

*NORTH CAROLINA  
WILDLIFE FEDERATION, INC.*

*FINANCIAL STATEMENTS  
DECEMBER 31, 2016*

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***North Carolina Wildlife Federation, Inc.***

**Table of Contents**

**December 31, 2016**

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	<b>Page</b>
Independent Auditors' Report .....	1
Audited Financial Statements:	
Statement of Financial Position .....	2
Statement of Activities .....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6-10

# C. DEWITT FOARD & COMPANY, P.A.

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CERTIFIED PUBLIC ACCOUNTANTS  
817 EAST MOREHEAD STREET SUITE 100  
CHARLOTTE, NORTH CAROLINA 28202  
TELEPHONE: 704-372-1515 FACSIMILE: 704-372-6066

PHILLIP G. WILSON  
TERRY W. LANCASTER

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
North Carolina Wildlife Federation, Inc.  
Charlotte, North Carolina

We have audited the accompanying financial statements of North Carolina Wildlife Federation, Inc. (the "Federation" - a nonprofit corporation), which comprise the statement of financial position as of December 31, 2016, 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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of North Carolina Wildlife Federation, Inc., as of December 31, 2016 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.

### Report on Summarized Comparative Information

We have previously audited the Federation's 2015 financial statements, and our report dated July 18, 2016, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*C. DeWitt Foard & Company, P.A.*  
March 31, 2017

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**NORTH CAROLINA WILDLIFE FEDERATION, INC.****Statement of Financial Position****December 31, 2016, with prior year comparative totals**

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	December, 31	
	2016	2015
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 4,144,446	\$ 1,118,908
Prepaid expenses	7,657	31,870
Investments	693,541	724,237
Property and Equipment (net)	229,697	220,165
Other assets	7,400	7,400
<b><u>TOTAL ASSETS</u></b>	<b>\$ 5,082,741</b>	<b>\$ 2,102,580</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable	\$ 1,400	\$ 7,571
Funds held for the benefit of others	217,797	-
<b><u>Total Liabilities</u></b>	<b>219,197</b>	<b>7,571</b>
Net Assets:		
Unrestricted	4,581,160	2,053,009
Temporarily restricted	240,384	-
Permanently restricted	42,000	42,000
<b><u>Total Net Assets</u></b>	<b>4,863,544</b>	<b>2,095,009</b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b>\$ 5,082,741</b>	<b>\$ 2,102,580</b>

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**NORTH CAROLINA WILDLIFE FEDERATION, INC.****Statement of Activities****Year Ended December 31, 2016, with prior year comparative totals**

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	Year ended December 31, 2016				Prior Year Comparative Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
<b><u>SUPPORT AND REVENUE</u></b>					
Contributions	\$ 3,439,157	\$ 40,866	\$ -	\$ 3,480,023	\$ 853,211
Grants	115,906	199,518	-	315,424	385,752
Membership	150,990	-	-	150,990	205,629
Investment income	17,258	-	-	17,258	6,337
Loss on fixed asset disposals	-	-	-	-	(9,558)
Other income	24,560	-	-	24,560	8,516
Net assets released from restrictions satisfied by payments	-	-	-	-	-
<b><i>Total</i></b>	<b><i>3,747,871</i></b>	<b><i>240,384</i></b>	<b><i>-</i></b>	<b><i>3,988,255</i></b>	<b><i>1,449,887</i></b>
<b><u>EXPENSES</u></b>					
Program services	1,040,924	-	-	1,040,924	935,369
Management and general	94,656	-	-	94,656	85,161
Fundraising	84,140	-	-	84,140	75,696
<b><i>Total</i></b>	<b><i>1,219,720</i></b>	<b><i>-</i></b>	<b><i>-</i></b>	<b><i>1,219,720</i></b>	<b><i>1,096,226</i></b>
<b><i>CHANGE IN NET ASSETS</i></b>	<b><i>2,528,151</i></b>	<b><i>240,384</i></b>	<b><i>-</i></b>	<b><i>2,768,535</i></b>	<b><i>353,661</i></b>
<b><i>NET ASSETS, BEGINNING</i></b>	<b><i>2,053,009</i></b>	<b><i>-</i></b>	<b><i>42,000</i></b>	<b><i>2,095,009</i></b>	<b><i>1,741,348</i></b>
<b><i>NET ASSETS, ENDING</i></b>	<b><i>\$ 4,581,160</i></b>	<b><i>\$ 240,384</i></b>	<b><i>\$ 42,000</i></b>	<b><i>\$ 4,863,544</i></b>	<b><i>\$ 2,095,009</i></b>

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**NORTH CAROLINA WILDLIFE FEDERATION, INC.****Statement of Functional Expenses****Year Ended December 31, 2016, with prior year comparative totals**

