

FELLOW MORTALS, INC.

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2016

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 10



CPAs and Business Advisors

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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, 2016, 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, 2016, 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. 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Sitzberger & Company, S.C.".

Sitzberger & Company, S.C.
Lake Geneva, Wisconsin
October 20, 2017

FELLOW MORTALS, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARISON TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>As Restated 2015</u>
Current Assets				
Cash	\$ 94,954	\$ 210,388	\$ 305,342	\$ 285,532
Prepaid expenses	4,111	-	4,111	3,262
Total Current Assets	<u>99,065</u>	<u>210,388</u>	<u>309,453</u>	<u>288,794</u>
Noncurrent Assets				
Property and equipment, net	<u>1,046,306</u>	<u>-</u>	<u>1,046,306</u>	<u>947,243</u>
TOTAL ASSETS	<u><u>1,145,371</u></u>	<u><u>210,388</u></u>	<u><u>1,355,759</u></u>	<u><u>1,236,037</u></u>
LIABILITIES				
Current Liabilities				
Accounts payable	3,085	-	3,085	3,760
NonCurrent Liabilities				
Lease payable	49,894	-	49,894	32,931
Accrued payroll	<u>133,200</u>	<u>-</u>	<u>133,200</u>	<u>108,200</u>
TOTAL LIABILITIES	<u><u>186,179</u></u>	<u><u>-</u></u>	<u><u>186,179</u></u>	<u><u>144,891</u></u>
NET POSITION				
Unrestricted	959,192	-	959,192	892,721
Temporarily restricted	<u>-</u>	<u>210,388</u>	<u>210,388</u>	<u>198,425</u>
TOTAL NET POSITION	<u><u>959,192</u></u>	<u><u>210,388</u></u>	<u><u>1,169,580</u></u>	<u><u>1,091,146</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,145,371</u></u>	<u><u>\$ 210,388</u></u>	<u><u>\$ 1,355,759</u></u>	<u><u>\$ 1,236,037</u></u>

See independent auditors' report.
See accompanying notes to financial statements.

FELLOW MORTALS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARISON TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	2016	2015
REVENUES AND SUPPORT				
Donated services, materials & fixed assets	\$ 229,242	\$	\$ 229,242	\$ 227,387
Contributions	371,830	218,000	589,830	789,686
Fundraisers	35,800		35,800	41,900
Other	8,897		8,897	9,361
Net assets released from donor restrictions	206,037		206,037	236,094
TOTAL REVENUES AND SUPPORT	851,806	218,000	1,069,806	1,304,428
EXPENSES				
Program Expenses				
Wildlife rehabilitation	529,014		529,014	510,348
Vehicle expense	8,489		8,489	9,984
Public education	40,201		40,201	39,197
Volunteer expense	754		754	8,129
Reference material	506		506	519
Facility lease and maintenance	28,385		28,385	17,240
Depreciation	60,462		60,462	51,278
Total Program Expenses	667,811	-	667,811	636,695
Support Services				
Management and general	77,577		77,577	49,641
Fundraising	11,192		11,192	18,658
Fundraising - Donated goods and services	28,755		28,755	34,050
Net assets released from donor restrictions		206,037	206,037	236,094
Total Support Services	117,524	206,037	323,561	338,443
TOTAL EXPENSES	785,335	206,037	991,372	975,138
CHANGE IN NET ASSETS	66,471	11,963	78,434	329,290
NET ASSETS, BEGINNING, AS RESTATED	892,721	198,425	1,091,146	761,856
NET ASSETS, ENDING	\$ 959,192	\$ 210,388	\$ 1,169,580	\$ 1,091,146

See independent auditors' report.
See accompanying notes to financial statements.

FELLOW MORTALS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARISON TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 78,434	\$ 329,290
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	60,462	51,278
Change in current assets and liabilities:		
Prepaid expenses	(849)	(80)
Accounts payable	(676)	(10,367)
Lease Payable	16,964	3,227
Accrued payroll	25,000	25,000
	179,335	398,348
 NET CASH PROVIDED BY OPERATING ACTIVITIES		
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(159,525)	(279,101)
 NET CASH USED FOR INVESTING ACTIVITIES	(159,525)	(279,101)
 NET INCREASE IN CASH	19,810	119,247
 CASH, BEGINNING	285,532	166,285
 CASH, ENDING	\$ 305,342	\$ 285,532
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
 Cash paid during year for interest	\$ -	\$ -

See independent auditors' report.
See accompanying notes to financial statements.

