

*NORTH CAROLINA
WILDLIFE FEDERATION, INC.*

*FINANCIAL STATEMENTS
DECEMBER 31, 2020*

NORTH CAROLINA WILDLIFE FEDERATION, INC.

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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, 2020, 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, 2020 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 2019 financial statements, and our report dated January 31, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. Dewitt Foard & Company, P.A.
February 4, 2021

NORTH CAROLINA WILDLIFE FEDERATION, INC.**Statement of Financial Position****December 31, 2020, with prior year comparative totals**

ASSETS	December, 31,	
	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 2,709,979	\$ 2,286,952
Prepaid expenses	7,967	14,043
Investments	3,586,883	3,325,697
Total Current Assets	6,304,829	5,626,692
Long-Term Assets:		
Investments	42,000	42,000
Property and equipment (net)	186,493	198,433
Other assets	7,400	7,400
Total Long-Term Assets	235,893	247,833
TOTAL ASSETS	\$ 6,540,722	\$ 5,874,525
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 17,357	\$ 8,287
Funds held for the benefit of others	135,055	171,722
Total Liabilities	152,412	180,009
Net Assets:		
Without donor restrictions	6,063,906	5,387,399
With donor restrictions	324,404	307,117
Total Net Assets	6,388,310	5,694,516
TOTAL LIABILITIES AND NET ASSETS	\$ 6,540,722	\$ 5,874,525

NORTH CAROLINA WILDLIFE FEDERATION, INC.**Statement of Activities****Year Ended December 31, 2020, with prior year comparative totals**

	Year ended December 31, 2020			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
<u>SUPPORT AND REVENUE</u>				
Contributions	\$ 956,385	\$ 287,065	\$ 1,243,450	\$ 1,307,905
Grants	494,455	-	494,455	370,635
Investment income	415,034	-	415,034	500,285
Gain on fixed asset disposals	-	-	-	2,400
Other income	12,181	-	12,181	6,615
Net assets released from restrictions by payments	269,778	(269,778)	-	-
<i>Total</i>	<i>2,147,833</i>	<i>17,287</i>	<i>2,165,120</i>	<i>2,187,840</i>
<u>EXPENSES</u>				
Program services	1,136,448	-	1,136,448	1,218,665
Management and general	190,135	-	190,135	155,575
Fundraising	144,743	-	144,743	129,753
<i>Total</i>	<i>1,471,326</i>	<i>-</i>	<i>1,471,326</i>	<i>1,503,993</i>
<i>CHANGE IN NET ASSETS</i>	<i>676,507</i>	<i>17,287</i>	<i>693,794</i>	<i>683,847</i>
<i>NET ASSETS, BEGINNING</i>	<i>5,387,399</i>	<i>307,117</i>	<i>5,694,516</i>	<i>5,010,669</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 6,063,906</i>	<i>\$ 324,404</i>	<i>\$ 6,388,310</i>	<i>\$ 5,694,516</i>

NORTH CAROLINA WILDLIFE FEDERATION, INC.**Statement of Functional Expenses****Year Ended December 31, 2020, with prior year comparative totals**

	Year ended December 31, 2020				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	Totals	
<u>PERSONNEL</u>					
Salaries	\$ 438,473	\$ 91,981	\$ 93,438	\$ 623,892	\$ 593,023
Payroll taxes	34,469	7,231	7,345	49,045	46,642
Benefits	80,458	16,878	17,146	114,482	101,379
Total	553,400	116,090	117,929	787,419	741,044
<u>OTHER EXPENSES</u>					
Printing and reproduction	57,918	12,150	12,342	82,410	71,811
Conferences and meetings	7,093	-	-	7,093	28,657
Contract labor	323,251	-	-	323,251	319,483
Special project materials	109,008	-	-	109,008	127,578
Postage and delivery	-	7,811	-	7,811	19,935
Occupancy	19,087	4,004	4,067	27,158	27,578
Insurance	20,455	7,311	4,359	32,125	25,774
Communications	4,463	936	951	6,350	7,757
Professional services	-	30,636	-	30,636	41,413
Travel	12,409	2,603	2,644	17,656	42,797
Scholarships	7,400	-	-	7,400	11,500
Other expenses	-	1,769	-	1,769	2,137
Bank charges	-	4,412	-	4,412	5,224
Property taxes	-	-	-	-	1,649
Supplies	3,111	653	663	4,427	6,332
Dues and subscriptions	10,461	-	-	10,461	11,383
Total	574,656	72,285	25,026	671,967	751,008
Total Expenses Before					
Depreciation	1,128,056	188,375	142,955	1,459,386	1,492,052
Depreciation expense	8,392	1,760	1,788	11,940	11,941
TOTAL EXPENSES	\$ 1,136,448	\$ 190,135	\$ 144,743	\$ 1,471,326	\$ 1,503,993

NORTH CAROLINA WILDLIFE FEDERATION, INC.**Statement of Cash Flows****Year Ended December 31, 2020, with prior year comparative totals**

