WILDLIFE FOREVER

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

DECEMBER 31, 2018
(With Comparative Totals for
the Year Ended December 31, 2017)

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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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Respectfully submitted,

Lewis, Kisch & Associates, Ltd.

March 8, 2019

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 61,683	$ 33,645
Cash and Cash Equivalents - Reserved	22,619	24,080
Total Cash and Cash Equivalents	84,302	57,725
Accounts Receivable	53,948	61,409
Prepaid Expenses	11,785	26,231
Total Current Assets	150,035	145,365
Property and Equipment		
Furniture and Equipment	57,865	57,095
Less: Accumulated Depreciation	(43,248)	(39,220)
Net Property and Equipment	14,617	17,875
Other Assets		
Lease Deposit	2,417	2,417
Total Assets	$ 167,069	$ 165,657
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 38,695	$ 49,380
Accrued Expenses	6,378	5,600
Deferred Revenue	3,875	13,473
Note Payable, Current Portion	3,900	3,900
Deferred Compensation		50,000
Total Current Liabilities	52,848	122,353
Other Liabilities		
Note Payable, Net of Current Portion	10,075	13,975
Total Liabilities	62,923	136,328
Net Assets		
Without Donor Restrictions	90,562	18,010
With Donor Restrictions	13,584	11,319
Total Net Assets	104,146	29,329
Total Liabilities and Net Assets	$ 167,069	$ 165,657

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018
(with Comparative Totals for the Year Ended December 31, 2017)

	2018			2017
SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support				
Contributions	$ 306,099	$ 13,584	$ 319,683	$ 282,796
Government Grants	608,561		608,561	923,613
In-Kind Contributions	362,426		362,426	276,891
Total Support	1,277,086	13,584	1,290,670	1,483,300
Revenue				
Merchandise Sales, Special Events, and Other Fundraising Activities	102,651		102,651	151,885
Less: Direct Expenses	(22,976)		(22,976)	(24,503)
Net	79,675		79,675	127,382
Gain on Disposal of Asset				3,064
Interest and Dividends	3		3	
Total Revenue	79,678		79,678	130,446
Net Assets Released from Restriction	11,319	(11,319)		
Total Support and Revenue	1,368,083	2,265	1,370,348	1,613,746
FUNCTIONAL EXPENSES				
Program Services	1,221,739		1,221,739	1,517,106
Management and General	31,491		31,491	38,407
Fundraising	42,301		42,301	49,049
Total Functional Expenses	1,295,531		1,295,531	1,604,562
Change in Net Assets	72,552	2,265	74,817	9,184
Net Assets - Beginning of Year	18,010	11,319	29,329	20,145
Net Assets - End of Year	$ 90,562	$ 13,584	$ 104,146	$ 29,329

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018
(with Comparative Totals for the Year Ended December 31, 2017)

	2018							2017
	Program Services							
	Invasive Species	Prairie Restoration	State-Fish Art	Total	Management and General	Fundraising	Grand Total	Total
Grants and Support	$ 764,498	$ 71,856	$ 57,917	$ 894,271			$ 894,271	$ 1,093,615
Education and Mailings	18,878	1,766	1,435	22,079	$ 379	$ 7,602	30,060	30,571
Salaries and Benefits	191,482	17,916	14,557	223,955	26,232	26,583	276,770	342,966
Occupancy	21,007	1,966	1,597	24,570	1,755	2,925	29,250	29,150
Outside Services	2,518	236	191	2,945	210	351	3,506	4,651
Equipment and Maintenance	12,930	1,210	983	15,123	1,080	1,800	18,003	21,791
Supplies and Other	21,064	1,971	1,601	24,636	822	1,354	26,812	57,968
Insurance	2,200	206	167	2,573	184	306	3,063	5,074
Telephone	1,539	144	117	1,800	129	214	2,143	3,408
Professional Services	5,476	512	416	6,404	458	763	7,625	7,825
Depreciation	2,892	271	220	3,383	242	403	4,028	7,543
Total Expenses	$ 1,044,484	$ 98,054	$ 79,201	$ 1,221,739	$ 31,491	$ 42,301	$ 1,295,531	$ 1,604,562

