



**FINANCIAL  
STATEMENTS AND  
REPORT OF  
INDEPENDENT  
CERTIFIED PUBLIC  
ACCOUNTANTS**

**FRIENDS OF THE BOSQUE DEL APACHE  
NATIONAL WILDLIFE REFUGE, INC.**

**September 30, 2006**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors

Friends of the Bosque Del Apache National Wildlife Refuge, Inc.

We have audited the accompanying statement of financial position of the Friends of the Bosque Del Apache National Wildlife Refuge, Inc. (a not-for-profit corporation) as of September 30, 2006 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Friends of the Bosque Del Apache National Wildlife Refuge, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described in the following paragraph, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because we were not engaged as auditors until after September 30, 2005, we were not present to observe the physical inventory taken at that date, and we have not satisfied ourselves by means of other procedures concerning inventory quantities. The amount of the inventory at September 30, 2005, materially affects the determination of the results of operations and cash flows for the year ended September 30, 2006.

Because of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the changes in net assets and cash flows for the year ended September 30, 2006.

In our opinion, the statement of financial position referred to in the first paragraph presents fairly, in all material respects, the financial position of the Friends of the Bosque Del Apache National Wildlife Refuge, Inc. as of September 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

*Atkinson & Co., Ltd.*  
Atkinson & Co., Ltd.

Albuquerque, New Mexico  
May 10, 2007

**STATEMENT OF FINANCIAL POSITION**

September 30, 2006

**ASSETS**

**CURRENT ASSETS**

Cash - unrestricted	\$ 43,572
Cash - restricted for capital projects	62,933
Cash - designated for capital and special projects	40,767
Cash - restricted for Sevilleta National Wildlife Refuge	5,595
Unconditional promises to give	18,249
Inventory	110,093
Deferred special events expenses	18,957
Prepaid expenses	<u>5,774</u>
 Total current assets	 305,940

PROPERTY AND EQUIPMENT, less accumulated  
depreciation of \$29,954

40,858

Total assets

\$ 346,798

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 1,845
Accrued expenses	11,175
Payroll liabilities	1,170
Funds held for Sevilleta National Wildlife Refuge	5,595
Deferred special events revenue	30,429
Deferred revenue	<u>3,584</u>
 Total current liabilities	 53,798

**NET ASSETS**

Unrestricted (including designated net assets of \$40,767)	230,067
Temporarily restricted	<u>62,933</u>
 Total net assets	 <u>293,000</u>
 Total liabilities and net assets	 <u><u>\$ 346,798</u></u>

The accompanying notes are an integral part of this financial statement.

Friends of the Bosque Del Apache National Wildlife Refuge, Inc.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

Year ended September 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Private grants	\$ -	\$ 465,450	\$ 465,450
Nature store sales	236,781	-	236,781
In-kind revenue	33,471	-	33,471
Federal grants	24,665	-	24,665
Membership fees	24,004	-	24,004
Contributions	7,355	10,875	18,230
Memorials	-	14,844	14,844
Interest income	5,901	-	5,901
Special events - festival of cranes, net of expenses of \$60,332	1,199	-	1,199
	<u>333,376</u>	<u>491,169</u>	<u>824,545</u>
<b>Total revenue and support</b>			
Net assets released from restrictions:			
Expiration of purpose restrictions	564,507	(564,507)	-
<b>EXPENSES</b>			
Program services:			
Refuge projects	583,898	-	583,898
Nature store	172,551	-	172,551
Friends projects	65,482	-	65,482
National junior duck stamp program	2,772	-	2,772
	<u>824,703</u>	<u>-</u>	<u>824,703</u>
<b>Total program services</b>			
Supporting services:			
Management and general	68,378	-	68,378
	<u>68,378</u>	<u>-</u>	<u>68,378</u>
<b>Total expenses</b>	<u>893,081</u>	<u>-</u>	<u>893,081</u>
<b>CHANGES IN NET ASSETS</b>	4,802	(73,338)	(68,536)
Net assets, beginning of year	<u>225,265</u>	<u>136,271</u>	<u>361,536</u>
Net assets, end of year	<u>\$ 230,067</u>	<u>\$ 62,933</u>	<u>\$ 293,000</u>

The accompanying notes are an integral part of this financial statement.

