WILDLIFE FOREVER

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

DECEMBER 31, 2017
(With Comparative Totals for
the Year Ended December 31, 2016)

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Lewis, Kisch & Associates, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS

Carol J. Sailer, CPA
Thomas A. Madsen, CPA
Diana L. Weddigen, CPA

1125 South Frontage Road, Suite 1
Hastings, MN 55033
T (651) 437-3356
F (651) 437-3808
www.lewiskisch.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wildlife Forever

We have audited the accompanying financial statements of Wildlife Forever (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, 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 Wildlife Forever as of December 31, 2017, 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 Wildlife Forever's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 22, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Respectfully submitted,

Lewis, Kisch & Associates, Ltd.

March 2, 2018

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 33,645	$ 57,239
Cash and Cash Equivalents - Reserved	24,080	20,004
Total Cash and Cash Equivalents	57,725	77,243
Accounts Receivable	61,409	20,030
Inventories		17,170
Prepaid Expenses	26,231	8,188
Total Current Assets	145,365	122,631
Property and Equipment		
Furniture and Equipment	57,095	42,514
Vehicle		30,878
Total Property and Equipment	57,095	73,392
Less: Accumulated Depreciation	(39,220)	(67,216)
Net Property and Equipment	17,875	6,176
Other Assets		
Lease Deposit	2,417	3,225
Total Assets	$ 165,657	$ 132,032
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 49,380	$ 27,323
Accrued Expenses	5,600	5,879
Deferred Revenue	13,473	38,248
Note Payable, Current Portion	3,900	7,776
Deferred Compensation, Current Portion	50,000	10,000
Total Current Liabilities	122,353	89,226
Other Liabilities		
Note Payable, Net of Current Portion	13,975	2,661
Deferred Compensation, Net of Current Portion		20,000
Total Other Liabilities	13,975	22,661
Total Liabilities	136,328	111,887
Net Assets		
Unrestricted	18,010	141
Temporarily Restricted	11,319	20,004
Total Net Assets	29,329	20,145
Total Liabilities and Net Assets	$ 165,657	$ 132,032

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017
(with Comparative Totals for the Year Ended December 31, 2016)

	2017			2016
SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total	Total
Support				
Contributions	$ 271,477	$ 11,319	$ 282,796	$ 185,423
Government Grants	923,613		923,613	627,870
In-Kind Contributions	276,891		276,891	415,331
Total Support	1,471,981	11,319	1,483,300	1,228,624
Revenue				
Merchandise Sales, Special Events, and Other Fundraising Activities	151,885		151,885	175,038
Less: Direct Expenses	(24,503)		(24,503)	(20,644)
Net	127,382		127,382	154,394
Gain on Disposal of Asset	3,064		3,064	
Interest and Dividends				135
Total Revenue	130,446		130,446	154,529
Net Assets Released from Restriction	20,004	(20,004)		
Total Support and Revenue	1,622,431	(8,685)	1,613,746	1,383,153
FUNCTIONAL EXPENSES				
Program Services	1,517,106		1,517,106	1,347,620
Management and General	38,407		38,407	36,843
Fundraising	49,049		49,049	49,205
Total Functional Expenses	1,604,562		1,604,562	1,433,668
Change in Net Assets	17,869	(8,685)	9,184	(50,515)
Net Assets - Beginning of Year	141	20,004	20,145	70,660
Net Assets - End of Year	$ 18,010	$ 11,319	$ 29,329	$ 20,145

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017
(with Comparative Totals for the Year Ended December 31, 2016)

	2017				2016
	Program Services	Management and General	Fundraising	Total	Total
Grants and Support	$ 1,093,615			$ 1,093,615	$ 954,255
Education, Mailings, and Postage	22,333	$ 331	$ 7,907	30,571	36,510
Salaries and Benefits	282,319	30,374	30,273	342,966	324,621
Occupancy	24,486	1,749	2,915	29,150	37,444
Outside Services	3,907	279	465	4,651	5,901
Equipment Rental and Maintenance	18,305	1,307	2,179	21,791	24,129
Supplies and Other	52,288	2,655	3,025	57,968	29,016
Insurance	4,081	586	407	5,074	5,044
Telephone	2,863	204	341	3,408	3,106
Professional Services	6,573	469	783	7,825	7,466
Depreciation	6,336	453	754	7,543	6,176
Total Expenses	$ 1,517,106	$ 38,407	$ 49,049	$ 1,604,562	$ 1,433,668

