

**National Wildlife  
Refuge Association  
Financial Statements  
June 30, 2019 and 2018**



National  
Wildlife Refuge  
Association

## TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses - For the Year Ended June 30, 2019	5
Statement of Functional Expenses - For the Year Ended June 30, 2018	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 19



JOHN T SQUIRE (Retired)  
SUSAN A LEMKIN (Retired)  
BART J LANMAN CPA CFP®  
ROBERT J KOPERA CPA  
LISA M BLACKMORE CPA MBA  
ALISON J OLSEN CPA  
TRACY M MOREY CPA

SQUIRE, LEMKIN + COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
111 ROCKVILLE PIKE  
SUITE 475  
ROCKVILLE MARYLAND 20850  
301 424 6800 TELEPHONE  
301 424 6892 FACSIMILE  
EMAIL SUPPORT@MYCPAS.COM  
WWW.MYCPAS.COM

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
National Wildlife Refuge Association  
Washington, DC

We have audited the accompanying financial statements of the National Wildlife Refuge Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' 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 auditors consider 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 above present fairly, in all material respects, the financial position of the National Wildlife Refuge Association as of June 30, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Sygnis, Lemke + Co., LLP*

April 30, 2020

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**STATEMENTS OF FINANCIAL POSITION**

	JUNE 30,	
	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 102,521	\$ 395,701
Prepaid expenses	4,659	4,881
Contributions and grants receivable	137,826	123,655
Investments	81,265	76,760
Property and equipment, net	7,874	6,803
Security deposit	8,123	8,123
Cash and cash equivalents - restricted	30,113	43,081
<b>TOTAL ASSETS</b>	<b>\$ 372,381</b>	<b>\$ 659,004</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 51,917	\$ 79,617
Line of credit	84,947	92,340
Accrued vacation payable	26,166	25,788
<b>TOTAL LIABILITIES</b>	<b>\$ 163,030</b>	<b>\$ 197,745</b>
<b>NET ASSETS:</b>		
Without donor restrictions	\$ 64,962	\$ (116,282)
With donor restrictions	144,389	577,541
<b>TOTAL NET ASSETS</b>	<b>\$ 209,351</b>	<b>\$ 461,259</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 372,381</b>	<b>\$ 659,004</b>

The accompanying notes are an integral part of these financial statements.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**STATEMENTS OF ACTIVITIES**

	FOR THE YEARS ENDED JUNE 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>						
Contributions	\$ 469,427	\$ 210,754	\$ 680,181	\$ 527,525	\$ 25,700	\$ 553,225
Combined Federal Campaign	13,988	-	13,988	12,439	-	12,439
Federal grants	775,099	-	775,099	734,984	-	734,984
Foundation and other grants	262,294	95,000	357,294	605,692	61,568	667,260
Contingent gain	-	-	-	50,289	-	50,289
Investment income	-	5,876	5,876	-	11,295	11,295
Legacies and bequests	5,250	-	5,250	196,889	-	196,889
Special event:						
Gross revenue	85,775	-	85,775	93,064	-	93,064
Direct donor benefit	(40,208)	-	(40,208)	(37,904)	-	(37,904)
Net assets released from restriction	744,782	(744,782)	-	64,122	(64,122)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>\$ 2,316,407</b>	<b>\$ (433,152)</b>	<b>\$ 1,883,255</b>	<b>\$ 2,247,100</b>	<b>\$ 34,441</b>	<b>\$ 2,281,541</b>
<b>EXPENSES:</b>						
Program services:						
Conservation programs	\$ 704,799	\$ -	\$ 704,799	\$ 739,843	\$ -	\$ 739,843
Conservation constituency-building	689,014	-	689,014	584,033	-	584,033
Conservation policy and education	238,436	-	238,436	150,712	-	150,712
Communications	41,814	-	41,814	125,211	-	125,211
Total program services	<u>\$ 1,674,063</u>	<u>\$ -</u>	<u>\$ 1,674,063</u>	<u>\$ 1,599,799</u>	<u>\$ -</u>	<u>\$ 1,599,799</u>
Support services:						
Management	\$ 171,331	\$ -	\$ 171,331	\$ 176,958	\$ -	\$ 176,958
Fundraising	289,769	-	289,769	173,287	-	173,287
Total supporting services	<u>\$ 461,100</u>	<u>\$ -</u>	<u>\$ 461,100</u>	<u>\$ 350,245</u>	<u>\$ -</u>	<u>\$ 350,245</u>
<b>TOTAL EXPENSES</b>	<b>\$ 2,135,163</b>	<b>\$ -</b>	<b>\$ 2,135,163</b>	<b>\$ 1,950,044</b>	<b>\$ -</b>	<b>\$ 1,950,044</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 181,244</b>	<b>\$ (433,152)</b>	<b>\$ (251,908)</b>	<b>\$ 297,056</b>	<b>\$ 34,441</b>	<b>\$ 331,497</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>(116,282)</u>	<u>577,541</u>	<u>461,259</u>	<u>(413,338)</u>	<u>543,100</u>	<u>129,762</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 64,962</u></u>	<u><u>\$ 144,389</u></u>	<u><u>\$ 209,351</u></u>	<u><u>\$ (116,282)</u></u>	<u><u>\$ 577,541</u></u>	<u><u>\$ 461,259</u></u>