Friends of the Bosque Del Apache National Wildlife Refuge, Inc.

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended September 30, 2006

	Program Services				Total	Management and General	Total Expenses
	Refuge Projects	Nature Store	Friends Projects	National Junior Duck Stamp Program			
<b>SALARIES AND RELATED EXPENSES</b>							
Salaries	\$ -	\$ 21,020	\$ -	\$ -	\$ 21,020	\$ 26,397	\$ 47,417
Payroll taxes	-	1,351	-	-	1,351	2,838	3,989
Total salaries and related expenses	-	22,371	-	-	22,371	29,035	51,406
<b>OPERATING EXPENSES</b>							
Educational building	538,788	-	-	-	538,788	-	538,788
Cost of goods sold, store	-	133,578	-	-	133,578	-	133,578
Awards	-	126	28,748	2,772	31,646	4,642	66,288
Supplies	21,816	1,476	5,970	-	29,261	448	29,709
Contract labor	351	-	24,000	-	24,351	-	24,351
Specific project costs	12,907	-	-	-	12,907	-	12,907
General project costs	7,287	-	-	-	7,287	-	7,287
Insurance	-	3,746	-	-	3,746	1,955	5,702
Bank and credit card fees	-	4,823	-	-	4,823	36	4,859
Seminars, trainings and meetings	-	31	4,536	-	4,567	30	4,597
Professional fees	-	-	-	-	-	3,655	3,655
Telephone	-	560	-	-	560	2,104	2,664
Other expenses	-	-	-	-	-	1,963	1,963
Advertising	-	570	-	-	570	526	1,096
Office expenses	-	67	222	-	309	535	844
Postage	206	22	-	-	228	375	603
Repairs and maintenance	-	300	-	-	300	-	300
Total operating expenses	581,354	146,319	63,476	2,772	792,921	16,270	809,191
Total salaries and operating expenses prior to noncash expenses	581,354	167,690	63,476	2,772	815,292	45,305	860,597
<b>NONCASH EXPENSES</b>							
Depreciation	2,544	61	2,006	-	4,611	1,473	6,084
In-kind rent	-	4,800	-	-	4,800	21,800	26,400
Total expenses	\$ 583,898	\$ 172,551	\$ 65,482	\$ 2,772	\$ 824,703	\$ 89,378	\$ 893,081

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF CASH FLOWS**

Year ended September 30, 2006

Increase (Decrease) in Cash

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net assets	\$ (68,536)
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation expense	6,084
Net changes in assets and liabilities:	
Decrease in unconditional promises to give	19,808
Decrease in inventory	66
(Increase) in deferred special events expenses and prepaid expenses	(24,631)
(Decrease) in accounts payable	(20,062)
(Decrease) in funds held for Sevilleta National Wildlife Refuge	(266)
Increase in accrued expenses	997
(Decrease) in payroll liabilities	(8)
Increase in deferred revenue	<u>4,554</u>
Net cash used in operating activities	(81,994)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property, and equipment	<u>(38,152)</u>
Net cash used in investing activities	<u>(38,152)</u>

**NET DECREASE IN CASH** (120,146)

Cash, beginning of year	<u>273,013</u>
Cash, end of year	<u>\$ 152,867</u>

**SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES**

In-kind rent and expenses	<u>\$ 33,471</u>
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The accompanying notes are an integral part of this financial statement.

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2006

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Nature of Organization

Friends of the Bosque del Apache National Wildlife Refuge (Friends), promotes appreciation and conservation of wildlife and habitat through environmental education and natural history experiences at Bosque del Apache National Wildlife Refuge (Refuge). The Refuge, located in south central New Mexico, comprises 54,000 acres along the Rio Grande. The Friends was formed in 1995, and provides support to the Refuge through public outreach, grant acquisition and management, and the development of innovative programs in partnership with the Refuge and the local community. The Friends have provided monetary contributions supporting wildlife research and habitat improvement projects on the Refuge.

