

FELLOW MORTALS, INC.  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015

# FELLOW MORTALS, INC.

DECEMBER 31, 2015

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Fellow Mortals, Inc.

We have audited the accompanying financial statements of Fellow Mortals, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fellow Mortals, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Fellow Mortals, Inc. 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sitzberger, HAU & Company, S.C.*

SITZBERGER, HAU & COMPANY, S.C.  
CERTIFIED PUBLIC ACCOUNTANTS

Lake Geneva, Wisconsin  
June 17, 2016

**FELLOW MORTALS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**WITH COMPARISON TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014**

| <b>ASSETS</b>                                 | <u>Unrestricted</u>        | <u>Temporarily<br/>Restricted</u> | <u>2015</u>                | <u>2014</u>              |
|---|----------------------------|-----------------------------------|----------------------------|--------------------------|
| Current Assets                                |                            |                                   |                            |                          |
| Cash  | \$ 285,532                 | \$ -                              | \$ 285,532                 | \$ 166,285               |
| Prepaid expenses                              | 3,262                      | -                                 | 3,262                      | 3,182                    |
| Total Current Assets                          | <u>288,794</u>             | <u>-</u>                          | <u>288,794</u>             | <u>169,467</u>           |
| Noncurrent Assets                             |                            |                                   |                            |                          |
| Property and equipment, net                   | <u>947,243</u>             | <u>-</u>                          | <u>947,243</u>             | <u>719,420</u>           |
| <b>TOTAL ASSETS</b>                           | <u><u>1,236,037</u></u>    | <u><u>-</u></u>                   | <u><u>1,236,037</u></u>    | <u><u>888,887</u></u>    |
| <b>LIABILITIES</b>                            |                            |                                   |                            |                          |
| Current Liabilities                           |                            |                                   |                            |                          |
| Accounts payable                              | 3,760                      | -                                 | 3,760                      | 14,127                   |
| Lease payable                                 | 32,931                     | -                                 | 32,931                     | 29,704                   |
| Accrued payroll                               | 108,200                    | -                                 | 108,200                    | 83,200                   |
| Total Liabilities                             | <u>144,891</u>             | <u>-</u>                          | <u>144,891</u>             | <u>127,031</u>           |
| <b>NET POSITION</b>                           |                            |                                   |                            |                          |
| Unrestricted                                  | 1,091,146                  | -                                 | 1,091,146                  | 716,479                  |
| Temporarily restricted                        | <u>-</u>                   | <u>-</u>                          | <u>-</u>                   | <u>45,377</u>            |
| Total Net Position                            | <u>1,091,146</u>           | <u>-</u>                          | <u>1,091,146</u>           | <u>761,856</u>           |
| <b>TOTAL LIABILITIES<br/>AND NET POSITION</b> | <u><u>\$ 1,236,037</u></u> | <u><u>\$ -</u></u>                | <u><u>\$ 1,236,037</u></u> | <u><u>\$ 888,887</u></u> |

See accompanying notes to financial statements.

**FELLOW MORTALS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**WITH COMPARISON TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014**

|   | Unrestricted        | Temporarily<br>Restricted | 2015                | 2014              |
|---|---------------------|---------------------------|---------------------|-------------------|
| <b>REVENUES AND SUPPORT</b>                 |                     |                           |                     |                   |
| Donated services, materials & fixed assets  | \$ 227,387          | \$                        | \$ 227,387          | \$ 224,602        |
| Contributions                               | 598,969             | 190,717                   | 789,686             | 379,349           |
| Fundraisers                                 | 41,900              |                           | 41,900              | 42,300            |
| Other                                       | 9,361               |                           | 9,361               | 6,849             |
| Net assets released from donor restrictions | 236,094             |                           | 236,094             | 60,334            |
| <b>TOTAL REVENUES AND SUPPORT</b>           | <b>1,113,711</b>    | <b>190,717</b>            | <b>1,304,428</b>    | <b>713,434</b>    |
| <b>EXPENSES</b>                             |                     |                           |                     |                   |
| Program Expenses                            |                     |                           |                     |                   |
| Wildlife rehabilitation                     | 510,348             |                           | 510,348             | 530,022           |
| Vehicle expense                             | 9,984               |                           | 9,984               | 9,318             |
| Public education                            | 39,197              |                           | 39,197              | 37,929            |
| Volunteer expense                           | 8,129               |                           | 8,129               | 4,056             |
| Reference material                          | 519                 |                           | 519                 | 675               |
| Facility lease and maintenance              | 17,240              |                           | 17,240              | 26,392            |
| Depreciation                                | 51,278              |                           | 51,278              | 49,666            |
| Total Program Expenses                      | 636,695             | -                         | 636,695             | 658,058           |
| Support Services                            |                     |                           |                     |                   |
| Management and general                      | 49,641              |                           | 49,641              | 43,908            |
| Fundraising                                 | 18,658              |                           | 18,658              | 6,593             |
| Fundraising - Donated goods and services    | 34,050              |                           | 34,050              | 23,577            |
| Net assets released from donor restrictions |                     | 236,094                   | 236,094             | 60,334            |
| Total Support Services                      | 102,349             | 236,094                   | 338,443             | 134,412           |
| <b>TOTAL EXPENSES</b>                       | <b>739,044</b>      | <b>236,094</b>            | <b>975,138</b>      | <b>792,470</b>    |
| <b>CHANGE IN NET ASSETS</b>                 | <b>374,667</b>      | <b>(45,377)</b>           | <b>329,290</b>      | <b>(79,036)</b>   |
| <b>NET ASSETS, BEGINNING, AS RESTATED</b>   | <b>716,479</b>      | <b>45,377</b>             | <b>761,856</b>      | <b>840,892</b>    |
| <b>NET ASSETS, ENDING</b>                   | <b>\$ 1,091,146</b> | <b>\$ -</b>               | <b>\$ 1,091,146</b> | <b>\$ 761,856</b> |

