast, and Cabo Pulmo. These stunningly beautiful treasures provide habitat for a myriad of wildlife species including sea turtles, whale sharks, gray whales, bottlenose dolphins, and peregrine falcons.

Within San Diego County and Southern California, WILDCOAST is working with local communities to protect endangered wildlife and restore our beaches and remaining open spaces through hands-on restoration projects, environmental education, community involvement, and cleanups.

The Organization formed Costasalvaje, A.C. (the “Subsidiary”), a Mexican company, in 2008 to facilitate fundraising and land conservation in Mexico. Costasalvaje began operating in the fourth quarter of 2009 with its office located in Ensenada, Baja California, Mexico.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include accounts of WILDCOAST and its subsidiary (the Organization). All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Basis of Financial Statement Presentation – The financial statements of the Organization have been prepared using the accrual basis of accounting.

Classification of Net Assets – The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Recognition of Support and Revenue – Support from grants is recognized over the term of the funding agreement.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions received which have temporary restrictions as to their use, are reported as temporarily restricted support and are then reclassified to unrestricted net assets upon fulfillment of the restriction. There were no permanently restricted net assets at December 31, 2012.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported on the consolidated statement of activities as net assets released from restriction.

Cash and Cash Equivalents – Cash and cash equivalents include highly liquid investments with maturity of three months or less. Such investments are stated at cost, which approximates fair value.

WILDCOAST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment – Purchased property and equipment are stated at cost. Donated assets are recorded at their fair value at the date of the donation. The Organization has property and equipment which are depreciated over 3 – 10 years depending on its expected useful life.

The Organization's minimum capitalization threshold is \$1,500.

Land and Land Interests – WILDCOAST and its subsidiary record land and land interests at cost, if purchased, or at fair value at the date of acquisition, if all or part of the land was received as a donation.

Conservation Lands – Real property with significant ecological value. These properties are managed in an effort to protect the natural biological diversity of the property.

Conservation Easements – Intangible assets comprised of listed rights and/or restrictions over the owned property that are conveyed by a property owner to WILDCOAST or its subsidiary in order to protect the owned property as a significant natural area.

Parcel Rights in Name of Third Parties – The Organization entered into an agreement with a third party to purchase property rights in two parcels. There is an acknowledgement of debt by the third party. At the time of purchase of the two parcels, the amount paid for the property rights will be recorded as a down payment toward the properties purchase.

Contributed Services – No amounts have been reflected in the financial statements for contributed services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

Income Taxes – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification No. 740-10, *Accounting for Uncertainties in Income Taxes*, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return.

Costasalvaje is a Mexican company that has been granted non-profit status in Mexico.

Tax positions for the open tax years as of December 31, 2012 were reviewed, and it was determined that no provision for uncertain tax positions is required.

Functional Allocation of Expenses – The costs of providing the various programs 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.

Foreign Currency – The Organization's international operations use the U.S. dollar as their functional currency. Costasalvaje translates monetary assets and liabilities using current rates of exchange at the balance sheet date and translates nonmonetary assets and liabilities using historical rates of exchange. Gains and losses from re-measurement of \$6,468 have been included as income on the Statement of Activities for the year ended December 31, 2012.

WILDCOAST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Organization and its subsidiary recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after that date and before the financial statements are available to be issued.

The Organization has evaluated subsequent events through July 1, 2013, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Use of Estimates – The preparation of financial statements in conformity with 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, support, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. CONCENTRATION OF CREDIT RISK

At times the Organization's bank accounts exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 4. LAND AND LAND INTERESTS

Land and land interests consist primarily of land located in Baja California, Mexico are as follows:

Conservation lands	\$ 4,230,357
Conservation easements	268,933
Parcel rights in name of third parties	<u>300,000</u>
	<u>\$ 4,799,290</u>

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 consist of the following:

Transportation equipment	\$ 139,002
Computer equipment	94,452
Furniture & equipment	165,018
Leasehold improvements	<u>144,065</u>
	542,537
Less accumulated depreciation	<u>305,367</u>
	<u>\$ 237,170</u>

Depreciation expense for the year ended December 31, 2012 was \$81,769.

WILDCOAST AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. NOTE PAYABLE

On March 1, 2012, the Organization purchased a new vehicle, of which \$33,831 was financed at an annual percentage rate of 2.9%. The Organization is required to make monthly payments under this agreement of \$607.13, through March 15, 2017. Maturities of the note payable is as follows:

Years Ending December 31,	
2013	\$ 6,529
2014	6,721
2015	6,919
2016	7,122
2017	<u>1,766</u>
	<u>\$ 29,057</u>

Interest payments made under this note payable were \$690 during the year ending December 31, 2012

NOTE 7. COMMITMENTS AND CONTINGENCIES

Operating Leases – The Organization leases office space in Imperial Beach, California under an operating lease that expires January 1, 2014. Future minimum rental payments of \$26,400 will be paid by the Organization in 2013.

