

*NORTH CAROLINA  
WILDLIFE FEDERATION, INC.*

*FINANCIAL STATEMENTS  
DECEMBER 31, 2019*

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

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**December 31, 2019**

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

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## **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, 2019, 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, 2019 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 2018 financial statements, and our report dated February 1, 2019, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*C. DeWitt Foard & Company, P.A.*  
January 31, 2020

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**NORTH CAROLINA WILDLIFE FEDERATION, INC.****Statement of Financial Position****December 31, 2019, with prior year comparative totals**

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	December, 31	
	2019	2018
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 2,286,952	\$ 2,264,694
Prepaid expenses	14,043	13,235
Investments	3,325,697	2,681,559
<b><i>Total Current Assets</i></b>	<b><i>5,626,692</i></b>	<b><i>4,959,488</i></b>
Long-Term Assets:		
Investments	42,000	42,000
Property and equipment (net)	198,433	206,829
Other assets	7,400	7,400
<b><i>Total Long-Term Assets</i></b>	<b><i>247,833</i></b>	<b><i>256,229</i></b>
<b><i>TOTAL ASSETS</i></b>	<b><i>\$ 5,874,525</i></b>	<b><i>\$ 5,215,717</i></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts payable	\$ 8,287	\$ 10,944
Funds held for the benefit of others	171,722	194,104
<b><i>Total Current Liabilities</i></b>	<b><i>180,009</i></b>	<b><i>205,048</i></b>
Net Assets:		
Without donor restrictions	5,387,399	4,836,152
With donor restrictions	307,117	174,517
<b><i>Total Net Assets</i></b>	<b><i>5,694,516</i></b>	<b><i>5,010,669</i></b>
<b><i>TOTAL LIABILITIES AND NET ASSETS</i></b>	<b><i>\$ 5,874,525</i></b>	<b><i>\$ 5,215,717</i></b>

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**NORTH CAROLINA WILDLIFE FEDERATION, INC.****Statement of Activities****Year Ended December 31, 2019, with prior year comparative totals**

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	Year ended December 31, 2019			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
<b><u>SUPPORT AND REVENUE</u></b>				
Contributions	\$ 1,046,326	\$ 101,867	\$ 1,148,193	\$ 881,032
Grants	215,635	155,000	370,635	251,472
Membership	159,712	-	159,712	165,515
Investment income	500,285	-	500,285	(130,093)
Gain on fixed asset disposals	2,400	-	2,400	-
Other income	6,615	-	6,615	18,395
Net assets released from restrictions by payments	124,267	(124,267)	-	-
<b><i>Total</i></b>	<b><i>2,055,240</i></b>	<b><i>132,600</i></b>	<b><i>2,187,840</i></b>	<b><i>1,186,321</i></b>
<b><u>EXPENSES</u></b>				
Program services	1,218,665	-	1,218,665	1,059,515
Management and general	155,575	-	155,575	137,195
Fundraising	129,753	-	129,753	114,548
<b><i>Total</i></b>	<b><i>1,503,993</i></b>	<b><i>-</i></b>	<b><i>1,503,993</i></b>	<b><i>1,311,258</i></b>
<b><i>CHANGE IN NET ASSETS</i></b>	<b><i>551,247</i></b>	<b><i>132,600</i></b>	<b><i>683,847</i></b>	<b><i>(124,937)</i></b>
<b><i>NET ASSETS, BEGINNING</i></b>	<b><i>4,836,152</i></b>	<b><i>174,517</i></b>	<b><i>5,010,669</i></b>	<b><i>5,135,606</i></b>
<b><i>NET ASSETS, ENDING</i></b>	<b><i>\$ 5,387,399</i></b>	<b><i>\$ 307,117</i></b>	<b><i>\$ 5,694,516</i></b>	<b><i>\$ 5,010,669</i></b>

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***NORTH CAROLINA WILDLIFE FEDERATION, INC.*****Statement of Functional Expenses****Year Ended December 31, 2019, with prior year comparative totals**