See accompanying notes to financial statements.

**FELLOW MORTALS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**WITH COMPARISON TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014**

|   | <u>2015</u>              | <u>2014</u>              |
|---|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |                          |
| Change in net assets  | \$ 329,290               | \$ (79,036)              |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                          |                          |
| Depreciation  | 51,278                   | 49,666                   |
| Donations of fixed assets   | -                        | -                        |
| Change in current assets and liabilities:   |                          |                          |
| Tax credit receivable   | -                        | 8,180                    |
| Prepaid expenses  | (80)                     | (274)                    |
| Accounts payable  | (10,367)                 | 8,078                    |
| Lease Payable   | 3,227                    | 8,150                    |
| Accrued payroll   | 25,000                   | 22,000                   |
| Net Cash Provided by Operating Activities   | <u>398,348</u>           | <u>16,764</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |                          |
| Purchase of property and equipment  | <u>(279,101)</u>         | <u>(5,477)</u>           |
| Net Cash Used for Investing Activities  | <u>(279,101)</u>         | <u>(5,477)</u>           |
| <b>NET INCREASE IN CASH</b>   | 119,247                  | 11,287                   |
| <b>CASH, BEGINNING</b>  | <u>166,285</u>           | <u>154,998</u>           |
| <b>CASH, ENDING</b>   | <u><u>\$ 285,532</u></u> | <u><u>\$ 166,285</u></u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>                                     |                          |                          |
| Cash paid during year for interest  | <u><u>\$ -</u></u>       | <u><u>\$ -</u></u>       |

See accompanying notes to financial statements.

**FELLOW MORTALS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Fellow Mortals, Inc. (the Organization) provides rehabilitation to injured and orphaned wild animals from Southeastern Wisconsin and Northern Illinois communities. The Organization's purpose also involves ongoing research towards preventing and treating these injured and orphaned wild animals, as well as alleviating nuisance problems caused by human interaction, and educating the public on the prevention of cruelty to wild animals.

The Organization relies on contributions from the public, grants and donated materials and services to maintain its operations.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Fellow Mortals and changes therein are classified and reported as follows.

NET ASSETS – Net assets consist of the following three categories:

**Unrestricted Net Assets**

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

**Temporarily Restricted Net Assets**

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of Fellow Mortals Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently Restricted Net Assets**

Net assets subject to donor-imposed stipulations are to be maintained permanently by Fellow Mortals, Inc. Generally, the donors of these assets permit Fellow Mortals, Inc. to use all or part of the income earned on any related investments for general or specific purposes. Fellow Mortals does not have any permanently restricted net assets to maintain as of December 31, 2015.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The statements of activities and changes in net assets present net increases (e.g., revenues) and decreases (e.g., expenses) in net assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of checking and savings accounts and certificates of deposit which are stated at cost. For purposes of the statement of cash flows, Fellow Mortals, Inc. considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

### **Property and Equipment**

Property and equipment are stated at cost or at the estimated fair market value as of the date of donation if cost is not known. Repairs and maintenance are charged to expense as incurred.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method and the following lives.

|   |              |
|---|--------------|
| Caging and equipment                      | 7 years      |
| Computers, office equipment, and vehicles | 3 - 5 years  |
| Leasehold improvements                    | 10 -15 years |
| Buildings                                 | 39 years     |

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### **Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at December 31, 2015 and 2014 consisted of the following:

|            | <u>2015</u> | <u>2014</u> |
|------------|-------------|-------------|
| Chase Bank | \$ 285,532  | \$ 166,285  |

The Federal Depositor's Insurance Organization insures the deposits of the Fellow Mortals, Inc. in the amount of \$250,000 per banking institution. At December 31, 2015 Fellow Mortals, Inc. had bank balances of \$340,948 and deposits of \$90,948 were uninsured. Deposits at December 31, 2014 were fully insured.