The accompanying notes are an integral part of these financial statements.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2019**

	Conservation Programs	Conservation Constituency - Building	Conservation Policy and Education	Communications	Total Program Services	Management	Fundraising	Totals
Personnel costs:								
Salaries	\$ 240,027	\$ 322,927	\$ 159,096	\$ 19,510	\$ 741,560	\$ 40,486	\$ 140,334	\$ 922,380
Payroll taxes	19,934	27,196	11,047	1,872	60,049	3,303	8,912	72,264
Pension	11,010	8,388	7,401	644	27,443	1,431	4,060	32,934
Employee benefits	14,987	22,405	2,703	152	40,247	360	1,154	41,761
Payroll fees	1,173	1,546	618	118	3,455	241	522	4,218
Total personnel costs	<u>\$ 287,131</u>	<u>\$ 382,462</u>	<u>\$ 180,865</u>	<u>\$ 22,296</u>	<u>\$ 872,754</u>	<u>\$ 45,821</u>	<u>\$ 154,982</u>	<u>\$ 1,073,557</u>
Accounting	-	-	-	-	-	66,967	-	66,967
Advertising	1,750	5,000	674	-	7,424	68	-	7,492
Awards and gifts	-	-	-	4,503	4,503	-	-	4,503
Banking and credit card fees	1,285	1,425	-	261	2,971	913	1,105	4,989
Board meetings	8,540	4,328	1,932	745	15,545	2,606	1,637	19,788
Conferences, conventions and meetings	680	6,804	5,866	107	13,457	376	2,403	16,236
Consultants	317,312	37,385	24,074	5,261	384,032	12,377	87,014	483,423
Depreciation	669	892	422	163	2,146	572	359	3,077
Grants to other organizations	25,000	154,608	-	-	179,608	-	-	179,608
Interest	1,812	2,414	1,142	442	5,810	1,549	973	8,332
Liability insurance	1,449	1,930	913	354	4,646	1,238	778	6,662
Office supplies	1,401	14,497	837	793	17,528	1,972	3,784	23,284
Photocopying and other printing	6,646	2,498	509	195	9,848	681	6,016	16,545
Postage and delivery	380	670	208	81	1,339	281	3,914	5,534
Registration fees	-	-	-	-	-	12,765	-	12,765
Rent - facility and equipment	19,180	25,548	12,082	4,683	61,493	16,391	10,295	88,179
Staff development and training	-	-	-	-	-	-	-	-
Subscriptions, dues, and references	3,931	7,188	2,731	660	14,510	2,309	2,289	19,108
Telephone and internet costs	2,183	2,625	1,241	481	6,530	1,684	1,074	9,288
Travel	25,450	38,740	4,940	789	69,919	2,761	13,146	85,826
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 704,799</u>	<u>\$ 689,014</u>	<u>\$ 238,436</u>	<u>\$ 41,814</u>	<u>\$ 1,674,063</u>	<u>\$ 171,331</u>	<u>\$ 289,769</u>	<u>\$ 2,135,163</u>
Expenses included on the statement of activities:								
Special event costs	-	-	-	-	-	-	40,208	40,208
<b>TOTAL EXPENSES</b>	<u>\$ 704,799</u>	<u>\$ 689,014</u>	<u>\$ 238,436</u>	<u>\$ 41,814</u>	<u>\$ 1,674,063</u>	<u>\$ 171,331</u>	<u>\$ 329,977</u>	<u>\$ 2,175,371</u>

The accompanying notes are an integral part of these financial statements.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2018**