	December 31,	
	2020	2019
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 693,794	\$ 683,847
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	11,941	11,941
In-kind vehicle donation	-	(3,000)
Gain on disposal of property and equipment	-	(2,400)
Realized and unrealized losses (gains)	(353,407)	(526,157)
(Increase) in operating assets:		
Prepaid expenses	6,076	(808)
Increase (decrease) in operating liabilities:		
Accounts payable	9,070	(2,657)
Funds held for the benefit of others	(36,667)	(22,382)
<i>Cash Flows from Operating Activities</i>	<i>330,807</i>	<i>138,384</i>
<u>INVESTING ACTIVITIES</u>		
Proceeds from sale of vehicle	-	2,400
Purchase of fixed assets	-	(545)
Purchase of investments	(187,045)	(245,060)
Proceeds from sale of investments	279,265	127,079
<i>Cash Flows from Investing Activities</i>	<i>92,220</i>	<i>(116,126)</i>
<i>NET CHANGE IN CASH AND CASH EQUIVALENTS</i>	<i>423,027</i>	<i>22,258</i>
<i>CASH AND CASH EQUIVALENTS, BEGINNING</i>	<i>2,286,952</i>	<i>2,264,694</i>
<i>CASH AND CASH EQUIVALENTS, ENDING</i>	<i>\$ 2,709,979</i>	<i>\$ 2,286,952</i>

North Carolina Wildlife Federation, Inc.

Notes to Financial Statements

December 31, 2020

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 grants 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 Federation are also included as a component of net assets with restrictions.

Revenue recognition

During the year ended December 31, 2020, the Federation adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2014-09, “*Revenue from Contracts with Customers (Topic 606)*” (“ASU 2014-09”). The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The implementation of ASU 2014-09 had no impact on the accompanying financial statements.

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.

North Carolina Wildlife Federation, Inc.

Notes to Financial Statements

December 31, 2020

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 the year ended December 31, 2020, the Federation recorded no contributed services or donated goods.

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 disbursed \$36,666 of these funds during the year and retained the balance in a separate cash account.

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.

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 2019 financial statements, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

North Carolina Wildlife Federation, Inc.

Notes to Financial Statements

December 31, 2020

NOTE 3 - 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 consist of the following as of December 31, 2020:

Fixed income	\$ 1,343,355
Equities	2,058,653
U.S. Treasury bonds	151,539
Corporate bonds	51,695
Other	<u>23,641</u>
TOTAL	<u>\$ 3,628,883</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 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2020:

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>189,204</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 186,493</u>

North Carolina Wildlife Federation, Inc.

Notes to Financial Statements

December 31, 2020

NOTE 5 - 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:

Red Wolf/Elk Reward	\$ 120,056
Catawba Garbage Clean Up	14,900
Sound Solutions	100,000
Building Coastal Resilience	20,000
All other, no fund greater than \$10,000	27,448
	<hr/>
Total Not Available for Expenditure	282,404
Donor Restricted Endowment – Permanently Restricted	42,000
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TOTAL	<u>\$ 324,404</u>

NOTE 6 - 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.

North Carolina Wildlife Federation, Inc.

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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 7 - LEASES

The Federation has leased office space for its Charlotte administrative office under an operating lease agreement through April 30, 2025. Lease expense was \$20,608 for the year ended December 31, 2020, and future minimum rental payments under the lease are as follows:

Year ended December 31,	
2021	\$ 21,402
2022	21,830
2023	22,266
2024	22,562
2025	<u>7,620</u>
Total lease payments	<u>\$ 95,680</u>

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Federation has \$6,338,862 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$2,709,979 and investments of \$3,628,883. Included in the financial assets available within one year, \$459,884 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 180 days of normal operating expenses, which are, on average, approximately \$293,000. 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.

North Carolina Wildlife Federation, Inc.**Notes to Financial Statements****December 31, 2020**

NOTE 9 - PAYCHECK PROTECTION PROGRAM

In order to mitigate the effect of the COVID-19 pandemic, the Federation received a Paycheck Protection Program “PPP” loan for \$211,200 from the Small Business Administration “SBA” during the year. Since the amount was fully utilizing during the year, it is recorded as grant revenue in the accompanying financial statements. The Federation applied for forgiveness in full after year-end.

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, 2020, the uninsured balance of cash was \$2,229,813; 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.

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 - RELATED PARTY

During 2020 the Federation paid \$10,326 to a current member of its Board of Directors for legal services.

NOTE 13 - UNCERTAINTY

The COVID-19 pandemic has resulted in major changes in the local economy and has resulted in the Federation suspending certain events. At this point, the full impact of this pandemic on the Federation is unknown, but management believes that it could negatively impact its support and revenue for the foreseeable future. To mitigate this uncertainty, the Federation applied for a second PPP loan for \$135,750.

North Carolina Wildlife Federation, Inc.

Notes to Financial Statements

December 31, 2020

NOTE 14 - 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.