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	Year ended December 31, 2016				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	Totals	
<b><u>PERSONNEL</u></b>					
Salaries	\$ 322,487	\$ 34,968	\$ 31,083	\$ 388,538	\$ 366,752
Payroll taxes	24,539	2,661	2,365	29,565	28,334
Benefits	35,341	3,832	3,406	42,579	43,687
<b>Total</b>	<b>382,367</b>	<b>41,461</b>	<b>36,854</b>	<b>460,682</b>	<b>438,773</b>
<b><u>OTHER EXPENSES</u></b>					
Printing and reproduction	65,971	7,153	6,359	79,483	60,594
Conferences and meetings	24,008	2,603	2,314	28,925	28,676
Contract labor	254,826	27,632	24,562	307,020	246,064
Special project materials	159,075	-	-	159,075	140,523
Postage and delivery	17,232	1,869	1,661	20,762	31,685
Occupancy	20,738	2,249	1,999	24,986	25,317
Insurance	19,220	2,084	1,853	23,157	20,588
Communications	4,910	532	473	5,915	8,052
Professional services	23,974	2,600	2,311	28,885	18,053
Travel	32,094	3,480	3,093	38,667	32,296
Scholarships	8,900	-	-	8,900	9,500
Other expenses	4,514	490	435	5,439	8,176
Bank charges	4,390	476	423	5,289	3,240
Property taxes	1,203	130	116	1,449	1,523
Supplies	3,010	326	290	3,626	4,979
Dues and subscriptions	3,481	377	336	4,194	596
<b>Total</b>	<b>647,546</b>	<b>52,001</b>	<b>46,225</b>	<b>745,772</b>	<b>639,862</b>
Total Expenses Before					
Depreciation	1,029,913	93,462	83,079	1,206,454	1,078,635
Depreciation expense	11,011	1,194	1,061	13,266	17,591
<b>TOTAL EXPENSES</b>	<b>\$ 1,040,924</b>	<b>\$ 94,656</b>	<b>\$ 84,140</b>	<b>\$ 1,219,720</b>	<b>\$ 1,096,226</b>

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**NORTH CAROLINA WILDLIFE FEDERATION, INC.****Statement of Cash Flows****Year Ended December 31, 2016, with prior year comparative totals**

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	December 31,	
	2016	2015
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 2,768,535	\$ 353,661
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	13,266	17,592
Loss on disposal of property and equipment	-	9,558
Realized and unrealized losses (gains)	612	27,817
(Increase) in operating assets:		
Prepaid expenses	24,213	(10,608)
Other assets	-	(1,600)
Increase (decrease) in operating liabilities:		
Accounts payable	(6,171)	(2,544)
Funds held for the benefit of others	217,797	-
<b><i>Cash Flows from Operating Activities</i></b>	<b>3,018,252</b>	<b>393,876</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of fixed assets	(22,798)	-
Purchase of investments	(48,517)	(388,450)
Proceeds from sale of investments	78,601	331,233
<b><i>Cash Flows from Investing Activities</i></b>	<b>7,286</b>	<b>(57,217)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>3,025,538</b>	<b>336,659</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>1,118,908</b>	<b>782,249</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 4,144,446</b>	<b>\$ 1,118,908</b>

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# ***North Carolina Wildlife Federation, Inc.***

## **Notes to Financial Statements**

**December 31, 2016**

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### **NOTE 1 - NATURE OF ACTIVITIES**

#### ***Organization***

North Carolina Wildlife Federation, Inc. (the Federation) was incorporated in April, 1945, under the laws of the State of North Carolina as a nonprofit organization. Its primary purpose is to protect, conserve and restore North Carolina wildlife and habitat. Programs and special events held by the Federation serve as an outreach to the public to educate them on the value and importance of wildlife in North Carolina.

#### ***Funding sources***

The Federation is supported primarily by membership dues and contributions from other organizations and individuals.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted net assets* – Unrestricted net assets are those currently available for use in the day-to-day operation of the Federation and those resources invested in property and equipment.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Federation and/or the passage of time. 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 accomplished in the year received are shown as unrestricted support.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Federation. At year-end, the Federation had \$42,000 of permanently restricted net assets.

#### ***Cash and equivalents***

Cash and equivalents consist of cash on hand, cash in banks, and certificates of deposit with original maturities of three months or less.

#### ***Property and equipment***

Property and equipment, which consists of equipment, vehicles, and leasehold improvements, valued at \$500 or more is carried on the books at its original cost if purchased or fair value if donated and depreciation expense is recorded using the straight-line method of depreciation over an estimated life of the assets, which vary from 10-40 years for buildings, 3-5 years for vehicles, and 5-20 years for equipment and software.

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# ***North Carolina Wildlife Federation, Inc.***

## **Notes to Financial Statements**

**December 31, 2016**

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### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

#### *Other assets*

Other assets consist of artwork that is not for sale that was recorded at fair value of \$5,800 when donated and \$1,600 of security deposits.

#### *Donated services and goods*

Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value. During year ended December 31, 2016, the Federation recorded no donated goods or services.

In addition, the Federation receives a substantial amount of donated services from unpaid volunteers in carrying out its program activities. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition.

