

**Wildlife Habitat Council, Inc.**  
**Financial Statements**  
**March 31, 2016 and 2015**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Wildlife Habitat Council, Inc.  
Silver Spring, MD

We have audited the accompanying financial statements of Wildlife Habitat Council, Inc. (a nonprofit organization) which comprise the statements of financial position as of March 31, 2016 and 2015 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wildlife Habitat Council, Inc. as of March 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Sygnse, Lenth + Co., LLP*

September 29, 2016

**WILDLIFE HABITAT COUNCIL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

|   | MARCH 31,           |                     |
|---|---------------------|---------------------|
| <b>ASSETS</b>                           | 2016                | 2015                |
| Cash and cash equivalents               | \$ 15,824           | \$ 58,485           |
| Investments                             | 669,201             | 985,505             |
| Accounts receivable                     | 96,208              | 160,442             |
| Grants and contributions receivable     | 65,084              | 156,568             |
| Other assets                            | 75,421              | 95,447              |
| Property and equipment, net             | 203,006             | 177,198             |
| <b>TOTAL ASSETS</b>                     | <b>\$ 1,124,744</b> | <b>\$ 1,633,645</b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                     |                     |
| <b>LIABILITIES:</b>                     |                     |                     |
| Accounts payable                        | \$ 3,206            | \$ 95,430           |
| Accrued vacation and employee benefits  | 106,195             | 106,361             |
| Deferred revenue                        | 402,240             | 545,886             |
| Deferred rent                           | 119,114             | 113,606             |
| <b>TOTAL LIABILITIES</b>                | <b>\$ 630,755</b>   | <b>\$ 861,283</b>   |
| <b>NET ASSETS:</b>                      |                     |                     |
| Unrestricted                            | \$ 408,659          | \$ 508,566          |
| Temporarily restricted                  | 85,330              | 263,796             |
| <b>TOTAL NET ASSETS</b>                 | <b>\$ 493,989</b>   | <b>\$ 772,362</b>   |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 1,124,744</b> | <b>\$ 1,633,645</b> |

The accompanying notes are an integral part of these financial statements.

WILDLIFE HABITAT COUNCIL, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED MARCH 31,

