

**National Wildlife
Refuge Association
Financial Statements
June 30, 2018 and 2017**



National
Wildlife Refuge
Association

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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, 2018 and 2017, 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, 2018 and 2017 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.

Correction of an Error

As discussed in Note 12 to the financial statements, certain errors resulting in the understatement of temporarily restricted net assets and overstatement of unrestricted net asset as of June 30, 2017 and prior years related to the endowment were discovered during the current year. Accordingly, amounts reported for temporarily restricted net assets and unrestricted net assets for the year ended June 30, 2017 have been restated on the June 30, 2017 financial statements now presented, and an adjustment has been made to temporarily restricted net assets and unrestricted net assets as of June 30, 2016 to correct the error. Our opinion is not modified with respect to this matter.

Sygnse, Lemke + Co., LLP

April 1, 2019

NATIONAL WILDLIFE REFUGE ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

	JUNE 30,	
	(AS RESTATED)	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 425,809	\$ 86,872
Prepaid expenses	4,881	4,725
Grants receivable	123,655	55,974
Investments	76,760	164,746
Property and equipment, net	6,803	7,729
Security deposit	8,123	8,123
Cash and cash equivalents - restricted	12,973	9,694
TOTAL ASSETS	\$ 659,004	\$ 337,863
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 79,617	\$ 78,276
Line of credit	92,340	90,868
Accrued vacation payable	25,788	28,499
Deferred rent liability	-	10,458
TOTAL LIABILITIES	\$ 197,745	\$ 208,101
NET ASSETS:		
Unrestricted net assets (deficit)	\$ (116,282)	\$ (413,338)
Temporarily restricted net assets	174,583	140,142
Permanently restricted net assets	402,958	402,958
TOTAL NET ASSETS	\$ 461,259	\$ 129,762
TOTAL LIABILITIES AND NET ASSETS	\$ 659,004	\$ 337,863

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

NATIONAL WILDLIFE REFUGE ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30,

	2018				2017 (AS RESTATED)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT:								
Contributions	\$ 527,525	\$ 25,700	\$ -	\$ 553,225	\$ 322,372		\$ -	\$ 322,372
Combined Federal Campaign	12,439	-	-	12,439	10,168	-	-	10,168
Federal grants	734,984	-	-	734,984	1,242,396	-	-	1,242,396
Foundation and other grants	605,692	61,568	-	667,260	710,198	-	-	710,198
Contingent gain	50,289	-	-	50,289	-	-	-	-
Investment income	-	11,295	-	11,295	-	45,269	-	45,269
Legacies and bequests	196,889	-	-	196,889	16,687	-	-	16,687
Special event:								
Gross revenue	93,064	-	-	93,064	77,361	-	-	77,361
Direct donor benefit	(37,904)	-	-	(37,904)	(35,636)	-	-	(35,636)
Net assets released from restriction	64,122	(64,122)	-	-	796,025	(796,025)	-	-
TOTAL REVENUE AND OTHER SUPPORT	\$ 2,247,100	\$ 34,441	\$ -	\$ 2,281,541	\$ 3,139,571	\$ (750,756)	\$ -	\$ 2,388,815
OPERATING EXPENSES:								
Program services:								
Conservation programs	\$ 760,699	\$ -	\$ -	\$ 760,699	\$ 1,275,751	\$ -	\$ -	\$ 1,275,751
Conservation constituency-building	607,236	-	-	607,236	578,536	-	-	578,536
Conservation policy and education	156,662	-	-	156,662	202,144	-	-	202,144
Communications	128,689	-	-	128,689	351,173	-	-	351,173
Total program services	<u>\$ 1,653,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,653,286</u>	<u>\$ 2,407,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,407,604</u>
Support services:								
Management	\$ 118,153	\$ -	\$ -	\$ 118,153	\$ 386,488	\$ -	\$ -	\$ 386,488
Fundraising	178,605	-	-	178,605	106,056	-	-	106,056
Total supporting services	<u>\$ 296,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,758</u>	<u>\$ 492,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492,544</u>
TOTAL EXPENSES	<u>\$ 1,950,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,950,044</u>	<u>\$ 2,900,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,900,148</u>
CHANGE IN NET ASSETS	<u>\$ 297,056</u>	<u>\$ 34,441</u>	<u>\$ -</u>	<u>\$ 331,497</u>	<u>\$ 239,423</u>	<u>\$ (750,756)</u>	<u>\$ -</u>	<u>\$ (511,333)</u>
NET ASSETS (DEFICIT):								
BEGINNING OF YEAR (BEFORE RESTATEMENT)	\$ (413,338)	\$ 140,142	\$ 402,958	\$ 129,762	\$ (560,442)	\$ 798,579	\$ 402,958	\$ 641,095
RESTATEMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,319)</u>	<u>92,319</u>	<u>-</u>	<u>-</u>
BEGINNING OF YEAR (AFTER RESTATEMENT)	<u>\$ (413,338)</u>	<u>\$ 140,142</u>	<u>\$ 402,958</u>	<u>\$ 129,762</u>	<u>\$ (652,761)</u>	<u>\$ 890,898</u>	<u>\$ 402,958</u>	<u>\$ 641,095</u>
END OF YEAR	<u>\$ (116,282)</u>	<u>\$ 174,583</u>	<u>\$ 402,958</u>	<u>\$ 461,259</u>	<u>\$ (413,338)</u>	<u>\$ 140,142</u>	<u>\$ 402,958</u>	<u>\$ 129,762</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	\$ 349,141	\$ 393,440	\$ 99,860	\$ 34,142	\$ 876,583	\$ 25,725	\$ 83,964	\$ 986,272
Accounting	20,856	23,203	5,950	3,478	53,487	10,624	5,318	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 and penalties	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
TOTAL FUNCTIONAL EXPENSES	\$ 760,699	\$ 607,236	\$ 156,662	\$ 128,689	\$ 1,653,286	\$ 118,153	\$ 178,605	\$ 1,950,044