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	Year ended December 31, 2019				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	Totals	
<b><i>PERSONNEL</i></b>					
Salaries	\$ 434,801	\$ 107,122	\$ 88,218	\$ 630,141	\$ 542,551
Payroll taxes	32,183	7,929	6,530	46,642	39,182
Benefits	44,340	10,924	8,997	64,261	56,972
<b><i>Total</i></b>	<b><i>511,324</i></b>	<b><i>125,975</i></b>	<b><i>103,745</i></b>	<b><i>741,044</i></b>	<b><i>638,705</i></b>
<b><i>OTHER EXPENSES</i></b>					
Printing and reproduction	59,603	6,463	5,745	71,811	75,555
Conferences and meetings	23,785	2,579	2,293	28,657	34,918
Contract labor	319,483	-	-	319,483	277,984
Special project materials	127,578	-	-	127,578	91,937
Postage and delivery	16,546	1,794	1,595	19,935	27,645
Occupancy	19,029	4,688	3,861	27,578	27,364
Insurance	21,392	2,320	2,062	25,774	20,170
Communications	6,438	698	621	7,757	6,178
Professional services	34,373	3,727	3,313	41,413	12,532
Travel	35,521	3,852	3,424	42,797	52,462
Scholarships	11,500	-	-	11,500	9,005
Other expenses	1,774	192	171	2,137	3,411
Bank charges	4,336	470	418	5,224	3,951
Property taxes	1,369	148	132	1,649	1,554
Supplies	5,255	570	507	6,332	10,386
Dues and subscriptions	9,448	1,024	911	11,383	6,742
<b><i>Total</i></b>	<b><i>697,430</i></b>	<b><i>28,525</i></b>	<b><i>25,053</i></b>	<b><i>751,008</i></b>	<b><i>661,794</i></b>
Total Expenses Before					
Depreciation	1,208,754	154,500	128,798	1,492,052	1,300,499
Depreciation expense	9,911	1,075	955	11,941	10,759
<b><i>TOTAL EXPENSES</i></b>	<b><i>\$ 1,218,665</i></b>	<b><i>\$ 155,575</i></b>	<b><i>\$ 129,753</i></b>	<b><i>\$ 1,503,993</i></b>	<b><i>\$ 1,311,258</i></b>

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***NORTH CAROLINA WILDLIFE FEDERATION, INC.*****Statement of Cash Flows****Year Ended December 31, 2019, with prior year comparative totals**

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	December 31,	
	2019	2018
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 683,847	\$ (124,937)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	11,941	10,759
In-kind vehicle donation	(3,000)	-
Gain on disposal of property and equipment	(2,400)	-
Realized and unrealized losses (gains)	(526,157)	168,074
(Increase) in operating assets:		
Grants receivable	-	58,100
Prepaid expenses	(808)	(2,702)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,657)	(10,095)
Funds held for the benefit of others	(22,382)	(23,896)
<b><i>Cash Flows from Operating Activities</i></b>	<b><i>138,384</i></b>	<b><i>75,303</i></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Proceeds from sale of vehicle	2,400	-
Purchase of fixed assets	(545)	-
Purchase of investments	(245,060)	(2,586,965)
Proceeds from sale of investments	127,079	504,628
<b><i>Cash Flows from Investing Activities</i></b>	<b><i>(116,126)</i></b>	<b><i>(2,082,337)</i></b>
<b><i>NET CHANGE IN CASH AND CASH EQUIVALENTS</i></b>	<b><i>22,258</i></b>	<b><i>(2,007,034)</i></b>
<b><i>CASH AND CASH EQUIVALENTS, BEGINNING</i></b>	<b><i>2,264,694</i></b>	<b><i>4,271,728</i></b>
<b><i>CASH AND CASH EQUIVALENTS, ENDING</i></b>	<b><i>\$ 2,286,952</i></b>	<b><i>\$ 2,264,694</i></b>

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

## **Notes to Financial Statements**

**December 31, 2019**

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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**

#### ***Financial statement presentation***

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, contributions and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gifts of land, buildings and equipment are recorded as increases in net assets without donor restrictions unless explicit donor restrictions specify how the donated assets must be used. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as net assets with restrictions. When donor-imposed time restrictions expire, or a donor-imposed purpose restriction is fulfilled, the net assets with restrictions are released to net assets without restrictions 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 contributions without donor restrictions. Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization are also included as a component of net assets with restrictions.