Activities and programs of Friends include the following:

- Annually the Friends administer the Festival of the Cranes (Festival), a 6-day special event drawing members of the general public to the Refuge. The Festival includes educational programs, a wildlife art show, and wildlife viewing opportunities.
- The Friends manage a nature store selling items relating to its exempt purpose.
- The Friends are overseeing the construction of new educational facilities at the Refuge. The facilities provide meeting room for Refuge partners and classroom space for visiting students.
- The Friends are helping to implement an environmental education program titled Mapping the Rio Grande through the Eyes of Children - A Middle Rio Grande Watershed Education Project. This project requires Friends to fund the contracting of an educator to develop the curriculum within New Mexico's content standards, benchmarks and performance levels for Life and Earth Sciences programs.
- The Friends supports the Bus Scholarship Program that pays for New Mexico School students' transportation to the Refuge as part of the children's science education curriculum.
- The Friends donates a monetary award for New Mexico's portion of the National Junior Duck Stamp Program which promotes children's interest in conservation through an art competition and provides support to Wildlife Refuge Programs.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

September 30, 2006

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

1. Nature of Organization – Continued

Friends is supported primarily through donor contributions, grants, sale of items relating to its exempt purpose, membership fees, and special projects.

2. Financial Statement Presentation

Friends uses the accrual method of accounting, and applies Statement of Financial Accounting Standard No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS 117) in the preparation of its financial statements. Under SFAS 117, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Friends and changes therein are classified and reported as follows:

Unrestricted net assets – represents net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – represents net assets subject to donor-imposed stipulations that may or will be met either by actions of Friends and/or the passage of time.

Permanently restricted net assets – represents net assets subject to donor-imposed stipulations that they be maintained permanently by Friends. Generally the donors of these assets permit the use of all or part of the income earned on related investments for unrestricted purposes. Friends held no permanently restricted net assets during the year ended September 30, 2006.

3. Contributions

Friends applies the provisions of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* (SFAS 116). In accordance with SFAS 116, contributions received, including unconditional promises to give, are recognized at fair value as revenues in the period received. Additionally, in accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as both temporarily restricted contributions and net assets released from restrictions in the accompanying financial statements.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

September 30, 2006

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

3. Contributions – Continued

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Friends has not provided an allowance for doubtful promises to give based on collection history.

Contributions of services are recognized only if the services received create or enhance nonfinancial assets, or require specialized skills, and are provided by individuals possessing those skills and would typically have to be purchased if not provided by donation. During the year ended September 30, 2006 the value of contributed services has not been recorded in the financial statements. Many individuals volunteer their time and perform a variety of tasks that assist Friends at the refuge, but are not recognized.

4. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that all recorded estimates, principally depreciation expense, are reasonable.

5. Property and Equipment

Friends capitalizes all property and equipment with a cost of \$1,000 if purchased and at fair value at date of donation if received by contribution. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, Friends reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Friends reclassifies temporarily restricted net assets to unrestricted net assets at that time. Friends did not receive donated assets during fiscal 2006. Property and equipment are depreciated using the straight line method over the estimated useful lives of the assets.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

September 30, 2006

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

6. Federal Grants

Friends performs services under reciprocal contacts with the United States Fish and Wildlife Service and the National Fish and Wildlife Foundation. Revenues from these contracts are recognized as the services are performed and related expenses are incurred.

Grant revenue is subject to audit by the grantor/funding agency and could result in a request for reimbursement. In the opinion of Friends management, such disallowances, if any, would not be significant.

7. Donations

Donations received, including unconditional promises (pledges), are recognized as revenue in the period received and are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the presence of donor restrictions.

8. Membership

Membership dues are payable annually in advance. The membership year is the anniversary date of the membership. Friends records the membership as a contribution in the year of receipt because management believes the dues have elements more representative of a contribution rather than an exchange transaction.

9. Store Inventory

Inventory is stated at the lower of cost or market. Cost is determined on a specific identification basis.

10. Shipping and Handling

All related shipping and handling costs are charged to cost of goods sold when incurred.

11. Income Taxes

Friends is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

September 30, 2006

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

12. Cash and Cash Equivalents

For purposes of the statement of cash flows, Friends considers all highly liquid investments available for current use and purchased with an original maturity of three months or less to be cash equivalents. Friends held no investments considered cash equivalents at September 30, 2006. Friends also considers restricted and designated cash as a cash equivalent for purposes of the Statement of Cash Flows.