In addition, the Organization leases office space in Ensenada, Baja California, Mexico, under an operating lease that expires August 31, 2013. Future minimum rental payments for 2013 are \$11,199.

For the year ended December 31, 2012, the total rent expense was \$44,413.

NOTE 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following programs as of December 31, 2012:

Wildlands program	\$ 305,182
Communications	290,202
Marine	73,749
Otay Valley	44,175
Coastal conservation	<u>40,989</u>
	<u>\$ 754,297</u>

NOTE 9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. During the year ended December 31, 2012, the net assets were released for the following purposes:

Wildlands program	\$ 1,741,867
Communications	121,348
Otay Valley	112,499
Marine	55,451
Coastal conservation	<u>52,194</u>
	<u>\$ 2,083,359</u>

WILD COAST AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN

The Organization maintains a 403(b) defined contribution plan covering eligible employees who meet certain age and service requirements. Eligible employees may contribute a portion of their earnings each plan year subject to certain Internal Revenue Service limitations. The 403(b) defined contribution plan allows for employer matching contributions to eligible employees. For the year ended December 31, 2012, there were no employer contributions made to the plan.

NOTE 11. DECEMBER 31, 2011 FINANCIAL INFORMATION

The 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. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived. Certain reclassifications have been made to the 2011 summarized financial information to conform to the classifications adopted for the 2012 financial statements. These reclassifications had no effect on the change in net assets.



3104 Fourth Avenue
San Diego, California 92103
619.615.5380 Fax 619.615.5389

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

Board of Directors
WiLDCOAST and Subsidiary
San Diego, California

We have audited the consolidated financial statements of WiLDCOAST and Subsidiary as of and for the year ended December 31, 2012, and have issued our report thereon dated July 1, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary statements that follow on page 12 and 13 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements as a whole.

Christopher M. Roberts, CPA
for WEST RHODE & ROBERTS

San Diego, California
July 1, 2013

WILDCOAST AND SUBSIDIARY
SUPPLEMENTAL CONSOLIDATING STATEMENT OF POSITION
December 31, 2012

	<u>WILDCOAST</u>	<u>COSTASALVAJE A.C.</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents (Note 2)	\$ 707,611	\$ 38,955	\$ 746,566	\$ -	\$ 746,566
Certificates of deposit	-	-	-	-	-
Receivables	200,000	65,821	265,821	-	265,821
Prepaid expenses	5,447	685	6,132	-	6,132
Investment in subsidiary	1,186,098	-	1,186,098	(1,186,098)	-
Land and land interests	-	4,799,290	4,799,290	-	4,799,290
Property and equipment, net (Note 5)	46,943	190,227	237,170	-	237,170
Total assets	<u>\$ 2,146,099</u>	<u>\$ 5,094,978</u>	<u>\$ 7,241,077</u>	<u>\$ (1,186,098)</u>	<u>\$ 6,054,979</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expense	24,905	53,942	78,847	-	78,847
Note payable	29,057	-	29,057	-	29,057
Total liabilities	<u>53,962</u>	<u>53,942</u>	<u>107,904</u>	<u>-</u>	<u>107,904</u>
Commitments (Note 6)					
Net assets:	2,092,137	5,041,036	7,133,173	(1,186,098)	5,947,075
Total liabilities and net assets	<u>\$ 2,146,099</u>	<u>\$ 5,094,978</u>	<u>\$ 7,241,077</u>	<u>\$ (1,186,098)</u>	<u>\$ 6,054,979</u>

WILD COAST AND SUBSIDIARY
SUPPLEMENTAL CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

	WILD COAST	COSTASALVAJE A.C.	Total	Eliminating Entries	Total
SUPPORT AND REVENUE					
Contributions and grants	\$ 2,576,202	\$ 1,596,207	\$ 4,172,409	\$ (1,476,800)	\$ 2,695,609
Investment income	1,742	3	1,745	-	1,745
Other income	6,515	197	6,712	283	6,995
Currency translation gain	-	4,951	4,951	1,517	6,468
Special events	61,861	-	61,861	-	61,861
Total support and revenue	<u>2,646,320</u>	<u>1,601,358</u>	<u>4,247,678</u>	<u>(1,475,000)</u>	<u>2,772,678</u>
EXPENSES					
Program services	2,107,375	638,041	2,745,416	(1,475,000)	1,270,416
Management and general	253,074	64,137	317,211	-	317,211
Development	99,238	-	99,238	-	99,238
Special events	40,248	-	40,248	-	40,248
Total expenses	<u>2,499,935</u>	<u>702,178</u>	<u>3,202,113</u>	<u>(1,475,000)</u>	<u>1,727,113</u>
CHANGE IN NET ASSETS	<u>\$ 146,385</u>	<u>\$ 899,180</u>	<u>\$ 1,045,565</u>	<u>\$ -</u>	<u>\$ 1,045,565</u>