#### ***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 \$1,000 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.

#### ***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.



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

### **Notes to Financial Statements**

**December 31, 2019**

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

##### *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 the year ended December 31, 2019, the Federation recorded \$3,000 of donated vehicle. No other contributed services or donated goods were recorded.

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 \$20,000 for the benefit of another organization. The Federation disbursed \$42,382 of these funds during the year and retained the balance in a separate cash account.

##### *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 2018 financial statements, from which the summarized information was derived.

#### **NOTE 3 - FUNCTIONAL EXPENSES**

The Federation's activities are focused in three functional areas. Program services represent the primary focus of the Federation's activities. Supporting services are fundraising activities and general and administrative activities. The expenses that are allocated include personnel expenses, which are allocated on the basis of estimates of time and effort. Depreciation and amortization and occupancy are also allocated on a similar percentage as personnel. All other expenses are allocated based on an analysis by management of the various expenses that comprise those costs.

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

## **Notes to Financial Statements**

**December 31, 2019**

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### **NOTE 4 - INVESTMENTS**

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 are recorded as earned or declared on an accrual basis.

Investments at Suntrust consist of the following as of December 31, 2019:

Fixed income	\$ 1,279,672
Equities	1,789,575
U.S. Treasury bonds	249,170
Certificates of deposit	<u>49,280</u>
TOTAL	<u>\$ 3,367,697</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 all are classified as Level 1 investments.

### **NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2019:

Building	\$ 318,905
Furniture and equipment	21,264
Computers and software	<u>35,528</u>
Total Property and Equipment	375,697
Less – accumulated depreciation	<u>177,264</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 198,433</u>

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**North Carolina Wildlife Federation, Inc.****Notes to Financial Statements****December 31, 2019**

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**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

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

## Subject to Expenditure for Specified Purposes:

Native Fish Conservation Area Videos and Maps	\$ 8,049
Habitat Enhancement Project	34,168
Red Wolf/Elk Reward	40,000
Catawba Garbage Clean Up	23,900
Sound Solutions	100,000
Building Coastal Resilience	45,000
Surrey Yadkin Wilkes Habitat	5,000
Mountain Island Lake Project	9,000
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Total Not Available for Expenditure	265,117
Donor Restricted Endowment – Permanently Restricted	42,000
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TOTAL	\$ 307,117

**NOTE 7 - ENDOWMENTS**

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.

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

## **Notes to Financial Statements**

**December 31, 2019**

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*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.

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

### **NOTE 8 - LEASES**

Lease payments for office space made during the current fiscal year were \$19,584. Future minimum payments of \$6,400 under non-cancelable operating lease agreements for office space are due during 2020.

### **NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Federation has \$5,612,649 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$2,286,952 and investments of \$3,325,697. Included in the financial assets available within one year, \$436,839 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Federation has a goal to maintain financial assets, which consist of cash and investments, on hand to meet 150 days of normal operating expenses, which are, on average, approximately \$108,833. The Federation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the Federation invests cash in excess of daily requirements in various investments, including certificates of deposit, short-term treasury instruments, equities and fixed income securities.

### **NOTE 10 - 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, 2019, the uninsured balance of cash was \$1,511,492. 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 4 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, 2019**

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***Revenue concentration***

A limited number of funding sources provide a significant portion of the Federation's revenue. This represents a significant concentration of risk that operations could be affected if any of these donors discontinued giving to the Federation.

**NOTE 11 – RETIREMENT PLAN**

The Federation maintains a Simplified Employee Pension Plan, which covers all full-time employees of the Federation. The Federation's Board of Directors approved a 6% contribution of all full-time employees' salaries during the year. The amount contributed was \$37,118.

**NOTE 12 - 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.