13. Functional Allocation of Expenses

Costs of providing the various programs and other activities of Friends have been summarized on a functional basis in the Statement of Activities. Certain costs have been allocated among the programs and supporting services benefited.

14. Concentration of Credit Risk

Friends maintain its cash depository accounts with various financial institutions. Amounts held in each financial institution are insured up to \$100,000 by the Federal Deposit Insurance Corporation. Friends has not experienced, and believes it is not exposed to, significant credit risk from these deposits.

15. Advertising

Advertising costs are expensed as incurred.

**NOTE B – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets at September 30, 2006 are available for capital projects in the amount of \$62,933.

Capital projects include monies for a new visitors' center, a brick walkway and the construction of an educational wing. Cash balances of \$62,933 have been restricted for capital projects.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

September 30, 2006

**NOTE B – RESTRICTIONS ON NET ASSETS – CONTINUED**

Net assets are released from donor restrictions as expenses are incurred to satisfy the restricted purpose as follows:

Expenditures toward capital projects	\$ 538,788
Support for Friends programs	<u>25,719</u>
	<u>\$ 564,507</u>

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

Furniture and fixtures	\$ 38,152
Computer equipment	<u>32,660</u>
	70,812
Accumulated depreciation	<u>(29,954)</u>
Net property and equipment	<u>\$ 40,858</u>

**NOTE D – TRANSACTIONS WITH UNITED STATES FISH AND WILDLIFE SERVICE**

Friends operates from facilities owned by the Bosque Del Apache National Wildlife Refuge, a division of the United States Fish and Wildlife Service (Service), at no cost to Friends under an agreement of mutual benefit. The estimated annual value of \$26,400 for the year ended September 30, 2006 has been reflected as an in-kind revenue and expense on the Statement of Activities and Changes in Net Assets.

The mutual benefit agreement also requires Friends to pass title to significant improvements made to Refuge facilities. Friends has raised approximately \$600,000 from public and private grants for certain capital projects. These projects include the addition of an educational building wing housing a classroom, which will serve to educate the general public on Refuge programs and services. Though Friends is responsible for funding and monitoring construction, title to the addition reverts to the Service upon substantial completion of the project.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

September 30, 2006

**NOTE E – IN-KIND TRANSACTIONS**

Friends received use of three billboards in the San Antonio, New Mexico area to publicize the annual festival of cranes special event during September 2006. The fair value of the billboards, \$7,071, was donated by a member of the Board of Directors of Friends and has been reflected as an in-kind revenue and expense on the Statement of Activities and Changes in Net Assets.

**NOTE F – SEVILLETA NATIONAL WILDLIFE REFUGE**

Friends provides support services for the nature store located at the Sevilleta National Wildlife Refuge (Sevilleta). Friends maintains a separate bank account and tracks sales activity for the Sevilleta nature store at no charge. Sevilleta results are included in restricted cash offset by funds held to Sevilleta on the face of the Statement of Financial Position.

**NOTE G – AGENT LIABILITY**

Friends agreed to administer a private grant from an unrelated third party in the amount of \$10,000 during fiscal 2005. As Friends has no rights to the grant funding and no amounts have been drawn from the grant, Friends has recorded a liability for \$10,000, which is included in accrued expenses on the accompanying Statement of Financial Position.

**NOTE H – SUBSEQUENT EVENTS**

In an effort to preserve portions of the Chupadera Wilderness Area, recently opened for acquisition by private land owners, Friends is attempting to acquire 140 acres surrounding Chupadera Peak (the Peak). Friends has identified 140 acres at the top of the Peak as its primary objective for land acquisition. Friends has estimated the cost of acquisition of the Peak to approximate \$63,000 and are seeking to raise these funds through donations from public and private sources. Through January 2007, Friends has raised \$26,000 towards acquisition.

**NOTE I – MEMORIAL CONTRIBUTION**

In July 2006, Friends contributed \$11,160 it had collected from third parties in memorial for an employee of the Bosque Del Apache National Wildlife Refuge. The amount was contributed to a New Mexico university and was applied towards a university program developed to study the Bosque.