	Conservation Programs	Conservation Constituency - Building	Conservation Policy and Education	Communications	Total Program Services	Management	Fundraising	Totals
Personnel costs:								
Salaries	\$ 300,039	\$ 333,844	\$ 85,581	\$ 29,808	\$ 749,272	\$ 22,589	\$ 76,492	\$ 848,353
Payroll taxes	22,979	27,037	6,322	2,601	58,939	1,244	4,689	64,872
Pension	9,433	6,402	3,259	436	19,530	406	1,667	21,603
Employee benefits	15,614	24,859	4,400	1,182	46,055	1,393	911	48,359
Payroll fees	1,076	1,298	298	115	2,787	93	205	3,085
Total personnel costs	<u>\$ 349,141</u>	<u>\$ 393,440</u>	<u>\$ 99,860</u>	<u>\$ 34,142</u>	<u>\$ 876,583</u>	<u>\$ 25,725</u>	<u>\$ 83,964</u>	<u>\$ 986,272</u>
Accounting	-	-	-	-	-	69,429	-	69,429
Advertising	500	-	260	-	760	-	270	1,030
Awards and gifts	-	-	-	5,858	5,858	8,160	3,536	17,554
Banking and credit card fees	1,575	1,702	437	255	3,969	780	390	5,139
Board meetings	1,243	1,383	355	207	3,188	632	317	4,137
Conferences, conventions and meetings	4,802	3,231	6,800	194	15,027	593	9,095	24,715
Consultants	274,774	60,734	22,520	72,149	430,177	44,267	34,399	508,843
Depreciation	935	1,040	267	156	2,398	476	238	3,112
Grants to other organizations	5,000	37,500	-	-	42,500	-	-	42,500
Interest	2,562	2,850	731	427	6,570	1,306	653	8,529
Liability insurance	2,422	2,694	691	404	6,211	1,234	618	8,063
Office supplies	1,320	1,269	553	576	3,718	669	5,479	9,866
Photocopying and other printing	6,422	210	162	7	6,801	20	6,725	13,546
Postage and delivery	1,653	2,129	457	396	4,635	817	5,124	10,576
Registration fees	5,245	5,835	1,496	875	13,451	2,673	1,337	17,461
Rent - facility and equipment	24,920	27,724	7,109	4,156	63,909	12,693	6,354	82,956
Staff development and training	66	-	-	-	66	-	-	66
Subscriptions, dues, and references	5,053	3,996	2,682	599	12,330	1,928	916	15,174
Telephone and internet costs	3,371	3,276	832	486	7,965	1,486	743	10,194
Travel	48,839	35,020	5,500	4,324	93,683	4,070	13,129	110,882
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 739,843</u>	<u>\$ 584,033</u>	<u>\$ 150,712</u>	<u>\$ 125,211</u>	<u>\$ 1,599,799</u>	<u>\$ 176,958</u>	<u>\$ 173,287</u>	<u>\$ 1,950,044</u>
Expenses included on the statement of activities:								
Special event costs	-	-	-	-	-	-	37,904	37,904
<b>TOTAL EXPENSES</b>	<u>\$ 739,843</u>	<u>\$ 584,033</u>	<u>\$ 150,712</u>	<u>\$ 125,211</u>	<u>\$ 1,599,799</u>	<u>\$ 176,958</u>	<u>\$ 211,191</u>	<u>\$ 1,987,948</u>

The accompanying notes are an integral part of these financial statements.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED	
	JUNE 30,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (251,908)	\$ 331,497
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	3,077	3,112
Donated stock	(63,467)	(20,039)
Realized and unrealized gains on investments	(4,547)	(8,551)
Change in assets and liabilities:		
Prepaid expenses	222	(156)
Contributions and grants receivable	(14,171)	(67,681)
Security deposit	-	-
Accounts payable and accrued expenses	(27,700)	1,341
Accrued vacation payable	378	(2,711)
Deferred rent liability	-	(10,458)
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ (358,116)</b>	<b>\$ 226,354</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of furniture and equipment	\$ (4,148)	\$ (2,186)
Proceeds from sale of investments	63,509	118,065
Purchases and reinvested earnings of investments	-	(1,489)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>\$ 59,361</b>	<b>\$ 114,390</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit	\$ 95,903	\$ 10,000
Principal payments on line of credit	(103,296)	(8,528)
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>\$ (7,393)</b>	<b>\$ 1,472</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (306,148)</b>	<b>\$ 342,216</b>
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<b>438,782</b>	<b>96,566</b>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<b>\$ 132,634</b>	<b>\$ 438,782</b>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE:</b>		
Cash paid for interest	<b>\$ 8,332</b>	<b>\$ 8,529</b>

The accompanying notes are an integral part of these financial statements.

# NATIONAL WILDLIFE REFUGE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1. **Organization and Significant Accounting Policies**

**Organization** - National Wildlife Refuge Association (the Refuge Association) was organized as a nonprofit corporation in Minnesota in 1975 and is the only national non-governmental organization devoted to supporting the health and welfare of the National Wildlife Refuge System and promoting wildlife refuges and vital conservation lands beyond their boundaries. Through advocacy, public outreach, and landscape conservation partnerships, the Refuge Association works to strengthen the ecological integrity of our national wildlife refuges and thus ensure a diverse spectrum of plants and wildlife for future generations. Headquartered in Washington, DC, the Refuge Association is supported primarily through grants and contributions.

A summary of the Refuge Association's significant programs follows:

**Conservation Programs** - The Refuge Association supports landscape-scale conservation initiatives that secure the ecological well-being of national wildlife refuges and their surrounding natural systems. The Refuge Association convenes public and private partner agencies, nonprofits and community members, identifies key challenges and opportunities in ecosystem conservation and helps set common goals, and then works with partners to build community support and secure funding from a variety of sources to accomplish wildlife conservation goals on the ground.

**Conservation Constituency - Building** - The Refuge Association plays a leadership role in bringing a spectrum of interests together to support conservation action, and specifically the success of the National Wildlife Refuge System (Refuge System). The Refuge Association trains, educates, mentors, and organizes Refuge Friends groups across the country, engages private landowners, ranchers, and sportsmen, and works with community groups surrounding urban wildlife refuges. Together, these constituent groups form a diverse chorus of voices, which the Refuge Association brings together to take action in support of wildlife conservation needs.