|  | 2016                |                        |                     | 2015                |                        |                     |
|--|---------------------|------------------------|---------------------|---------------------|------------------------|---------------------|
|  | Unrestricted        | Temporarily Restricted | Totals              | Unrestricted        | Temporarily Restricted | Totals              |
| <b>REVENUE AND SUPPORT:</b>  |                     |                        |                     |                     |                        |                     |
| Membership   | \$ 585,340          | \$ -                   | \$ 585,340          | \$ 567,828          | \$ -                   | \$ 567,828          |
| Technical assistance   | 420,251             | -                      | 420,251             | 392,848             | -                      | 392,848             |
| Conference and workshop fees   | 461,438             | -                      | 461,438             | 449,620             | -                      | 449,620             |
| Certifications   | 290,611             | -                      | 290,611             | 275,181             | -                      | 275,181             |
| Calendar   | 136,039             | -                      | 136,039             | 173,728             | -                      | 173,728             |
| Grants and contributions   | 414,234             | 100,000                | 514,234             | 209,891             | 380,542                | 590,433             |
| Project site fees  | 97,415              | -                      | 97,415              | 190,721             | -                      | 190,721             |
| Site sign revenue  | 102,779             | -                      | 102,779             | 83,003              | -                      | 83,003              |
| Conservation Academy   | -                   | -                      | -                   | 70,244              | -                      | 70,244              |
| Other revenue  | 4,024               | -                      | 4,024               | 4,984               | -                      | 4,984               |
| Interest and dividends   | 19,728              | -                      | 19,728              | 22,290              | -                      | 22,290              |
| Net assets released from restrictions  | 278,466             | (278,466)              | -                   | 288,515             | (288,515)              | -                   |
| <b>TOTAL REVENUE AND SUPPORT</b>   | <b>\$ 2,810,325</b> | <b>\$ (178,466)</b>    | <b>\$ 2,631,859</b> | <b>\$ 2,728,853</b> | <b>\$ 92,027</b>       | <b>\$ 2,820,880</b> |
| <b>EXPENSES:</b>   |                     |                        |                     |                     |                        |                     |
| Program services:  |                     |                        |                     |                     |                        |                     |
| Conservation   | \$ 1,269,627        | \$ -                   | \$ 1,269,627        | \$ 1,463,453        | \$ -                   | \$ 1,463,453        |
| Member services and education  | 373,687             | -                      | 373,687             | 532,650             | -                      | 532,650             |
| Conferences and workshops  | 464,439             | -                      | 464,439             | 373,800             | -                      | 373,800             |
| Certification  | 385,201             | -                      | 385,201             | 166,031             | -                      | 166,031             |
| Publications   | 101,792             | -                      | 101,792             | 161,883             | -                      | 161,883             |
| Total program services   | <u>\$ 2,594,746</u> | <u>\$ -</u>            | <u>\$ 2,594,746</u> | <u>\$ 2,697,817</u> | <u>\$ -</u>            | <u>\$ 2,697,817</u> |
| Supporting services:   |                     |                        |                     |                     |                        |                     |
| General and administrative   | \$ 267,118          | \$ -                   | \$ 267,118          | \$ 375,386          | \$ -                   | \$ 375,386          |
| Development and fundraising  | 12,336              | -                      | 12,336              | 9,900               | -                      | 9,900               |
| Total supporting services  | <u>\$ 279,454</u>   | <u>\$ -</u>            | <u>\$ 279,454</u>   | <u>\$ 385,286</u>   | <u>\$ -</u>            | <u>\$ 385,286</u>   |
| <b>TOTAL EXPENSES</b>  | <b>\$ 2,874,200</b> | <b>\$ -</b>            | <b>\$ 2,874,200</b> | <b>\$ 3,083,103</b> | <b>\$ -</b>            | <b>\$ 3,083,103</b> |
| <b>CHANGE IN NET ASSETS BEFORE<br/>REALIZED AND UNREALIZED (LOSSES)<br/>GAINS ON INVESTMENTS</b> | <b>\$ (63,875)</b>  | <b>\$ (178,466)</b>    | <b>\$ (242,341)</b> | <b>\$ (354,250)</b> | <b>\$ 92,027</b>       | <b>\$ (262,223)</b> |
| <b>REALIZED AND UNREALIZED (LOSSES)<br/>GAINS ON INVESTMENTS</b>                                 | <u>(36,032)</u>     | <u>-</u>               | <u>(36,032)</u>     | <u>19,239</u>       | <u>-</u>               | <u>19,239</u>       |
| <b>CHANGE IN NET ASSETS</b>  | <b>\$ (99,907)</b>  | <b>\$ (178,466)</b>    | <b>\$ (278,373)</b> | <b>\$ (335,011)</b> | <b>\$ 92,027</b>       | <b>\$ (242,984)</b> |
| <b>NET ASSETS, BEGINNING OF YEAR</b>   | <u>508,566</u>      | <u>263,796</u>         | <u>772,362</u>      | <u>843,577</u>      | <u>171,769</u>         | <u>1,015,346</u>    |
| <b>NET ASSETS, END OF YEAR</b>   | <u>\$ 408,659</u>   | <u>\$ 85,330</u>       | <u>\$ 493,989</u>   | <u>\$ 508,566</u>   | <u>\$ 263,796</u>      | <u>\$ 772,362</u>   |

The accompanying notes are an integral part of these financial statements.

