



Certified Public Accountants

ricci&company llc

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010



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

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Independent Auditors' Report

Board of Directors
Friends of the Bosque del Apache National Wildlife Refuge, Inc.
San Antonio, New Mexico

We have audited the accompanying statement of financial position of Friends of the Bosque del Apache National Wildlife Refuge, Inc. (a nonprofit organization) as of September 30, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Friend's management. 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Bosque del Apache National Wildlife Refuge, Inc. as of September 30, 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Ricci & Company, LLC

Albuquerque, New Mexico
December 1, 2010

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2010

ASSETS

Current Assets

Cash and cash equivalents	
Unrestricted	\$ 12,067
Restricted by donor/grantor	52,499
Certificates of deposit	40,000
Grants receivable	9,776
Inventory	140,914
Prepaid expenses and other	5,450
Total current assets	<u>260,706</u>

Other Assets

Certificate of deposit, long term	25,193
Investments, at fair value	50,819
Total other assets	<u>76,012</u>

Total assets	<u><u>\$ 336,718</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 1,846
Accrued expenses	2,924
Deferred revenues	40,328
Total current liabilities	<u>45,098</u>

Net Assets

Unrestricted	
Undesignated	207,766
Board designated	31,355
Temporarily restricted	52,499
Total net assets	<u>291,620</u>

Total liabilities and net assets	<u><u>\$ 336,718</u></u>
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See Notes to Financial Statements.

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Nature store sales	\$ 230,392	-	-	230,392
Grants	34,132	3,714	-	37,846
Contributions	15,343	1,168	-	16,510
Memorials	2,245	6,585	-	8,830
Special events - Festival of the Cranes, including in-kind revenues of \$615	75,566	-	-	75,566
In-kind revenues	27,532	-	-	27,532
Membership dues	37,585	-	-	37,585
Investment income	3,581	-	-	3,581
Release of restrictions	2,053	(2,053)	-	-
Total support and revenue	428,428	9,414	-	437,842
Expenses				
Program services:				
Nature store	189,249	-	-	189,249
Festival of the Cranes	77,483	-	-	77,483
Refuge projects	56,969	-	-	56,969
Friends projects	45,564	-	-	45,564
National Junior Duck Stamp Program	1,879	-	-	1,879
Business scholarships	1,984	-	-	1,984
Rio Fest	3,837	-	-	3,837
Total program expenses	376,965	-	-	376,965
Supporting services:				
Management and general	42,468	-	-	42,468
Fundraising	3,343	-	-	3,343
Total supporting services	45,811	-	-	45,811
Total expenses	422,776	-	-	422,776
Increase in net assets	5,653	9,414	-	15,067
Net assets at beginning of year	233,468	43,085	-	276,553
Net assets at end of year	\$ 239,121	52,499	-	291,620

See Notes to Financial Statements.

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2010

	Program Services			
	Nature Store	Festival of Cranes	Refuge Projects	Friends Projects
Sales and Related Expenses				
Salaries	\$ 34,150	19,407	4,198	27,399
Payroll taxes	2,781	1,577	332	2,218
Total salaries and related expenses	36,931	20,984	4,530	29,617
Operating Expenses				
Cost of goods sold, store	120,967	-	-	-
Advertising	918	10,641	208	169
Bank and credit card fees	5,973	1,548	-	-
Contract labor	-	-	24,394	-
Dues and subscriptions	-	-	-	-
Educational building	-	-	1,439	-
Insurance	573	1,987	-	98
Miscellaneous	45	-	-	-
Office expenses	997	283	-	550
Postage	947	932	28	92
Professional fees	748	-	-	-
Public relations	-	-	-	5,398
Rent, in-kind	18,000	-	-	-
Repairs and maintenance	40	40	40	-
Scholarships and awards	35	4,337	986	4,032
Seminars, trainings and meetings	-	-	-	2,194
Project costs, including in-kind of \$4,117	-	32,422	21,971	-
Supplies	1,914	1,947	3,373	2,254
Telephone	546	1,361	-	546
Website, in-kind	615	615	-	615
Total operating expenses	152,318	56,113	52,439	15,947
Total salaries and operating expenses before depreciation	189,249	77,097	56,969	45,564
Depreciation	-	386	-	-
Total expenses	\$ 189,249	77,483	56,969	45,564

See Notes to Financial Statements.