**Conservation Policy and Education** - The Refuge Association mobilizes hundreds of local and national partners to address urgent conservation needs, including funding for the Refuge System, loss of vital habitat and natural systems that sustain wildlife refuges, invasive species, and damaging changes in land use. The Refuge Association chairs a coalition of national environmental, scientific, and sporting groups with a combined membership of more than 15 million people, with the objective of raising awareness of the needs and accomplishments of our national wildlife refuges.

**Communication** - The National Wildlife Refuge Association's Communications program is focused on developing and executing branding and marketing strategies to a) communicate programs of the Refuge Association effectively, b) grow and cultivate the constituency of the National Wildlife Refuge System of the United States Fish and Wildlife Service, and c) enhance the Refuge Association's offline and online presence.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

Note 1. **Organization and Significant Accounting Policies** (Continued)

A summary of the Refuge Association's significant accounting policies follows:

**Basis of Accounting** - The financial statements of the Refuge Association have been prepared on the accrual basis of accounting whereby, revenue is recognized when earned, and expenses are recognized when incurred.

**Basis of Presentation** - Net assets, revenue, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Refuge Association, management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Refuge Association, or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**Cash and Cash Equivalents** - For purposes of reporting cash flows, the Refuge Association considers savings accounts and all highly liquid securities purchased with an original maturity of three months or less to be cash equivalents.

Restricted cash - The Refuge Association has cash held in savings and money market accounts related to its endowment. Endowment cash is restricted and disclosed separately from operating cash.

The following table provides a reconciliation of cash and cash equivalents, and restricted cash within the statement of financial position that sum to the totals of cash and cash equivalents used in the statement of cash flows.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 102,521	\$ 395,701
Restricted cash	30,113	43,081
Totals	<u>\$ 132,634</u>	<u>\$ 438,782</u>

# NATIONAL WILDLIFE REFUGE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1. **Organization and Significant Accounting Policies** (Continued)

**Contributions and Grants Receivable** - Contributions receivable represent unconditional promises to give that have not yet been collected. Grants receivable are for reimbursement of costs incurred under grant agreements. Billed amounts represent invoices that have been prepared and sent to the responsible organization. Grants receivable are carried at original invoice amounts. Contributions and grants receivable are recorded less an estimate made for doubtful receivables based on a review of all outstanding amounts on an annual basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Contributions and grants receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2019 and 2018, management expects the amount in grants receivable to be fully collectible. As such, a provision for doubtful accounts has not been recorded.

**Investments** - Investments are reported at fair value using quoted market prices when available. Interest and dividends are reported when earned. Net realized and unrealized gains and losses on investments include the gains and losses on investments bought and sold as well as held during the year.

**Fair Value Measurements** - The Refuge Association complies with the Statement of Financial Accounting Standards Codification topic *Fair Value Measurements*. This defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy under this topic are described below:

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The Refuge Association invests in corporate stock, exchange-traded funds, and mutual funds which are stated at fair value based on quoted market prices at the date of the financial statements. Money market funds held as short term investments are included in cash and cash equivalents and are carried at cost, which approximates fair value.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

Note 1. **Organization and Significant Accounting Policies** (Continued)

**Property and Equipment** - Property and equipment is recorded at cost and consists of furniture and equipment. The Refuge Association capitalizes all property and equipment with a useful life greater than one year and a cost basis of \$500 or more. However, equipment specifically provided for in government grants is expensed in the year purchased. Depreciation of property and equipment is computed over an estimated useful life of five years on a straight-line basis. When property and equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Repairs and maintenance are charged to expense as incurred.

**Revenue Recognition** - Unconditional promises to give, grants, legacies and bequests, and Combined Federal Campaign contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Support that is without donor restrictions is reported as an increase in net assets without donor restrictions. All other support with donor restrictions is reported as an increase net assets with donor restrictions.

Revenue from federal grants is recognized as services are performed and costs are incurred. Federal grant funds received prior to costs incurred are included in deferred revenue.

Contingent gains are recognized in the period of settlement of the underlying event.

Special event revenues are recorded as revenue when the event is held and the revenue is earned. Investment income is recorded as revenue in the period that it is earned.

**Accounting for Uncertain Tax Provisions** - The Refuge Association follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Management evaluated the Refuge Association's tax positions and concluded that the Refuge Association has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. For the years ended June 30, 2019 and 2018, no unrecognized tax provision or benefit exists.

