

*North Carolina Wildlife Federation,
Inc.*

Financial Statements

December 31, 2023

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

Opinion

We have audited the accompanying financial statements of North Carolina Wildlife Federation, Inc. (the "Federation" - a nonprofit organization), which comprise the statement of financial position - modified cash basis as of December 31, 2023, and the related statements of activities - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of North Carolina Wildlife Federation, Inc. as of December 31, 2023, and its support, revenue, and expenses and changes in net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Carolina Wildlife Federation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

North Carolina Wildlife Federation, Inc.
Charlotte, North Carolina

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of North Carolina Wildlife Federation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Carolina Wildlife Federation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Foard & Company, P.A.

February 2, 2024

NORTH CAROLINA WILDLIFE FEDERATION, INC.**Statement of Financial Position - Modified Cash Basis****December 31, 2023**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 2,492,098
Sales tax receivable	2,313
Investments	5,042,367

Total Current Assets **7,536,778**

Long-Term Assets:

Investments	112,933
Property and equipment (net)	161,150
Security deposit	1,600

Total Long-Term Assets **275,683**

TOTAL ASSETS **\$ 7,812,461**

LIABILITIES AND NET ASSETS

Liabilities:

Liabilities	\$ -
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Total Liabilities **-**

Net Assets:

Without donor restrictions	7,541,607
With donor restrictions	270,854

Total Net Assets **7,812,461**

TOTAL LIABILITIES AND NET ASSETS **\$ 7,812,461**

NORTH CAROLINA WILDLIFE FEDERATION, INC.**Statement of Activities - Modified Cash Basis****Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Totals
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 1,471,357	\$ 696,648	\$ 2,168,005
Grants	943,025	25,000	968,025
Other income	8,446	-	8,446
Net assets released from restrictions by payments	624,061	(624,061)	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>3,046,889</i>	<i>97,587</i>	<i>3,144,476</i>
<u>EXPENSES</u>			
Program services	1,860,000	-	1,860,000
Management and general	339,924	-	339,924
Fundraising	118,869	-	118,869
<i>TOTAL EXPENSES</i>	<i>2,318,793</i>	<i>-</i>	<i>2,318,793</i>
<i>INCOME FROM OPERATING ACTIVITIES</i>	<i>728,096</i>	<i>97,587</i>	<i>825,683</i>
Non operating activity:			
Investment income, net	461,023	-	461,023
<i>CHANGE IN NET ASSETS</i>	<i>1,189,119</i>	<i>97,587</i>	<i>1,286,706</i>
<i>NET ASSETS, BEGINNING</i>	<i>6,323,005</i>	<i>343,267</i>	<i>6,666,272</i>
<i>Prior Period Adjustment (Note 2)</i>	<i>29,485</i>	<i>(170,000)</i>	<i>(140,515)</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 7,541,609</i>	<i>\$ 270,854</i>	<i>\$ 7,812,463</i>

NORTH CAROLINA WILDLIFE FEDERATION, INC.**Statement of Functional Expenses - Modified Cash Basis****Year Ended December 31, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
<i>PERSONNEL</i>				
Salaries	\$ 856,930	\$ 58,245	\$ 79,189	\$ 994,364
Payroll taxes	67,352	4,578	6,224	78,154
Benefits	129,244	8,785	11,944	149,973
<i>Total</i>	<i>1,053,526</i>	<i>71,608</i>	<i>97,357</i>	<i>1,222,491</i>
<i>OTHER EXPENSES</i>				
Printing and reproduction	126,483	8,597	11,688	146,768
Contract labor	340,996	171,863	-	512,859
Special project materials	183,974	-	-	183,974
Postage and delivery	-	9,672	-	9,672
Equipment and technology	-	34,120	-	34,120
Occupancy	47,164	3,206	4,358	54,728
Insurance	11,760	6,027	1,087	18,874
Professional services	-	9,238	-	9,238
Repairs and maintenance	-	1,015	-	1,015
Travel	33,850	4,964	3,128	41,942
Scholarships	9,300	-	-	9,300
Other expenses	-	1,867	-	1,867
Supplies	6,275	427	580	7,282
Miscellaneous	-	15,306	-	15,306
Dues and subscriptions	35,931	-	-	35,931
<i>Total</i>	<i>795,733</i>	<i>266,302</i>	<i>20,841</i>	<i>1,082,876</i>
<i>Total Expenses Before</i>				
<i>Depreciation</i>	<i>1,849,259</i>	<i>337,910</i>	<i>118,198</i>	<i>2,305,367</i>
Depreciation expense	10,741	2,014	671	13,426
<i>TOTAL EXPENSES</i>	<i>\$ 1,860,000</i>	<i>\$ 339,924</i>	<i>\$ 118,869</i>	<i>\$ 2,318,793</i>

NORTH CAROLINA WILDLIFE FEDERATION, INC.**Statement of Cash Flows - Modified Cash Basis****Year Ended December 31, 2023**

OPERATING ACTIVITIES

Change in net assets	\$ 1,286,706
Adjustments to reconcile change in net assets to cash flows from operating activities:	
Depreciation	13,426
Contributions for endowment	(4,652)
Realized and unrealized losses (gains)	(339,482)
(Increase) decrease in operating assets:	
Sales tax receivable	(840)
<i>Cash Flows from Operating Activities</i>	<i>955,158</i>

INVESTING ACTIVITIES

Purchase of investments	(1,329,618)
Proceeds from sale of investments	318,804
<i>Cash Flows from Investing Activities</i>	<i>(1,010,814)</i>

FINANCING ACTIVITIES

Contributions held for endowment	4,652
<i>Cash Flows from Financing Activities</i>	<i>4,652</i>

<i>NET CHANGE IN CASH AND CASH EQUIVALENTS</i>	<i>(51,004)</i>
<i>CASH AND CASH EQUIVALENTS, BEGINNING</i>	<i>2,543,104</i>
<i>CASH AND CASH EQUIVALENTS, ENDING</i>	<i>\$ 2,492,100</i>

North Carolina Wildlife Federation, Inc.