Program Services				Supporting Services		Total Expenses
National Junior Duck Stamp Program	Bus Scholarships	Rio Fest	Total Program Services	Management and General	Fundraising	
-	420	-	85,574	16,673	2,099	104,346
-	33	-	6,941	1,307	166	8,414
-	453	-	92,515	17,980	2,265	112,760
-	-	-	120,967	-	-	120,967
-	-	-	11,936	1,253	-	13,189
-	-	-	7,521	178	-	7,699
-	-	-	24,394	-	-	24,394
-	-	-	-	1,965	-	1,965
-	-	-	1,439	-	-	1,439
-	-	-	2,658	1,775	-	4,433
-	-	-	45	750	-	795
-	-	-	1,830	1,616	-	3,446
-	-	-	1,999	472	81	2,551
-	-	-	748	5,071	-	5,819
-	-	-	5,398	217	-	5,614
-	-	-	18,000	4,800	-	22,800
-	-	-	120	40	-	160
1,781	1,531	-	12,702	2,206	-	14,908
-	-	-	2,194	1,050	-	3,244
-	-	-	54,393	-	-	54,393
98	-	3,837	13,423	1,273	997	15,693
-	-	-	2,453	1,092	-	3,545
-	-	-	1,845	730	-	2,575
1,879	1,531	3,837	284,064	24,488	1,078	309,630
1,879	1,984	3,837	376,579	42,468	3,343	422,390
-	-	-	386	-	-	386
1,879	1,984	3,837	376,965	42,468	3,343	422,776

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
STATEMENT OF CASH FLOWS
Year Ended September 30, 2010

Cash Flows From Operating Activities	
Increase in net assets	\$ 15,067
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	386
Unrealized gains on investments	(583)
Changes in assets and liabilities	
Grants receivable	(9,776)
Inventory	(10,732)
Prepaid expenses and other	884
Accounts payable	(2,110)
Accrued expenses	788
Deferred revenues	(378)
	<hr/>
Net cash flows used by operating activities	(6,454)
	<hr/>
Cash Flows From Investing Activities	
Purchases of certificates of deposit	(82,141)
Maturities of certificates of deposit	91,886
Purchases of investments	(25,673)
	<hr/>
Net cash flows used by investing activities	(15,928)
	<hr/>
Net decrease in cash and cash equivalents	(22,382)
Cash and cash equivalents at beginning of year	<hr/> 86,948
Cash and cash equivalents at end of year	64,566
Less: restricted cash	<hr/> (52,499)
Cash and cash equivalents at end of year, unrestricted	<hr/> <hr/> \$ 12,067
Supplemental Noncash Information:	
In-kind expenses	<hr/> <hr/> \$ 28,147

See Notes to Financial Statements.

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 1. NATURE OF ORGANIZATION

Friends of the Bosque del Apache National Wildlife Refuge, Inc. (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 Friends administers 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.
- Friends manages a nature store selling items relating to its exempt purpose.
- 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.
- 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.
- 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.

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

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The financial statements of the Friends have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other 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. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. If the Board specifies a purpose, where the original donor has stated none, such funds are classified as unrestricted board designated. The Friends is supported primarily through grants, merchandise sales, memberships and donations.

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. Many individuals volunteer their time and perform a variety of tasks that assist Friends at the refuge; however, it does not meet the criteria for recognition. At September 30, 2010, \$5,347 of contributed services has been recorded in the financial statements.