**Income Tax** - The Refuge Association is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation. However, income from certain activities not directly related to the Refuge Association's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2019 and 2018, there was no provision for income taxes since the Refuge Association had not taxable income from unrelated business activities.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

Note 1. **Organization and Significant Accounting Policies** (Continued)

**Advertising Expenses** - Advertising costs are expensed as they are incurred.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Personnel costs	Time and effort
Banking and credit card fees	Time and effort
Conferences, conventions, and meetings	Time and effort
Consultants	Time and effort
Depreciation	Time and effort
Interest	Time and effort
Liability insurance	Time and effort
Office supplies	Time and effort
Photocopying and other printing	Time and effort
Postage and delivery	Time and effort
Rent - facility and equipment	Time and effort
Subscriptions, dues, and references	Time and effort
Telephone and internet costs	Time and effort
Travel	Time and effort

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**New Accounting Pronouncement** - On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Net assets previously reported as unrestricted are now reported as without donor restriction, net assets previously reported as temporarily restricted and permanently restricted are now reported as with donor restriction, and investment fees are netted against investment revenue on the Statement of Activities. The Refuge Association, has adjusted the presentation of these statements accordingly, and the ASU has been applied retrospectively to all periods presented.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

Note 2. **Grants and Pledges Receivable** - Grants and pledges receivable are expected to be received as follows as of at June 30:

	2019	2018
Less than 1 year	\$ 132,826	\$ 123,655
1 – 5 years	5,000	--
Totals	\$ 137,826	\$ 123,655

Note 3. **Investments** - As of June 30, 2019 and 2018, investments consist of the following, at fair value:

	2019	2018
Corporate stock	\$ 14,772	\$ 13,736
Exchange traded funds	42,445	41,992
Mutual funds	24,048	21,032
Total investments	\$ 81,265	\$ 76,760

All investments are considered Level 1 investments.

For the years ended June 30, 2019 and 2018, investment income consisted of the following:

	2019	2018
Realized gain	\$ 41	\$ 27,872
Unrealized gain (loss) on investments	4,506	(19,321)
Interest and dividends	1,329	2,744
Totals	\$ 5,876	\$ 11,295

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

*Corporate stock, exchange-traded funds, and mutual funds* - These funds are listed on a national market or exchange and are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

Note 4. **Property and Equipment** - Property and equipment consisted of the following as of June 30, 2019 and 2018:

	2019	2018
Furniture and equipment	\$ 40,209	\$ 36,061
Less, accumulated depreciation	(32,335)	(29,258)
Totals	\$ 7,874	\$ 6,803

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

Note 5. **Operating Leases** - The Refuge Association has a lease for office space at 1001 Connecticut Avenue NW, Washington, DC, which expired on December 31, 2019. The lease required monthly payments of \$7,898 through November 2018 and monthly payments of \$8,115 thereafter through December 31, 2019. Effective on January 1, 2020, the lease term was extended through March 31, 2023. The amended lease provides abatement for the first 3 months.

Future minimum lease payments under the operating lease are as follows:

Years Ending June 30,	Amount
2020	\$ 71,984
2021	94,458
2022	97,056
2023	74,455
Total	\$ 337,953

Note 6. **Line of Credit** - The Refuge Association signed a line of credit agreement with the United States Senate Federal Credit Union. The maximum amount of the line of credit is \$200,000 and the interest rate on all outstanding balances is 9.5%.

Note 7. **Net Assets With Donor Restrictions** - Net assets with donor restrictions were composed of the following as of June 30:

	2019	2018
Website Design	\$ 2,000	\$ 25,700
Conservation Programs	28,527	--
Development Department	64,514	--
General Support - time restricted	10,000	--
Endowment	39,348	551,841
Totals	\$ 144,389	\$ 577,541

Note 8. **Endowments** - The Refuge Association established an Endowment Fund during the year ending June 30, 2007. The Calvin J. Lensink Endowment Fund (the Fund) was established with the intention that the principal amount be maintained in perpetuity and invested for growth and income. The annual return represented by interest, dividends, and realized and unrealized gains would be available for operations. The will, which created the bequest, contained a provision that would allow The Refuge Association, based on judgment to render the maintenance of the Fund no longer appropriate and to use the Fund to further the objectives of the National Wildlife Refuge System in protection of the Nation's wildlife resources if changed circumstances threaten the survival of the Refuge Association. The Refuge Association has used the Fund in the past to draw money from in ways variously characterized as advancements with the intention to refund the Fund.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

Note 8. **Endowments** (Continued)

During 2019, the Board of Directors of the Refuge Association determined that changed circumstances have threatened the survival of the Refuge Association and approved to render the maintenance of the Fund inappropriate. The Fund is shown as an appropriation of the endowment during 2019, which includes the advancements previously taken from the Fund.

The majority of the remaining funds within the endowment relate to the O'Brien Prize Fund. This fund was established to support a grant program to be awarded to one Friends group annually for a project that enhances the Refuge Association's efforts to support the National Wildlife Refuge System.

**Interpretation of Relevant Law** - The District of Columbia has enacted the Uniform Prudential Management of Institutional Funds Act (UPMIFA), the provisions of which apply to funds existing on or established after the effective date of the act. The Board of Directors of the Refuge Association has interpreted UPMIFA as requiring reasonable action to preserve 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 Refuge Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Refuge Association considers the following factors in making a determination to allocate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes 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, and (7) the investment policies of the Refuge Association.