#### *Federal income tax status*

The Federation is exempt from Federal income tax on its exempt function income under Internal Revenue Code Section 501(c)(3). The Federation is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

#### *Use of estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Funds held for the benefit of others*

The accompanying statement of activities does not include funds transferred to the Federation for the benefit of other unrelated organizations for which the Federation acts only as an agent and has no variance power over the use of these funds. During the year, the Federation received \$230,000 for the benefit of another organization; however, the Federation has no variance power over the use of these funds. The Federation disbursed \$12,203 of these funds during the year and retained the balance as revenue under the terms of the agreement.

#### *Functional allocation of expenses*

Expenses are allocated to program services and support services based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

#### *Prior-year comparative totals*

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Federation's 2015 financial statements, from which the summarized information was derived.

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**North Carolina Wildlife Federation, Inc.****Notes to Financial Statements****December 31, 2016**

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**NOTE 3 - INVESTMENTS AND INVESTMENT INCOME**

Investments of the Federation are recorded at fair value based on market quotations. Changes in the fair value of securities are reflected as unrealized investment gains or losses in the accompanying statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Interest and dividend income is recorded as earned or declared on an accrual basis.

Investments at Suntrust consist of the following as of December 31, 2016:

Fixed income	\$ 359,202
Equities	<u>334,339</u>
TOTAL	<u>\$ 693,541</u>

Investment income

Investment income for the year 2016 is comprised of the following:

Interest and dividends	\$ 23,689
Capital gains and losses	(612 )
Fees	<u>(5,819 )</u>
TOTAL	<u>\$ 17,258</u>

Fair value of financial instruments

GAAP requires fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs. Level 1 assets are those whose fair value is based on quoted prices in active markets for identical assets or liabilities. Level 2 assets are those whose fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 3 assets are those whose fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Federation's investments at December 31, 2016 are all classified as a Level 1.

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**North Carolina Wildlife Federation, Inc.****Notes to Financial Statements****December 31, 2016**

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**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2016:

Building	\$ 318,904
Furniture and equipment	23,613
Computer software	<u>34,635</u>
Total Property and Equipment	377,152
Less – accumulated depreciation	<u>147,455</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 229,697</u>

**NOTE 5 - ENDOWMENT**

The Federation's endowments consist of four funds established for conservation education and scholarships. The Federation's endowments include donor-restricted funds to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Federation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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. As a result of this interpretation, the Federation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Federation, and (7) the Federation's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* The Federation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Under this policy, as approved by the Board of Directors, endowment assets are invested in a well diversified asset mix, which includes equity and debt securities that is intended to produce results that attempt to match the price and yield results of the S&P 500 index. Actual returns in any given year may vary.

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**North Carolina Wildlife Federation, Inc.****Notes to Financial Statements****December 31, 2016**

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**NOTE 5 - ENDOWMENT, continued**

*Spending Policy.* The distributable amount determined for the funds shall include all earnings, realized capital gains, and support received during the year.

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent amounts with donor stipulations that limit the use of the funds. Temporarily restricted net assets at year-end are as follows:

Native Fish Conservation Area Videos and Maps	\$ 85,000
Habitat Enhancement Project	59,168
Great Outdoors University	35,500
Red Wolf/Elk Reward	20,000
Butterfly Highway	19,850
Catawba Garbage Clean Up	10,924
Mountain Island Lake Project	9,000
Lake Norman Wildlife Conservationists	942
	<hr/>
	\$ 240,384
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**NOTE 7 - LEASES**

Lease payments for office space made during the current fiscal year were \$33,452. Future minimum payments of \$34,800 under non-cancelable operating lease agreements for office space are due during 2017, \$27,000 due during 2018, \$19,200 due during 2019 and \$6,400 due during the year 2020. The Federation also collected \$15,756 of rental income from tenants who sub-lease a portion of their office space.

**NOTE 8 - CONCENTRATIONS OF CREDIT RISK**Cash

The Federation regularly maintains cash balances at financial institutions in excess of FDIC and SIPC insured limits. At December 31, 2016, the uninsured balance of cash was \$3,837,108. However, management believes that the risk related to the accounts is minimal because of the strong credit rating of the financial institutions.

Credit risk

Investments held in financial institutions are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC); however, this insurance does not cover the loss of value of the underlying assets. As disclosed in Note 3 above, the Federation maintains a variety of investments which are subject to fluctuations in market values and expose the Federation to a certain degree of investment risk.

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***North Carolina Wildlife Federation, Inc.***

**Notes to Financial Statements**

**December 31, 2016**

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**NOTE 8 - CONCENTRATIONS OF CREDIT RISK, continued**

*Revenue concentration*

The Federation received the majority of its funding during the year ended December 31, 2016, from a limited number of funding sources, which represents a significant concentration of revenue. Any significant reduction in this funding, if this were to occur, could have a significant effect on the Federation's programs and activities.

**NOTE 9 - SUBSEQUENT EVENTS**

The Federation has evaluated subsequent events from the date of the statement of financial position through the date of the audit report which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.