**WILDLIFE HABITAT COUNCIL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2016**

|                          | Conservation        | Member Services and Education | Conferences and Workshops | Certification     | Publications      | Total Program Services | Supporting Services        |                             | Total               |
|--------------------------|---------------------|-------------------------------|---------------------------|-------------------|-------------------|------------------------|----------------------------|-----------------------------|---------------------|
|                          |                     |                               |                           |                   |                   |                        | General and Administrative | Development and Fundraising |                     |
| Personnel costs:         |                     |                               |                           |                   |                   |                        |                            |                             |                     |
| Salaries                 | \$ 688,328          | \$ 236,475                    | \$ 142,465                | \$ 233,010        | \$ 10,630         | \$ 1,310,908           | \$ 74,576                  | \$ 6,886                    | \$ 1,392,370        |
| Benefits                 | 107,341             | 36,774                        | 23,301                    | 41,843            | 1,885             | 211,144                | 7,391                      | 612                         | 219,147             |
| Payroll taxes            | 51,239              | 20,283                        | 9,947                     | 17,359            | 898               | 99,726                 | 9,189                      | 503                         | 109,418             |
| Total personnel costs    | \$ 846,908          | \$ 293,532                    | \$ 175,713                | \$ 292,212        | \$ 13,413         | \$ 1,621,778           | \$ 91,156                  | \$ 8,001                    | \$ 1,720,935        |
| Bad debt                 | -                   | 6,000                         | -                         | -                 | -                 | 6,000                  | 6,140                      | -                           | 12,140              |
| Bank service charges     | 3,074               | 3,441                         | 7,932                     | 5,499             | 2,586             | 22,532                 | 327                        | 8                           | 22,867              |
| Conferences and meetings | 1,149               | 132                           | 123,524                   | 131               | 31                | 124,967                | 3,058                      | 4                           | 128,029             |
| Consultants              | 47,087              | 1,738                         | 3,189                     | 3,069             | 140               | 55,223                 | 4,229                      | 101                         | 59,553              |
| Depreciation             | 27,253              | 4,940                         | 5,656                     | 8,725             | 398               | 46,972                 | 12,027                     | 286                         | 59,285              |
| Dues and subscriptions   | 4,886               | 6,379                         | 3,066                     | 1,497             | 23                | 15,851                 | 740                        | 16                          | 16,607              |
| Insurance                | 15,601              | 2,828                         | 3,237                     | 4,994             | 228               | 26,888                 | 7,869                      | 164                         | 34,921              |
| Other                    | 10,842              | 1,442                         | 12,714                    | 3,315             | 35,494            | 63,807                 | 10,044                     | 113                         | 73,964              |
| Photography              | -                   | 299                           | 7,261                     | -                 | -                 | 7,560                  | -                          | -                           | 7,560               |
| Postage and shipping     | 844                 | 323                           | 854                       | 526               | 16,773            | 19,320                 | 516                        | 7                           | 19,843              |
| Printing                 | 2,704               | 1,267                         | 13,811                    | 2,969             | 26,809            | 47,560                 | 1,152                      | 4                           | 48,716              |
| Professional fees        | 86,668              | 8,019                         | 49,116                    | 11,043            | 3,584             | 158,430                | 17,077                     | 657                         | 176,164             |
| Project materials        | 10,826              | -                             | 200                       | -                 | -                 | 11,026                 | -                          | -                           | 11,026              |
| Rent, including in-kind  | 132,262             | 23,595                        | 27,011                    | 41,669            | 1,900             | 226,437                | 54,991                     | 1,365                       | 282,793             |
| Repairs and maintenance  | 37,390              | 7,516                         | 5,445                     | 6,940             | 312               | 57,603                 | 12,370                     | 224                         | 70,197              |
| Supplies                 | 2,851               | 359                           | 687                       | 482               | 22                | 4,401                  | 2,095                      | 16                          | 6,512               |
| Telephone and internet   | 6,841               | 1,743                         | 1,263                     | 2,116             | 78                | 12,041                 | 4,186                      | 56                          | 16,283              |
| Temporary help           | 17,556              | -                             | 801                       | -                 | -                 | 18,357                 | 27,847                     | -                           | 46,204              |
| Travel                   | 14,885              | 10,134                        | 22,959                    | 14                | 1                 | 47,993                 | 11,294                     | 1,314                       | 60,601              |
| <b>TOTAL EXPENSES</b>    | <b>\$ 1,269,627</b> | <b>\$ 373,687</b>             | <b>\$ 464,439</b>         | <b>\$ 385,201</b> | <b>\$ 101,792</b> | <b>\$ 2,594,746</b>    | <b>\$ 267,118</b>          | <b>\$ 12,336</b>            | <b>\$ 2,874,200</b> |

The accompanying notes are an integral part of these financial statements.

