

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



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, 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
ASSETS		
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
TOTAL ASSETS	\$ 372,381	\$ 659,004
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 51,917	\$ 79,617
Line of credit	84,947	92,340
Accrued vacation payable	26,166	25,788
TOTAL LIABILITIES	\$ 163,030	\$ 197,745
NET ASSETS:		
Without donor restrictions	\$ 64,962	\$ (116,282)
With donor restrictions	144,389	577,541
TOTAL NET ASSETS	\$ 209,351	\$ 461,259
TOTAL LIABILITIES AND NET ASSETS	\$ 372,381	\$ 659,004

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
REVENUE AND SUPPORT:						
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)	-
TOTAL REVENUE AND OTHER SUPPORT	\$ 2,316,407	\$ (433,152)	\$ 1,883,255	\$ 2,247,100	\$ 34,441	\$ 2,281,541
EXPENSES:						
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>
TOTAL EXPENSES	\$ 2,135,163	\$ -	\$ 2,135,163	\$ 1,950,044	\$ -	\$ 1,950,044
CHANGE IN NET ASSETS	\$ 181,244	\$ (433,152)	\$ (251,908)	\$ 297,056	\$ 34,441	\$ 331,497
NET ASSETS, BEGINNING OF YEAR	(116,282)	577,541	461,259	(413,338)	543,100	129,762
NET ASSETS, END OF YEAR	\$ 64,962	\$ 144,389	\$ 209,351	\$ (116,282)	\$ 577,541	\$ 461,259

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
TOTAL FUNCTIONAL EXPENSES	<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
TOTAL EXPENSES	<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
TOTAL FUNCTIONAL EXPENSES	<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
TOTAL EXPENSES	<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
CASH FLOWS FROM OPERATING ACTIVITIES:		
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)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (358,116)	\$ 226,354
CASH FLOWS FROM INVESTING ACTIVITIES:		
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)
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ 59,361	\$ 114,390
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	\$ 95,903	\$ 10,000
Principal payments on line of credit	(103,296)	(8,528)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	\$ (7,393)	\$ 1,472
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (306,148)	\$ 342,216
CASH AND EQUIVALENTS, BEGINNING OF YEAR	438,782	96,566
CASH AND EQUIVALENTS, END OF YEAR	\$ 132,634	\$ 438,782
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	\$ 8,332	\$ 8,529

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		<u>\$ 97,833</u>	<u>\$ --</u>

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	<u>72,030</u>	<u>--</u>
Total current financial assets	<u>\$ 307,377</u>	<u>\$ 519,356</u>
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	<u>--</u>	<u>116,282</u>
	<u>\$ 5,000</u>	<u>\$ 347,569</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 302,377</u>	<u>\$ 171,787</u>

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.