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, 2017

	Conservation Programs	Conservation Constituency - Building	Conservation Policy and Education	Communications	Total Program Services	Management	Fundraising	Totals
Personnel costs:								
Salaries	\$ 501,051	\$ 288,178	\$ 131,868	\$ 120,751	\$ 1,041,848	\$ 40,531	\$ 63,836	\$ 1,146,215
Payroll taxes	39,151	19,351	10,723	10,959	80,184	3,274	3,844	87,302
Pension	7,793	5,615	3,377	540	17,325	528	731	18,584
Employee benefits	31,981	22,499	1,953	3,780	60,213	2,041	2,025	64,279
Payroll fees	1,821	909	506	527	3,763	148	183	4,094
Total personnel costs	\$ 581,797	\$ 336,552	\$ 148,427	\$ 136,557	\$ 1,203,333	\$ 46,522	\$ 70,619	\$ 1,320,474
Accounting	12,334	6,065	3,122	4,386	25,907	13,534	893	40,334
Advertising	2,936	1,640	1,555	17,157	23,288	60,967	-	84,255
Awards and gifts	150	-	-	5,000	5,150	-	-	5,150
Bad debt expense	-	-	-	-	-	124,162	-	124,162
Banking and credit card fees	1,886	939	549	651	4,025	586	239	4,850
Board meetings	-	-	-	813	813	16,407	-	17,220
Conferences, conventions and meetings	15,604	23,649	1,389	275	40,917	1,827	232	42,976
Consultants	425,306	126,283	18,944	144,600	715,133	68,367	9,162	792,662
Depreciation	1,541	769	432	540	3,282	748	163	4,193
Grants to other organizations	39,907	25,000	-	-	64,907	-	-	64,907
Interest and penalties	2,444	1,211	701	824	5,180	1,622	301	7,103
Liability insurance	2,386	1,205	645	847	5,083	1,288	243	6,614
Office supplies	5,550	1,873	762	1,453	9,638	913	386	10,937
Photocopying and other printing	7,910	1,320	2,100	3,273	14,603	236	2,973	17,812
Postage and delivery	724	629	160	545	2,058	54	1,620	3,732
Registration fees	3,184	1,472	819	1,093	6,568	3,809	854	11,231
Rent - facility and equipment	33,022	16,477	9,319	11,421	70,239	11,465	3,660	85,364
Staff development and training	-	-	-	-	-	2,544	-	2,544
Subscriptions, dues, and references	6,028	4,642	4,357	4,108	19,135	4,856	729	24,720
Telephone and internet costs	6,033	2,177	1,263	2,141	11,614	2,700	483	14,797
Travel	127,009	26,633	7,600	15,489	176,731	23,881	13,499	214,111
TOTAL FUNCTIONAL EXPENSES	\$ 1,275,751	\$ 578,536	\$ 202,144	\$ 351,173	\$ 2,407,604	\$ 386,488	\$ 106,056	\$ 2,900,148

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,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 331,497	\$ (511,333)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,112	4,193
Donated stock	(20,039)	(41,949)
Realized and unrealized gains on investments	(8,551)	(31,581)
Change in assets and liabilities:		
Prepaid expenses	(156)	7,626
Grants receivable	(67,681)	370,828
Security deposit	-	3,500
Accounts payable and accrued expenses	1,341	(65,083)
Accrued vacation payable	(2,711)	4,689
Deferred rent liability	(10,458)	(4,028)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 226,354	\$ (263,138)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	\$ (2,186)	\$ (1,200)
Proceeds from sale of investments	118,065	215,047
Purchases and reinvested earnings of investments	(1,489)	(10,818)
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ 114,390	\$ 203,029
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	\$ 10,000	\$ 33,454
Principal payments on line of credit	(8,528)	(15,411)
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 1,472	\$ 18,043
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 342,216	\$ (42,066)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	96,566	138,632
CASH AND EQUIVALENTS, END OF YEAR	\$ 438,782	\$ 96,566
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	\$ 8,529	\$ 7,103

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

NATIONAL WILDLIFE REFUGE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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.