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Change in Net Assets	$ 74,817	$ 9,184
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,028	7,543
(Gain) Loss on Disposal of Asset		(3,064)
(Increase) Decrease in Current Assets:		
Accounts Receivable	7,461	(41,379)
Inventories		17,170
Prepaid Expenses	14,446	(18,043)
(Increase) Decrease in Other Assets:		
Lease Deposit		808
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(10,685)	22,057
Accrued Expenses	778	(279)
Deferred Revenue	(9,598)	(24,775)
Deferred Compensation	(50,000)	20,000
Net Cash Flows from (Used in) Operating Activities	31,247	(10,778)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchases of Furniture and Equipment	(770)	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Payments on Notes Payable	(3,900)	(8,740)
Net Increase (Decrease) in Cash and Cash Equivalents	26,577	(19,518)
Cash and Cash Equivalents - Beginning of Year	57,725	77,243
Cash and Cash Equivalents - End of Year	$ 84,302	$ 57,725
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid		$ 264
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, 2018 AND 2017

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. The Organization's major programs include:

Invasive Species – Wildlife Forever has teamed up with more than 2,500 organizations across the nation, including federal, state, and Canadian organizations, to stop the spread of invasive species with the Clean Drain Dry ("CD2") initiative, which reaches millions of outdoor enthusiasts each year. CD2 uses the common denominator found in outreach education to generate behavior-changing practices in recreational users that help protect natural resources from invasive species.

State-Fish Art – The State-Fish Art Project is an exciting, multimedia education program designed to increase awareness of and respect for aquatic resources. Interdisciplinary in nature, the program uses art as a springboard into the fascinating world of fish. The project has two primary components:

Fish On! Lesson Plan – The lesson plan includes information about fish species, their habitat, and conservation needs, as well as a profile of each state fish, containing a beautifully illustrated physical description, reproductive and feeding behaviors, and habitat requirements.

State-Fish Art Contest – The project culminates in a national art contest for children who have actively participated in the Fish On! lesson. Students use their newly acquired knowledge to create a learning portfolio, which includes an original state-fish art illustration and a related composition/essay about their chosen state fish.

Prairie Restoration – In partnership with other conservation nonprofits and federal, state, and local governments, Wildlife Forever works to restore and prevent commercial development of critical habitats of wildlife species throughout the US and Canada. Restoration efforts include performing prescribed burns to open areas and promote grasses to grow and create more beneficial wildlife nature sites and habitat, cultivating native plant species, and constructing wetlands to provide habitat for shorebirds and waterfowl.

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, 2017, from which the summarized information was derived.

Basis of Accounting – 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 ("GAAP") 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:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

2. Summary of Significant Accounting Policies (Continued)

Net Assets With Donor Restrictions (Continued) – The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all cash and highly liquid financial instruments with original maturities of three months or less that are neither held for nor restricted by donors for long-term purposes to be cash and cash equivalents.

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 4 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, 2018 and 2017, no allowance for uncollectible accounts was considered necessary.

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 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 five to seven years for furniture and equipment. Costs of maintenance and repairs that do not improve or extend the useful life of the respective assets 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.

Revenues and Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor stipulations for their use.

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. Advertising costs, excluding in-kind, for the years ended December 31, 2018 and 2017, were $196,543 and $150,275, respectively. In-kind advertising is detailed in Note 10.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Summary of Significant Accounting Policies (Continued)

Income Taxes – The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and similar state statutes 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, 2018. Tax returns for the past three years remain open for examination by tax jurisdictions.

Estimates – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Concentration of Credit Risk – 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.