Cash and Cash Equivalents. Friends considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Friends held investments of \$12,701 that are considered cash equivalents at September 30, 2010, and are held in a money market fund. Friends also considers restricted cash as a cash equivalent for purposes of the statement of cash flows. Restricted cash is cash that has been restricted or designated by the donor.

Grants Receivable. Friends considers receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded. If amounts become uncollectible, they will be charged against operations in the period when that determination is made. Management tracks receivables to determine if any are uncollectible. There were no bad debts at September 30, 2010.

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.

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. In accordance with generally accepted accounting principles, unrealized gains and losses are included in the change in net assets. Investment return consists of investment income, realized gain (loss) and unrealized gain (loss). Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment transactions are recorded as of the trade date.

Use of 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 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 could differ from those estimates.

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.

Friends would record a liability for uncertain tax positions when it became probable that a loss has been incurred and the amount can be reasonably estimated. Interest would be recognized and accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. Management continually evaluates expiring statutes of limitations, proposed settlements, changes in tax law and new authoritative rulings. As of September 30, 2010, no liabilities for uncertain tax positions have been recorded.

Property and Equipment. Friends capitalizes all property and equipment with a cost of \$1,000 or more 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 the year ended September 30, 2010. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Grants. Friends performs services under reciprocal contracts 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.

Membership Revenue. 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 than an exchange transaction.

Deferred Revenue. Deferred revenues consist of Festival of the Cranes fees paid for Festival activities that are not earned until the subsequent fiscal year. Deferred revenue related to Festival of the Cranes was \$40,328 at September 30, 2010

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

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

Advertising. Friends uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense at September 30, 2010 was \$13,189.

Subsequent Events. Friends has evaluated subsequent events through December 1, 2010, the date which the financial statements were available to be issued.

NOTE 3. CERTIFICATES OF DEPOSIT

Certificates of deposit are not considered cash equivalents because the original maturities of certificates are greater than three months. As of September 30, 2010, \$40,000 of certificates are considered current assets as they mature at various times in the upcoming fiscal year. The remaining certificate of \$25,193 is considered a long-term asset, as the maturity is longer than twelve months (matures August 2012).

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 4. INVESTMENTS

Friends applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis using Level 1 inputs at September 30, 2010:

Book value of fixed income securities	\$ 50,000
Unrealized gains	<u>819</u>
Market value (Level 1)	<u>\$ 50,819</u>

Investment income at September 30, 2010 consists of the following:

Interest income	\$ 2,998
Unrealized gains on investments	<u>583</u>
Total	<u>\$ 3,581</u>

NOTE 5. NET ASSETS

Friends defines unrestricted, board designated net assets as the portion of unrestricted net assets that the Board of Directors has designated for capital improvements for the visitor center and store. The funds were originally received absent donor stipulations. The balance of unrestricted board designated net assets at September 30, 2010 was \$31,355.

FRIENDS OF THE BOSQUE DEL APACHE NATIONAL WILDLIFE REFUGE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 5. NET ASSETS (CONTINUED)

Temporarily restricted net assets at September 30, 2010 are available for the following purposes:

Temporarily Restricted Net Assets:

Bus Scholarship	\$ 3,879
Youth Hunt	4,170
Arboretum	689
Visitor Center Children's Corner	1,451
Chupadera Peak	6,254
Live-action cameras	10,000
Bosque Book	1,000
Salt cedar removal and restoration	665
Interpretive displays at Visitor Center	80
Taylor site deck	280
Print Bosque del Apache Through the Eyes of Children	2,500
Audio tour and field guide	1,050
Emerson Learn Endowment	16,605
RioFest	<u>3,876</u>
	<u>\$ 52,499</u>

NOTE 6. 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 \$22,800 for the year ended September 30, 2010 has been reflected as an in-kind revenue and expense on the statement of activities.

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 serves to educate the general public on Refuge programs and services. Though Friends was responsible for funding and monitoring construction, title to the addition reverted to the Service upon completion of the project.