FELLOW MORTALS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note A – 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.

Note B – Summary of Significant Accounting Policies

a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net asset 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.

b) 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, 2016.

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.

c) 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.

FELLOW MORTALS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note B – Summary of Significant Accounting Policies (continued)

d) 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

e) 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.

f) 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 C – 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, 2015, from which the summarized information was derived.

FELLOW MORTALS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note D – Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Chase Bank	\$ 305,342	\$ 285,532

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, 2016 Fellow Mortals, Inc. had bank balances of \$323,524 and deposits of \$73,524 were uninsured. At December 31, 2015 Fellow Mortals, Inc. had bank balances of \$340,948 and deposits of \$90,948 were uninsured. The difference between the bank and book balances was due to outstanding checks.

Note E – 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 2016 used for wildlife rehabilitation consist of the following:

Services requiring specialized skills	\$ 193,643
Feed and materials	6,844
	\$ 200,487

Donations received in 2016 to be used for fund-raising consist of the following:

Silent auction donations	\$ 19,555
Goods and services for dinner event	9,200
	\$ 28,755

Note F – Fixed Assets and Depreciation

A summary of fixed assets at December 31, 2016 follows:

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016	Estimated Useful Life (Years)
Land	\$ 248,400	\$ -	\$ -	\$ 248,400	NA
Buildings	204,000	129,139	-	333,139	39
Flight Cage	239,740	21,046	-	260,786	15
Caging	60,317	-	-	60,317	7
Equipment	160,865	556	-	161,421	5
Computers and office equipment	29,990	-	-	29,990	5
Vehicles	40,144	-	-	40,144	5
Leasehold improvements	682,193	8,784	-	690,977	10-15
Artwork	800	-	-	800	NA
Total Fixed Assets	1,666,449	159,525	-	1,825,974	
Less: Accumulated Depreciation	(719,206)	(60,462)	-	(779,668)	
Net General Fixed Assets	\$ 947,243	\$ 99,063	\$ -	\$ 1,046,306	

Total property and equipment includes donated assets valued at \$579,372 as of the original dates of donation. Depreciation expense for 2016 was \$60,462.

See accompanying independent auditors’ report.

FELLOW MORTALS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note G – Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2016 consisted of the following:

Critical care wing	\$ 199,286
Flight cage	<u>11,102</u>
Total Restricted Net Assets	<u>\$ 210,388</u>

Note H – Related Party Transactions

The Organization has entered into an agreement with the two founding board members to lease the property and structures where it operates. In addition to rental terms, the lease provides that the organization be responsible for liability and business insurance and repairs and maintenance to the structures which were improved solely for the use of the Organization. Property taxes and a portion of the insurance are paid by the board members. The Organization is named as sole beneficiary of the property in the wills of the founding board.

Rent expense for 2016 and 2015 amounted to \$24,000 and \$12,000, respectively. At December 31, 2016 the Organization is carrying a noncurrent liability of \$49,894 for this lease payable. The Organization believes this rent is fair based on similar properties in the area.

In 2011 the Organization received donated property in the form of 52 acres of land, improvements, residence and other structures from an individual related to one of the Organizations board members. This property was received quit claim deed. This site is exempt from property tax to the Organization and is used as a release site for certain species of rehabilitated wildlife and is also used to provide education programs to the general public. The property has been valued at \$452,400 based on the value at the time of receipt.

The Organization is carrying a liability for accrued payroll to a board member on staff who is a licensed wildlife rehabilitator as well as serving as facilities manager. The payroll has accrued over multiple years. The accrued payroll had a balance of \$133,200 at December 31, 2016.

Note I – Subsequent Events

Subsequent events have been evaluated through October 20, 2017, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. There were no subsequent events to disclose.

Note J – 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, 2016.

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.

See accompanying independent auditors' report.

FELLOW MORTALS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note K – Prior Period Adjustment

During the year it was discovered that unrestricted net assets of \$198,425 should have been classified as temporary restricted net assets during the year ended December 31, 2015. This reclassification increased temporary net assets to show a beginning balance of \$198,425 and decreased the unrestricted net assets to show a beginning balance of \$892,721.