NATIONAL WILDLIFE REFUGE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

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.

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 - The Refuge Association presents its financial statements in conformity with the accounting standards codification topic relating to *Financial Statements of Not-for-Profit Organizations*, issued by the Financial Accounting Standards Board. Accordingly, the net assets of the Refuge Association are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Under these provisions, net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Refuge Association and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets resulting from contributions and other inflows of assets whose use by the Refuge Association is limited by donor-imposed stipulations that either expire by passage of time, or can be fulfilled and removed by actions of the Refuge Association pursuant to those stipulations.

Permanently restricted net assets - Net assets from contributions subject to donor imposed stipulations, which are permanent in nature prohibiting expenditure of the assets pledged or donated, unless the Board of Directors authorizes loans. Typically, the income earned on invested balances of permanently restricted net assets is reported as part of temporarily restricted net assets unless the donor specifically limits the use of such income.

NATIONAL WILDLIFE REFUGE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

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. Direct costs associated with specific programs are recorded as program expenses while overhead expenses are allocated based on salaries charged to the various programs.

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.

Grants Receivable - 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 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. Grants receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2018 and 2017, management expects the amount in grants receivable to be fully collectible within the next fiscal year. As such, a provision for doubtful accounts has not been estimated by management.

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

NATIONAL WILDLIFE REFUGE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

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.

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 unrestricted, temporarily restricted, or permanently restricted revenue, 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 not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

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. Unconditional contributions and non-federal grants are recorded at the earlier of when pledged or received and reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. Promises to give are recorded at net realizable value if expected to be collected in more than one year.

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.

NATIONAL WILDLIFE REFUGE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

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

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, 2018 and 2017, 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, 2018 and 2017, the Refuge Association did not have any taxable net income and neither paid nor accrued any Federal or state income tax.

Note 2. **Concentration of Credit Risk** - 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.

Note 3. **Investments** - As of June 30, 2018 and 2017, investments consist of the following, at fair value:

	<u>2018</u>	<u>2017</u>
Corporate stock	\$ 13,736	\$ 25,171
Exchange traded funds	41,992	87,456
Mutual funds	<u>21,032</u>	<u>52,119</u>
Total investments	<u>\$ 76,760</u>	<u>\$ 164,746</u>

NATIONAL WILDLIFE REFUGE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 3. **Investments** (Continued)

All investments are considered Level 1 investments.

For the years ended June 30, 2018 and 2017, investment income consisted of the following:

	2018	2017
Realized gain	\$ 27,872	\$ 68,854
Unrealized loss on investments	(19,321)	(37,273)
Interest and dividends	2,744	13,688
Totals	\$ 11,295	\$ 45,269

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, 2018 and 2017.

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, 2018 and 2017:

	2018	2017
Furniture and equipment	\$ 36,061	\$ 33,875
Less, accumulated depreciation	(29,258)	(26,146)
Totals	\$ 6,803	\$ 7,729

Note 5. **Operating Leases** - The Refuge Association has a lease for office space at 1001 Connecticut Avenue NW, Washington, DC, which expires on December 31, 2019. The lease requires monthly payments of \$7,898 through November 2018 and monthly payments of \$8,115 thereafter through December 31, 2019. The lease provides abatement for the first months base rent in the fourth amended lease agreement.

The future minimum lease commitment for this lease is as follows:

For the years ended June 30,	
2019	\$ 88,180
2020	48,690
Total future minimum lease payments	\$ 136,870

NATIONAL WILDLIFE REFUGE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 6. **Line of Credit** - The Refuge Association signed a line of credit agreement with a local bank which is eligible for renewal on December 9, 2018. The maximum amount of the line of credit is \$100,000 and the interest rate on all outstanding balances is 6.5%. The line of credit is secured by the checking account with the same bank.

Note 7. **Temporarily Restricted Net Assets** - Assets are classified as temporarily restricted when their donors have placed restrictions on their use based on the passage of time or compliance with other temporary conditions.