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Change in Net Assets	$ 9,184	$ (50,515)
Adjustments to Reconcile Increase (Decrease) in Net Assets		
to Net Cash Provided by Operating Activities:		
Depreciation	7,543	6,176
(Gain) Loss on Disposal of Asset	(3,064)	
(Increase) Decrease in Current Assets:		
Accounts Receivable	(41,379)	(820)
Inventories	17,170	
Prepaid Expenses	(18,043)	2,502
(Increase) Decrease in Other Assets:		
Lease Deposit	808	
Increase (Decrease) in Current Liabilities:		
Accounts Payable	22,057	7,513
Accrued Expenses	(279)	1,115
Deferred Revenue	(24,775)	5,163
Deferred Compensation	20,000	
Net Cash Flows from (Used in) Operating Activities	(10,778)	(28,866)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Payments on Notes Payable	(8,740)	(7,472)
Net Increase (Decrease) in Cash and Cash Equivalents	(19,518)	(36,338)
Cash and Cash Equivalents - Beginning of Year	77,243	113,581
Cash and Cash Equivalents - End of Year	$ 57,725	$ 77,243
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 264	$ 579
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITY		
Notes Payable for Property and Equipment	$ 19,500	
Payments on Note Payable in Exchange for Asset	3,321	
	$ 22,821	

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

1. The Organization

Wildlife Forever (the "Organization") is a nonprofit corporation established to conserve America's wildlife heritage through conservation education, preservation of habitat, and management of fish and wildlife. Since 1987, Wildlife Forever has funded conservation works in all 50 states and Canada, with more than 1,500 projects throughout North America. In addition to its grassroots conservation projects, Wildlife Forever is a visionary leader in conservation education for children and adults, spearheading projects such as the State-Fish Art Program and Operation Save the Wake. As the nation's leader in the fight against invasive/non-native species, Wildlife Forever's highly acclaimed Clean Drain Dry (CD2) Initiative reaches millions of outdoor enthusiasts each year.

The Organization obtains revenue through individual memberships and contributions, grants from governments, foundations, and corporations, member list rental, royalties from use of the Organization's logo, and sales of merchandise bearing its logo.

2. Summary of Significant Accounting Policies

Comparative Financial Information – The accompanying 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily Restricted Net Assets – Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a restriction is met, 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 – Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets as of December 31, 2017 and 2016.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, savings accounts, and highly liquid financial instruments with original purchase maturities of three months or less.

Financial instruments, which potentially subject the Organization to credit risk, consist primarily of cash and cash equivalents. The Organization's cash and cash equivalents have been placed with major financial institutions. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Organization closely monitors these balances and has not experienced credit losses.

Reserved Cash and Cash Equivalents – Amounts reported on the statements of financial position as reserved cash and cash equivalents are related to income from and expenses for the Minnesota Invasive Species Advisory Council ("MISAC"). See Note 10 for a description of the Organization's fiscal sponsorship agreement with MISAC.

Accounts Receivable – Accounts receivable represent contribution, grant, and contract receivables, which are all receivable in less than one year. The Organization periodically reviews individual accounts, and as of December 31, 2017 and 2016, no allowance for uncollectible accounts was considered necessary.

2. Summary of Significant Accounting Policies (Continued)

Inventories – Inventories consist primarily of merchandise held for sale. Inventory is stated at the lower of cost or market. During the year ended December 31, 2017, the remaining inventory was written off based on management's evaluation of its obsolescence. The total cost of inventory written off during 2017 was $17,170.

Property and Equipment – Property and equipment consists of furniture and equipment, and vehicles. Property and equipment are recorded at cost, or if donated, at fair market value at the date of donation. Items costing $500 or less are expensed in the year purchased. Depreciation is computed using the straight-line method and is charged to expense over the estimated useful lives of the assets, which range from 5 - 7 years for furniture, equipment, and vehicles. Costs of maintenance, repairs, and minor replacements are expensed as incurred.

Deferred Revenue – Deferred revenue represents the portions of grants and contracts received in advance, which will be recognized as revenue in the period in which they are earned.