**NOTE 3 - PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**NOTE 4 - DONATED MATERIALS, SERVICES AND FIXED ASSETS**

Donated materials, equipment, and services requiring specialized skills are reflected in the accompanying statements at their estimated fair market values at the date of receipt. Estimated fair market values were provided by management.

Donations received for 2015 used for wildlife rehabilitation consist of the following:

|                                       |                   |
|---------------------------------------|-------------------|
| Services requiring specialized skills | \$ 166,737        |
| Feed and materials                    | <u>26,600</u>     |
|                                       | <u>\$ 193,337</u> |

Donations received in 2015 to be used for fund-raising consist of the following:

|                                     |                  |
|-------------------------------------|------------------|
| Silent auction donations            | \$ 21,100        |
| Goods and services for dinner event | <u>12,950</u>    |
|                                     | <u>\$ 34,050</u> |

**NOTE 5 - TEMPORARILY RESTRICTED ASSETS**

There were no temporarily restricted net assets at December 31, 2015. All temporarily contributions received were fully expensed during the year ended December 31, 2015.

## **NOTE 6 - FIXED ASSETS AND DEPRECIATION**

A summary of fixed assets at December 31, 2015 follows:

|                                | Balance           |                   |             | Balance           | Estimated   |
|--------------------------------|-------------------|-------------------|-------------|-------------------|-------------|
|                                | 12/31/2014        | Additions         | Retirements | 12/31/2015        | Useful Life |
|                                |                   |                   |             |                   | (Years)     |
| Land                           | \$ 248,400        | \$ -              | \$ -        | \$ 248,400        | NA          |
| Buildings                      | 204,000           | -                 | -           | 204,000           | 39          |
| Flight Cage                    | -                 | 239,740           | -           | 239,740           | 15          |
| Caging                         | 60,317            | -                 | -           | 60,317            | 7           |
| Equipment                      | 152,003           | 8,862             | -           | 160,865           | 5           |
| Computers and office equipment | 29,272            | 718               | -           | 29,990            | 5           |
| Vehicles                       | 40,144            | -                 | -           | 40,144            | 5           |
| Leasehold improvements         | 652,412           | 29,781            | -           | 682,193           | 10-15       |
| Artwork                        | 800               | -                 | -           | 800               | NA          |
| Total Fixed Assets             | 1,387,348         | 279,101           | -           | 1,666,449         |             |
| Less: Accumulated Depreciation | (667,928)         | (51,278)          | -           | (719,206)         |             |
| Net General Fixed Assets       | <u>\$ 719,420</u> | <u>\$ 227,823</u> | <u>\$ -</u> | <u>\$ 947,243</u> |             |

Total property and equipment includes donated assets valued at \$579,372 as of the original dates of donation. Depreciation expense for 2015 was \$51,278.

## **NOTE 7 - RELATED PARTY TRANSACTIONS**

The Organization has entered into an agreement to lease its operating facilities from two of the Organizations board members. In addition to rental terms, the lease provides that certain charges incident to the use of the facilities, such as insurance, repairs, maintenance, etc., be paid by the Organization. The Organization, however, is restricted to use of the facilities without the privilege of gaining ownership to them. Rent expense for 2015 and 2014 amounted to \$12,000 and \$12,000, respectively.

During 2011 the Organization received donated property in the form of 52 acres of land and buildings from individuals related to one of the Organizations board members. This property was received via a quit claim deed. Currently a campground is run on the property. There is no written lease with the campground and the operators are responsible for any expenses associated with running the campground. The Organization is responsible for the property taxes on the property which is to be reimbursed from the campground. If the campground were to make any profit this amount would be donated to Fellow Mortals. In addition, the Organization is using this property as a site for educational presentations. The property has been valued at \$452,400 based on the assessed value at the time of receipt.

## **NOTE 8 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 17, 2016, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. As of June 17, 2016, there were no subsequent events to disclose.

**NOTE 9 - TAX STATUS**

The Organization is exempt from income taxes under Federal Revenue Code Section 501 (C) (3) except for amounts representing unrelated business income. The Organization did not recognize any income on unrelated business activity for the year ended December 31, 2015.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the tax years 2011 and beyond remain subject to examination by the Internal Revenue Service.

**NOTE 10 – PRIOR PERIOD ADJUSTMENT**

During the year it was discovered that accrued payroll for prior years was not recorded, a prior period adjustment of \$31,200 was made to decrease net position and record additional accrued payroll as of December 31, 2014. The adjustment was as follows:

|  |                   |
|--|-------------------|
| Net position as of December 31, 2014             | \$ 747,679        |
| Additional accrued payroll                       | <u>31,200</u>     |
| Net position as of December 31, 2014 as restated | <u>\$ 716,479</u> |