**WILDLIFE HABITAT COUNCIL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2015**

|                          | Conservation        | Member Services and Education | Conferences and Workshops | Certification     | Publications      | Total Program Services | Supporting Services        |                             | Total               |
|--------------------------|---------------------|-------------------------------|---------------------------|-------------------|-------------------|------------------------|----------------------------|-----------------------------|---------------------|
|                          |                     |                               |                           |                   |                   |                        | General and Administrative | Development and Fundraising |                     |
| Personnel costs:         |                     |                               |                           |                   |                   |                        |                            |                             |                     |
| Salaries                 | \$ 592,747          | \$ 390,882                    | \$ 118,239                | \$ 124,039        | \$ 25,817         | \$ 1,251,724           | \$ 279,800                 | \$ 2,820                    | \$ 1,534,344        |
| Benefits                 | 127,606             | 76,104                        | 23,281                    | 20,109            | 5,432             | 252,532                | 5,299                      | 1,624                       | 259,455             |
| Payroll taxes            | 43,492              | 27,963                        | 8,211                     | 9,123             | 1,670             | 90,459                 | 26,384                     | 88                          | 116,931             |
| Total personnel costs    | \$ 763,845          | \$ 494,949                    | \$ 149,731                | \$ 153,271        | \$ 32,919         | \$ 1,594,715           | \$ 311,483                 | \$ 4,532                    | \$ 1,910,730        |
| Bank service charges     | 3,521               | 2,552                         | -                         | 9,344             | 4,855             | 20,272                 | 278                        | 12                          | 20,562              |
| Conferences and meetings | 9,037               | 216                           | 110,026                   | -                 | -                 | 119,279                | 506                        | 60                          | 119,845             |
| Consultants              | 33,813              | 10,159                        | 9,075                     | -                 | -                 | 53,047                 | 2,948                      | 131                         | 56,126              |
| Depreciation             | 56,571              | -                             | -                         | -                 | -                 | 56,571                 | 8,685                      | 387                         | 65,643              |
| Dues and subscriptions   | 18,179              | 1,814                         | 6,421                     | 1,020             | -                 | 27,434                 | 331                        | 799                         | 28,564              |
| Insurance                | 24,598              | -                             | -                         | -                 | -                 | 24,598                 | 3,776                      | 168                         | 28,542              |
| Other                    | 16,900              | 1,747                         | 14,890                    | 224               | 72,088            | 105,849                | 770                        | 348                         | 106,967             |
| Photography              | 2,794               | -                             | 3,584                     | -                 | -                 | 6,378                  | -                          | -                           | 6,378               |
| Postage and shipping     | 1,426               | 253                           | 1,760                     | 265               | 16,279            | 19,983                 | 104                        | 14                          | 20,101              |
| Printing                 | 2,899               | 201                           | 6,576                     | 1,461             | 35,742            | 46,879                 | 873                        | 2                           | 47,754              |
| Professional fees        | 66,751              | -                             | 30,992                    | -                 | -                 | 97,743                 | 9,103                      | 735                         | 107,581             |
| Project materials        | 30,219              | 729                           | -                         | -                 | -                 | 30,948                 | -                          | -                           | 30,948              |
| Rent, including in-kind  | 231,478             | -                             | -                         | -                 | -                 | 231,478                | 24,993                     | 1,422                       | 257,893             |
| Repairs and maintenance  | 70,444              | 5,361                         | 5,800                     | -                 | -                 | 81,605                 | 7,320                      | 326                         | 89,251              |
| Supplies                 | 8,631               | 195                           | 136                       | 364               | -                 | 9,326                  | 841                        | 37                          | 10,204              |
| Telephone and internet   | 13,264              | 248                           | -                         | -                 | -                 | 13,512                 | 1,862                      | 84                          | 15,458              |
| Temporary help           | 46,240              | 2,702                         | -                         | -                 | -                 | 48,942                 | 696                        | 31                          | 49,669              |
| Travel                   | 62,843              | 11,524                        | 34,809                    | 82                | -                 | 109,258                | 817                        | 812                         | 110,887             |
| <b>TOTAL EXPENSES</b>    | <b>\$ 1,463,453</b> | <b>\$ 532,650</b>             | <b>\$ 373,800</b>         | <b>\$ 166,031</b> | <b>\$ 161,883</b> | <b>\$ 2,697,817</b>    | <b>\$ 375,386</b>          | <b>\$ 9,900</b>             | <b>\$ 3,083,103</b> |

The accompanying notes are an integral part of these financial statements.