Revenue – The Organization recognizes grant and contract revenue based on services performed and costs incurred. Contributions, which may include unconditional promises to give ("pledges"), are recognized as revenues in the period received. Contributions are measured at their fair value and reported as increases in net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are recorded as increases in unrestricted net assets if the restrictions expire during the fiscal year in which the contributions are recognized. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

In-Kind Contributions – The Organization receives in-kind contributions, including contracted program-related services and informative and educational content on billboards, television, print, and radio. Donated services are recognized at fair value if the services meet the recognition criteria prescribed by generally accepted accounting principles, which include: a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. Donations of supplies, materials, and advertising are recorded as contributions at their estimated fair value at the date of donation.

Advertising – Advertising costs are expensed as incurred.

Income Taxes – The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. Management has evaluated for uncertain tax positions and has determined there are no uncertain tax positions as of December 31, 2017. Tax returns for the past three years remain open for examination by tax jurisdictions.

Functional Allocation of Expenses – The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. When appropriate, costs are allocated on a direct-cost basis to the various programs or supporting services they benefit. In some cases, expenses are incurred that support the work performed under more than one function. Such expenses are allocated based on estimates determined by management.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

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.

Subsequent Events – The Organization has performed an evaluation of subsequent events through March 2, 2018, which is the date the financial statements were available to be issued.

3. Concentrations

During the year ended December 31, 2017, the Organization received 20.2% and 12.2% of its revenues from each of two organizations. Loss of either of these supporters could have a substantial impact on the Organization's activities.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

3. Concentrations (Continued)

Additionally, the Organization receives the majority of its funding through various grants from governmental entities. The non-renewal of any of these major grants could significantly affect the Organization's operations.

4. Retirement Plan

The Organization has adopted a SIMPLE IRA plan for all eligible employees. The Organization will match up to 3% of the employee's pay contributed to the plan. The expense to the Organization was $6,773 and $6,503 for the years ended December 31, 2017 and 2016, respectively.

5. Deferred Compensation

The Organization entered into annual deferred compensation agreements with a former employee, who retired on December 10, 2017. Under these agreements, the former employee was to receive $10,000 per year if still employed by the Organization five years from the date of the respective agreement. If, however, the former employee was to depart from the Organization on good terms prior to the vesting date of each deferred compensation agreement, the former employee would be entitled to the full amount of deferred compensation, regardless of vesting status. Upon the employee's retirement on good terms, the full value of the deferred compensation became fully vested, and is due to the former employee on December 10, 2018. As of December 31, 2017, and 2016, a total of $50,000 and $30,000, respectively, has been accrued under the terms of these agreements.

6. Note Payable

On July 10, 2017, the Organization purchased $19,500 of computers and related equipment with a note payable over 60 months at 0% interest. The Organization is required to make monthly payments of $325. As of December 31, 2017, future minimum payments on the note are as follows:

2018	$ 3,900
2019	3,900
2020	3,900
2021	3,900
2022	2,275
Total	$ 17,875

7. Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following purposes as of December 31, 2017 and 2016:

	2017	2016
MISAC		$ 20,004
State-Fish Art Program	$ 11,319	
Total	$ 11,319	$ 20,004

During 2017, the nature of Wildlife Forever's relationship with MISAC was clarified. As such, net assets related to MISAC are no longer considered temporarily restricted. See Note 10 for a description of the agreement with MISAC.

8. Commitments

On May 1, 2017, the Organization began leasing facilities in White Bear Lake, Minnesota, under a thirty-six-month lease, with options to extend the lease for two additional twelve-month terms. As of December 31, 2017, future minimum payments related to this lease are as follows:

2018	$ 29,267
2019	29,914
2020	10,057
Total	$ 69,238

8. Commitments (Continued)

On July 10, 2017, the Organization entered into a 60-month service contract with an IT support firm. As of December 31, 2017, future minimum payments related to this agreement are as follows:

2018	$ 4,800
2019	4,800
2020	4,800
2021	4,800
2022	2,800
Total	$ 22,000

9. Related Parties

The Organization contracts with a relative of the former president and CEO of the Organization to manage its State-Fish Art Program. The Organization paid this independent contractor $30,600 during each of the years ended December 31, 2017 and 2016.

10. Fiscal Sponsorship

On October 31, 2017, the Organization entered into a formalized fiscal sponsorship agreement with MISAC, an unincorporated council composed of various incorporated and unincorporated entities involved with invasive species education, control, and remediation. Per the fiscal sponsorship agreement, Wildlife Forever provides fiduciary oversight, financial management, and other administrative services to support the charitable projects of MISAC. Support received and expenses incurred during 2017 related to MISAC totaled $16,864 and $12,788, respectively.