The Refuge Association's temporarily restricted net assets consist of the following as of June 30, 2018 and 2017:

	2018	2017*
Purpose restricted:		
Conservation Constituency - Building	\$ 25,700	\$ --
Conservation Programs	--	2,554
Endowment	148,883	137,588
Totals	\$ 174,583	\$ 140,142

*As restated

Note 8. **Permanently Restricted Net Assets (Endowment)** - The Refuge Association established an Endowment Fund during the year ending June 30, 2007. The principal amount is permanently restricted, and is to be invested for growth and income. The annual return represented by interest, dividends, and realized and unrealized gains is available for operations. It is the policy of the Refuge Association to manage these funds in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). It is the purpose of this policy to establish a framework both for managing these funds in compliance with the UPMIFA and for making the required accounting disclosures.

The objective of investing the Endowment is to preserve and augment the purchasing power of the assets under management against inflationary erosion. In order to achieve this objective, the investment policies and strategies are designed to earn a total return (dividends, interest and capital gains, net of fees and expenses) over the long term in excess of endowment spending rate plus inflation.

In accordance with UPMIFA, the Refuge Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Refuge Association and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Refuge Association.

NATIONAL WILDLIFE REFUGE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 8. Permanently Restricted Net Assets (Endowment) (Continued)

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. No appropriations were taken during the years ended June 30, 2018 and 2017.

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor restricted endowment funds	\$ <u> --</u>	\$ <u> 148,883</u>	\$ <u> 402,958</u>	\$ <u> 551,841</u>

The following represents the change in the net asset classes of the Refuge Association's endowment funds for the year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets June 30, 2017*	\$ --	\$ 137,588	\$ 402,958	\$ 540,546
Contributions	--	--	--	--
Total investment return	--	11,295	--	11,295
Appropriations	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Endowment net assets, June 30, 2018	\$ <u> --</u>	\$ <u> 148,883</u>	\$ <u> 402,958</u>	\$ <u> 551,841</u>

**As restated*

Endowment net asset composition by type of fund as of June 30, 2017 (as restated) is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor restricted endowment funds	\$ <u> --</u>	\$ <u> 137,588</u>	\$ <u> 402,958</u>	\$ <u> 540,546</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 8. Permanently Restricted Net Assets (Endowment) (Continued)

The following represents the change in the net asset classes of the Refuge Association's endowment funds for the year ended June 30, 2017 (as restated):

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets				
June 30, 2016	\$ --	\$ 92,319	\$ 402,958	\$ 495,277
Contributions	--	--	--	--
Total investment return	--	45,269	--	45,269
Appropriations	--	--	--	--
Endowment net assets, June 30, 2017	<u>\$ --</u>	<u>\$ 137,588</u>	<u>\$ 402,958</u>	<u>\$ 540,546</u>

At times, the fair value of assets associated with individual donor restricted endowment funds may fall below the historic dollar value of the fund. Additionally, the board allowed the organization to advance funds from the permanently restricted fund to assist with economic shortfalls.

For the years ended June 30, 2018 and 2017, advances from the endowment funds consisted of the following:

	<u>2018</u>	<u>2017</u>
Advance balance, beginning	\$ (336,000)	\$ (164,000)
Advances during fiscal year	(106,000)	(172,000)
Repayments during fiscal year	10,000	--
Advance balance, ending	<u>\$ (432,000)</u>	<u>\$ (336,000)</u>
Endowment balance	<u>551,841</u>	<u>540,546</u>
Endowment, less advance	<u>\$ 119,841</u>	<u>\$ 204,546</u>
Investments	\$ 76,760	\$ 164,746
Cash and cash equivalents – restricted	12,973	9,694
Endowment cash	<u>30,108</u>	<u>30,106</u>
Total investments and endowment cash	<u>\$ 119,841</u>	<u>\$ 204,546</u>

Note 9. 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, 2016, 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.

NATIONAL WILDLIFE REFUGE ASSOCIATION

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- Note 10. **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 11. **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.
- Note 12. **Correction of Error** – During the year ended June 30, 2018, it was determined that advances from the endowment had not been properly reported on the financial statements for 2017 and prior years. The effect of the restatement was to increase the *opening balance* of temporarily restricted net assets and decrease the *opening balance* of unrestricted net assets by \$92,319 for the year ended June 30, 2017, and increase temporarily restricted net assets and decrease unrestricted net assets by \$42,269 for the year ended June 30, 2017. There was no change in the overall net assets as of June 30, 2017 or prior years, the correction was just a reclassification between unrestricted and temporarily restricted net assets.
- Note 13. **Subsequent Events** - On March 12, 2019, the Refuge Association obtained a maximum \$200,000 Line of Credit with a 9.75% interest rate on all outstanding balances, which paid off the Line of Credit disclosed in Note 6. Management has evaluated subsequent events through April 1, 2019, which is the date the financial statements were available to be issued.