Notes to Financial Statements

December 31, 2023

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

Basis of accounting

The accompanying financial statements have been prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP).

Pursuant to the cash basis of accounting, revenue and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. In addition, all other amounts received are recorded as cash receipts and all other amounts expended are recorded as cash disbursements. The Federation has adopted the following modifications to the cash basis of accounting:

- The payment and refund of state sales tax paid are shown as changes in an asset, sales tax receivable, rather than as receipts and disbursements. The balance at year-end is expected to be collected in full in the following year.
- Acquisitions and disposals of property and equipment are shown as increases and decreases in an asset account rather than as receipts and disbursements. Depreciation is provided over the estimated useful lives of the fixed assets.
- Investments are recorded at fair value, with unrealized gains and losses shown as increases and decreases in an asset account.

The significant differences between the basis of accounting employed by the Federation and generally accepted accounting principles, in addition to the timing of the recognition of revenue and expenses, are as follows:

- No amounts have been reflected in the financial statements for donated services or any other in-kind contributions to the Federation.
- No right of use asset or lease liability has been recorded relating to operating leases.

North Carolina Wildlife Federation, Inc.

Notes to Financial Statements

December 31, 2023

Basis of presentation

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:

Net assets without donor restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated 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. From time to time, the Board of Directors may designate certain amounts to be utilized to meet specific objectives. Such amounts, if any, are reflected as without donor restrictions, designated net assets in the accompanying statement of financial position.

Net assets with donor restrictions – Net assets with donor restrictions are comprised of amounts that may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met either by actions of the Federation or the passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. During the year, the Federation had no net assets with donor 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.

Use of estimates

The preparation of the financial statements in conformity with the modified cash basis of accounting 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.

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.

North Carolina Wildlife Federation, Inc.

Notes to Financial Statements

December 31, 2023

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.

Prior period adjustment

At the beginning of the Federation's fiscal year, management determined that the accrual basis of accounting was no longer an appropriate basis of accounting for the Federation. As a result, the Federation converted from the accrual basis of accounting in accordance with GAAP to the modified cash basis of accounting. The conversion to the modified cash basis of accounting resulted in an increase in net assets without donor restrictions of \$29,485 and a decrease of \$170,000 in net assets with restrictions, as disclosed in the accompanying Statement of Activities.

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, 2023:

Fixed income	\$ 2,011,239
Equities	1,428,806
U.S. Treasury bonds	370,530
Certificates of Deposit	<u>1,344,725</u>
TOTAL	<u>\$ 5,155,300</u>

Investment earnings

Investment earnings for the year ended December 31, 2023:

Interest and dividend income	\$ 151,199
Realized and unrealized gain on investments	339,482
Investment fees	<u>(29,658)</u>
TOTAL	<u>\$ 461,023</u>

North Carolina Wildlife Federation, Inc.

Notes to Financial Statements

December 31, 2023

Fair value of financial instruments

US 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, except for the certificates of deposit, which are classified as Level 2 investments.

NOTE 4 - 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 perpetuity 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 net assets with donor restrictions to be maintained in perpetuity are classified as purpose 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.

North Carolina Wildlife Federation, Inc.**Notes to Financial Statements****December 31, 2023**

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

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2023:

Building	\$ 318,905
Furniture, equipment, and vehicles	35,564
Computers and software	<u>35,528</u>
Total Property and Equipment	389,997
Less – accumulated depreciation	<u>228,847</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 161,150</u>

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:

Reforest	\$ 96,921
Restoring Habitat	16,000
Building Coastal Resilience	25,000
Conserving and Restoring Habitat in Western North Carolina	<u>20,000</u>
Total Not Available for General Expenditure	157,921
Donor Restricted Endowment – Restricted in Perpetuity	<u>112,933</u>
TOTAL	<u>\$ 270,854</u>

Net assets with donor restrictions consist of cash of \$64,987 and investments of \$112,933 as of December 31, 2023.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Federation has \$7,536,778 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$2,492,098, sales tax receivable of \$2,313, and investments of \$5,042,367. Included in the financial assets available within one year, \$157,922 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 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, 2023

NOTE 8 - LEASES

The Federation has leased office space for its Charlotte administrative office under an operating lease agreement through April 30, 2025. Lease expense was \$21,830 for the year ended December 31, 2023, and future minimum rental payments under the lease for the year ending December 31, 2024 is \$22,266 and the year ending December 31, 2025 is \$7,620.

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

Cash

Cash held in bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Federation holds cash in excess of the insured limits covered by the FDIC; however, the Federation believes it is not exposed to any significant credit risk related to these accounts.

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 10 - 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 \$59,616.

NOTE 11 - 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.