Recently Adopted Accounting Pronouncements – In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,* which simplified and improved how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaced the three former classes of net assets with two new classes, "net assets without donor restrictions" and "net assets with donor restrictions" (described above), and expanded disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization adopted ASU 2016-14 during the year ended December 31, 2018. In accordance with ASU 2016-14, previously reported net assets have been conformed to the current presentation.

Subsequent Events – The Organization has performed an evaluation of subsequent events through March 8, 2019, which is the date the financial statements were available to be issued.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018, comprise the following:

Cash and cash equivalents	$ 84,302
Less: Cash and cash equivalents - reserved	(22,619)
Available cash and cash equivalents	61,683
Accounts receivable	53,948
Total	$ 115,631

The Organization's reserved cash and cash equivalents consist of amounts held for MISAC, which are not available for general expenditure. See Note 4 for more details regarding this arrangement.

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in an interest-earning savings account. Additionally, the Organization has a line of credit available from a local bank, described in Note 5.

4. 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. In 2018, support received and expenses incurred related to MISAC totaled $4,000 and $5,460, respectively. Support received and expenses incurred during 2017 related to MISAC totaled $16,864 and $12,788, respectively.

5. Line of Credit

In 2018, the Organization opened a $50,000 renewable line of credit with a bank through June 7, 2019, with a variable interest rate of 0.075 percentage points under index, with a minimum rate of 4.75% per annum based on a year of 360 days. The interest rate for the year ended December 31, 2018, was 5.00%. All assets of the Organization are collateral on this line when it is used. The Organization had no outstanding balance on the line of credit at December 31, 2018.

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, 2018, future minimum payments on the note are as follows:

2019	$ 3,900
2020	3,900
2021	3,900
2022	2,275
Total	$ 13,975

7. 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 was due to the former employee on December 10, 2018. As of December 31, 2017, a total of $50,000 was accrued under the terms of these agreements.

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. During the years ended December 31, 2018 and 2017, rents under this lease were $29,250 and $19,333, respectively. As of December 31, 2018, future minimum payments related to this lease are as follows:

2019	$ 29,914
2020	10,057
Total	$ 39,971

On July 10, 2017, the Organization entered into a 60-month service contract with an IT support firm. As of December 31, 2018, future minimum payments related to this agreement are as follows:

2019	$ 4,800
2020	4,800
2021	4,800
2022	2,800
Total	$ 17,200

9. Net Assets With Donor Restrictions

Temporarily restricted net assets were restricted for the following purposes as of December 31, 2018 and 2017:

	2018	2017
State-Fish Art Program	$ 13,584	$ 11,319

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

10. Donated Professional Services and Materials

The Organization received donated professional services and materials as follows during the years ended December 31, 2018 and 2017:

	2018	2017
Advertising	$ 325,409	$ 140,656
Contracted Work	18,526	114,025
State-Fish Art Expo	15,000	10,000
Internet, Merchandise, Etc.	3,491	12,711
Total	$ 362,426	$ 277,392

11. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses of the Organization are allocated based on estimates of time and effort.

12. 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 $3,701 and $6,773 for the years ended December 31, 2018 and 2017, respectively.

13. Concentrations

During the year ended December 31, 2018, 12.0% and 11.6% of the Organization's revenues were received from each of two organizations, and 18.5% of the Organization's expenses were paid to one organization. In 2017, the Organization received 20.2% and 12.2% of its revenues from each of two organizations. Loss of any of these supporters or vendors could have a major impact on the Organization's activities.

At December 31, 2018, 49.1%, 27.8%, and 17.3% of the Organization's accounts receivable were due from each of three entities, respectively. At December 31, 2017, 10.7% of the Organization's accounts receivable were due from one entity. Default on any of these accounts could have a significant effect on the Organization's cash flows.

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 substantially affect the Organization's operations.

14. Related-Party Transactions

The Organization contracts with a relative of the former president and CEO of the Organization, who is a current board member, to manage its State-Fish Art Program. The Organization paid this independent contractor $30,600 during each of the years ended December 31, 2018 and 2017.