**Return Objectives and Risk Parameters** - The Refuge Association has adopted investment policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in money market accounts, corporate stock, exchange traded funds, and mutual funds, which are intended to result in a consistent rate of return that has sufficient liquidity, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocations between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

Note 8. **Endowments** (Continued)

**Spending Policy** - The Refuge Association has no formally established policy for the appropriation of endowment assets for expenditure. However, it has been the practice of The Refuge Association, under direction of the Board, that the interest and dividends on the funds are appropriated for spending when transferred or deposited into operating accounts. The Finance Committee shall recommend a spending percentage on an annual basis. It has been the Board's general expectation that the spending policy be approximately four percent (4%) per year.

**Funds With Deficiencies** - From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board has interpreted the law governing endowments in the District of Columbia to permit spending on underwater endowments in accordance with prudent measures required under law.

Endowment net assets composition by type of fund as of June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ --	\$ 33,048	\$ 33,048
Accumulated investment gains	--	6,300	6,300
Totals	<u>\$ --</u>	<u>\$ 39,348</u>	<u>\$ 39,348</u>

Changes in endowment net assets for the fiscal year ended June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance at June 30, 2018	\$ --	\$ 551,841	\$ 551,841
Total investment return	--	5,876	5,876
Appropriations	--	(518,369)	(518,369)
Balance at June 30, 2019	<u>\$ --</u>	<u>\$ 39,348</u>	<u>\$ 39,348</u>

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

Note 8. **Endowments** (Continued)

Endowment net assets composition by type of fund as of June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ --	\$ 402,958	\$ 402,958
Accumulated investment gains	--	148,883	148,883
Totals	\$ --	\$ 551,841	\$ 551,841

Changes in endowment net assets for the fiscal year ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2017	\$ --	\$ 540,546	\$ 540,546
Total investment return	--	11,295	11,295
Appropriations	--	--	--
Balance at June 30, 2018	\$ --	\$ 551,841	\$ 551,841

Additionally, the board allowed the organization to advance funds from the endowment fund to assist with economic shortfalls.

For the years ended June 30, 2019 and 2018, advances from the endowment funds consisted of the following:

	2019	2018
Advance balance, beginning	\$ (432,000)	\$ (336,000)
Advances during fiscal year	--	(106,000)
Release from obligation	432,000	--
Repayments during fiscal year	--	10,000
Advance balance, ending	\$ --	\$ (432,000)
Endowment balance	39,348	551,841
Endowment, less advance	\$ 39,348	\$ 119,841
Investments	\$ 9,235	\$ 76,760
Cash and cash equivalents – restricted	30,113	43,081
Total investments and endowment cash	\$ 39,348	\$ 119,841

Note 9. **Reclassifications**- Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

Note 10. **Conditional Pledges** - The Refuge Association has signed grant agreements that contain donor conditions. Since these grants represent conditional promises to give, they are not recorded as grant revenue until donor conditions are met.

As of June 30, the conditional grants and related conditions are as follows:

	Condition	2019	2018
Conditional pledges:			
	Matching	\$ 97,833	\$ --

Note 11. **Availability and Liquidity** - The following represents the Refuge Association's financial assets at June 30, 2019 and 2018:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 102,521	\$ 395,701
Contributions and grants receivable, current	132,826	123,655
Investments	72,030	--
Total current financial assets	\$ 307,377	\$ 519,356
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ 144,389	\$ 577,541
Less net assets with purpose restrictions to be met in less than a year	(100,041)	(226,413)
Less amounts held in cash and investment accounts designated for donor restrictions	(39,348)	(119,841)
Net assets without donor restriction deficit	--	116,282
	\$ 5,000	\$ 347,569
Financial assets available to meet general expenditures over the next twelve months	\$ 302,377	\$ 171,787

The Refuge Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Refuge Association has various sources of liquidity at its disposal, including cash and cash equivalents, grants and contributions receivable, and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Refuge Association considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next year, the Refuge Association operates with a budget and compares it to actual results monthly. The Refuge Association anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

# NATIONAL WILDLIFE REFUGE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 12. **Pension Plan** - The Refuge Association adopted a defined contribution pension plan under Internal Revenue Code 403(b) in November 1994 that covers substantially all employees. The plan allows voluntary deductions from employees' wages to be deposited into individual tax sheltered accounts. The Refuge Association currently matches employee contributions up to 5% of salary per pay period of contribution.

Note 13. **Concentration Risks** - Financial instruments that potentially subject the Refuge Association to significant concentrations of credit risk consist of cash and cash equivalents, and investments. Such investments are exposed to various risks such as market and credit fluctuation. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements. The Refuge Association maintains a cash deposit and transaction account, along with investments, with financial institutions that from time to time may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC).

The Refuge Association has not experienced any credit losses on its cash and cash equivalents, and investments to date, as it relates to FDIC and SIPC insurance limits. Management assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

During the years ended June 30, 2019 and 2018, four and five contributors and grantors, respectively, provided approximately 41% and 44% of total revenue. For both years, no other contributors and grantors provided more than 5% of the organization's revenue.

Note 14. **Contingencies** - During the year ended June 30, 2016, the organization negotiated for additional federal funds from the United States Department of the Interior, related to the retroactive application of their approved indirect cost rate. The United States Department of Interior allowed reimbursement of approximately \$60,000 of expenditures made in prior years in performance under certain of its federal contracts. During the year ended June 30, 2018, the organization received and recognized revenue of \$50,289 related these reimbursements. As the negotiations are settled, recoveries, if any, arising from these negotiations will be recorded as income in the year received.

Note 15. **Subsequent Events** - In preparing these financial statements, the Refuge Association has evaluated events and transactions for potential recognition or disclosure through April 30, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. Financial impact could occur though such potential impact is unknown at this time. In addition, effective January 1, 2020, the Refuge Association extended their office lease as disclosed in Note 5.

**National Wildlife  
Refuge Association  
Single Audit Financial Report  
For The Year Ended  
June 30, 2019**



National  
Wildlife Refuge  
Association

## TABLE OF CONTENTS

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1 - 2
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Federal Awards Required by the Uniform Guidance	3 - 5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8 - 10



JOHN T SQUIRE (Retired)  
SUSAN A LEMKIN (Retired)  
BART J LANMAN CPA CFP®  
ROBERT J KOPERA CPA  
LISA M BLACKMORE CPA MBA  
ALISON J OLSEN CPA  
TRACY M MOREY CPA

SQUIRE, LEMKIN + COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
111 ROCKVILLE PIKE  
SUITE 475  
ROCKVILLE MARYLAND 20850  
301 424 6800 TELEPHONE  
301 424 6892 FACSIMILE  
EMAIL SUPPORT@MYCPAS.COM  
WWW.MYCPAS.COM

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
National Wildlife Refuge Association  
Washington, DC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the National Wildlife Refuge Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 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, and have issued our report thereon dated April 30, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the National Wildlife Refuge Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the National Wildlife Refuge Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the National Wildlife Refuge Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged by governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we considered to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether National Wildlife Refuge Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **National Wildlife Refuge Association's Response to Findings**

The National Wildlife Refuge Association's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The National Wildlife Refuge Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Squire, Lemke + Co., LLP*

June 3, 2020



JOHN T SQUIRE (Retired)  
SUSAN A LEMKIN (Retired)  
BART J LANMAN CPA CFP®  
ROBERT J KOPERA CPA  
LISA M BLACKMORE CPA MBA  
ALISON J OLSEN CPA  
TRACY M MOREY CPA

SQUIRE, LEMKIN + COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
111 ROCKVILLE PIKE  
SUITE 475  
ROCKVILLE MARYLAND 20850  
301 424 6800 TELEPHONE  
301 424 6892 FACSIMILE  
EMAIL SUPPORT@MYCPAS.COM  
WWW.MYCPAS.COM

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY  
THE UNIFORM GUIDANCE**

Board of Directors  
National Wildlife Refuge Association  
Washington, DC

**Report on Compliance for Each Major Federal Program**

We have audited National Wildlife Refuge Association's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of National Wildlife Refuge Association's major federal programs for the year ended June 30, 2019. National Wildlife Refuge Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of National Wildlife Refuge Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about National Wildlife Refuge Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of National Wildlife Refuge Association's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, National Wildlife Refuge Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which was required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to this matter.

National Wildlife Refuge Association's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. National Wildlife Refuge Association's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of National Wildlife Refuge Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered National Wildlife Refuge Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of National Wildlife Refuge Association's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-002, that we consider to be significant deficiencies.

National Wildlife Refuge Association's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. National Wildlife Refuge Association's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of National Wildlife Refuge Association as of and for the year ended June 30, 2019, and have issued our report thereon dated April 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Squire, Leland + Co., LLP*

June 3, 2020

**NATIONAL WILDLIFE REFUGE ASSOCIATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/ Program Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of the Interior:				
Partners for Fish and Wildlife	15.631	N/A	\$ -	\$ 86,681
Invasive Species	15.652	N/A	-	88,858
National Wildlife Refuge System Enhancements	15.654	N/A	154,608	361,069
Fish and Wildlife Coordination and Assistance	15.664	N/A	-	58,560
Youth Engagement, Education, and Employment	15.676	N/A	-	19,962
Total U.S. Department of the Interior			<u>\$ 154,608</u>	<u>\$ 615,130</u>
U.S Department of Agriculture:				
National Fish and Wildlife Foundation - Wetlands Reserve Program	10.072	FCF-293	\$ -	\$ 159,969
Total U.S Department of Agriculture			<u>\$ -</u>	<u>\$ 159,969</u>
Total Expenditures of Federal Awards			<u>\$ 154,608</u>	<u>\$ 775,099</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**JUNE 30, 2019**

- Note 1. **Basis of Presentation** - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Refuge Association under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Refuge Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Refuge Association.
- Note 2. **Summary of Significant Accounting Policies** - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3. **Indirect Cost Rate** - The Refuge Association has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. The Refuge Association instead used a provisional negotiated indirect cost rate of 20.97 percent.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**A. Summary of Auditors' Results**

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  X  Yes   No

Significant deficiency(ies) identified?   Yes  X  None noted

Noncompliance material to financial statements noted?   Yes  X  No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?   Yes  X  No

Significant deficiency(ies) identified?  X  Yes   None noted

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  X  Yes   No

Identification of Major Programs:

<u>CFDA Number/ Grant Number</u>	<u>Program Title</u>
15.654	U.S. Department of the Interior: National Wildlife Refuge System Enhancements

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Auditee qualified as a low-risk auditee?   Yes  X  No

**NATIONAL WILDLIFE REFUGE ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**B. Findings - Financial Statement Audit**

**2019-001**

- Criteria: Generally accepted accounting principles require unconditional contributions to be recorded at the earlier of when pledged or received. Conditional contributions are not recognized until conditions have been met.
- Condition: Revenue on unconditional pledges from board members was deferred because it was intended to be used towards the second year of the Board matching challenge. The revenue and receivables associated with the matching portion of this revenue was not recorded.
- Cause: A formal contribution document was not obtained for a Board challenge pledge.
- Effect: At the end of the current fiscal year, deferred revenue was overstated, contribution revenue was understated, and receivables were understated.
- Recommendation: We recommend the Organization perform a year-end review to ensure all revenue has been recorded in the correct period, by comparing the supporting documentation to the amounts recorded.
- Views of Responsible Officials: We agree with this finding and have amended procedures to implement a more thorough review of revenue documentation.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

DEPARTMENT OF THE INTERIOR

National Wildlife Refuge Systems Enhancements - CFDA No. 15.654

**2019-002** - Building Relevance for the National Wildlife Refuge System  
Award No.F15AC00246  
Grant period: September 1, 2015 through March 31, 2019

- Criteria: The Uniform Guidance (section 200.331 of Subpart D) requires all pass-through entities to clearly identify to the subrecipient at the time of the subaward that the funds are a subaward of federal funds, applicable award information, and compliance requirements.
- Condition: The grant documents provided to subrecipients did not include information regarding the CFDA title and number, award name and number, name of the federal awarding agency, and compliance requirements.

**NATIONAL WILDLIFE REFUGE ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

- Cause: Grant funds were provided to subrecipients and they were notified of the applicable criteria verbally, but it was not documented in the grant documents provided
- Effect: Communicating the required information verbally could lead to a subrecipient unaware the grant is federal funds. If the subrecipient organization changes staff or doesn't properly inform individuals working on the grant then they could be unaware of the requirements.
- Context: The Refuge Association awarded seven subrecipients grant awards within the major program during the fiscal year. All of these expenditures were selected during the test of compliance. In all instances, required information was missing from the grant documents.
- Recommendation: We recommend that all subrecipient award documents include the CFDA title and number, award name and number, name of the federal awarding agency, and compliance requirements. We recommend that the subrecipient signs the document acknowledging they are aware of the federal requirements and agree to the terms before funds are disbursed. The Refuge Association should consider developing a standardized grant agreement template required for all subrecipient awards.
- Views of Responsible Officials: Awards to subrecipients were properly recorded using signed financial agreements with required accounting of how funding received was used. We agree with the finding and have amended procedures to communicate when funding is federal to subrecipients.

**D. Prior Year Audit Findings - Financial Statement Audit**

None



## CORRECTIVE ACTION PLAN

June 5, 2020

Department of the Interior

National Wildlife Refuge Association respectfully submits the following corrective action plan for the year ended June 30, 2019.

Squire, Lemkin + Company LLP  
111 Rockville Pike, Suite 475  
Rockville, MD 20850

Audit period: July 1, 2018 – June 30, 2019

The findings from the June 30, 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS - FINANCIAL STATEMENT AUDIT

#### MATERIAL WEAKNESS

2019-001: Revenue Recognition

Recommendation: We recommend the Organization perform a year-end review to ensure all revenue has been recorded in the correct period, by comparing the supporting documentation to the amounts recorded.

**Action Taken:** In FY20, The National Wildlife Refuge Association implemented a new customer relation management system that would allow for proper tracking of contributions. With the efforts of the Director of Development and the Office Manager, the system is updated very frequently and will be cross checked throughout the fiscal year as well as at the close of the fiscal year.

### FINDINGS - FEDERAL AWARD PROGRAMS AUDIT

#### DEPARTMENT OF THE INTERIOR

#### SIGNIFICANT DEFICIENCY

2019-002 – National Wildlife Refuge System Enhancements – CFDA No. 15.654

Recommendation: We recommend that all subrecipient award documents include the CFDA title and number, award name and number, name of the federal awarding agency, and compliance requirements. We recommend that the subrecipient signs the document acknowledging they are aware of the federal requirements and agree to the terms before funds are disbursed. The Refuge Association should consider developing a standardized grant agreement template required for all subrecipient awards.

**Action Taken:** The National Wildlife Refuge Association has updated the subrecipients Memorandum of Understanding (MOU) template to include the name of the federal agency the funds originate from and the CFDA number. Moving forward, this template will be utilized for all subrecipients MOU's.

If the Department of the Interior has questions regarding this plan, please call Mark Musaus at 770-855-5110.

Sincerely,

A handwritten signature in cursive script that reads "Mark J. Musaus".

Mark J. Musaus, Chief Operating Officer  
National Wildlife Refuge Association