**WILDLIFE HABITAT COUNCIL, INC.**

**STATEMENTS OF CASH FLOWS**

|  | FOR THE YEARS ENDED<br>MARCH 31, |                     |
|--|----------------------------------|---------------------|
|  | <u>2016</u>                      | <u>2015</u>         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                                  |                     |
| Change in net assets   | \$ (278,373)                     | \$ (242,984)        |
| Reconciliation adjustments:  |                                  |                     |
| Adjustments to reconcile change in net assets to<br>net cash (used in) provided by operating activities: |                                  |                     |
| Depreciation   | 59,285                           | 65,643              |
| Realized and unrealized losses (gains)<br>on investments   | 36,032                           | (19,239)            |
| Loss on disposal of property and equipment   | -                                | 1,343               |
| Changes in assets and liabilities:   |                                  |                     |
| Decrease (increase) in:  |                                  |                     |
| Accounts receivable  | 64,234                           | 112,445             |
| Grants and contributions receivable  | 91,484                           | 52,312              |
| Other assets   | 20,026                           | (27,097)            |
| Increase (decrease) in:  |                                  |                     |
| Accounts payable   | (92,224)                         | 58,884              |
| Accrued vacation and employee benefits   | (166)                            | 13,518              |
| Deferred revenue   | (143,646)                        | 126,064             |
| Deferred rent  | 5,508                            | 17,388              |
| <b>NET CASH (USED IN) PROVIDED<br/>                    BY OPERATING ACTIVITIES</b>                       | <u>\$ (237,840)</u>              | <u>\$ 158,277</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                                  |                     |
| Purchases and reinvested earnings on investments   | \$ (19,728)                      | \$ (503,095)        |
| Proceeds from sales of investments   | 300,000                          | 480,805             |
| Purchases of property and equipment  | (85,093)                         | (107,459)           |
| <b>NET CASH PROVIDED BY (USED IN)<br/>                    INVESTING ACTIVITIES</b>                       | <u>\$ 195,179</u>                | <u>\$ (129,749)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                                  |                     |
| Proceeds from line of credit   | \$ 75,000                        | \$ -                |
| Payments on line of credit   | (75,000)                         | -                   |
| <b>NET CASH PROVIDED BY<br/>                    FINANCING ACTIVITIES</b>                                 | <u>\$ -</u>                      | <u>\$ -</u>         |
| <b>NET (DECREASE) INCREASE IN CASH AND<br/>CASH EQUIVALENTS</b>  | <u>\$ (42,661)</u>               | <u>\$ 28,528</u>    |
| <b>CASH AND CASH EQUIVALENTS:</b>  |                                  |                     |
| <b>BEGINNING OF YEAR</b>   | <u>58,485</u>                    | <u>29,957</u>       |
| <b>END OF YEAR</b>   | <u>\$ 15,824</u>                 | <u>\$ 58,485</u>    |

The accompanying notes are an integral part of these financial statements.

**WILDLIFE HABITAT COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016 AND 2015**

Note 1. **Nature of Activities and Significant Accounting Policies**

**Organization** - Wildlife Habitat Council, Inc. (WHC) is organized pursuant to the laws of the District of Columbia as a nonprofit, charitable organization. WHC strives to increase the amount of quality wildlife habitat on corporate, private, and public lands and has allocated their resources among the following programs:

Conservation:

Working with corporate members and non-members to build strong conservation programs on their lands using a variety of approaches that range from the development of conservation plans, implementation of conservation projects on corporate lands, stakeholder and employee engagement in plan design and implementation, and corporate-wide approaches that leverage conservation to meet a business opportunity. Working with over 100 corporations, WHC has managed over 1,000 corporate conservation efforts in the United States of America and 11 international countries. The programs all add value to the environment and make connections with the community through education, both formal and informal.

Member Services and Education:

Helping members connect corporate level sustainability goals to meaningful on-the-ground action through a series of decision tools and strategic engagements and subsequently rolling-up the implementation efforts into corporate sustainability key performance indicators (KPI). This effort enhances the meaning of corporate conservation throughout the company and ensures the longevity of both implementation and management which in turn improves conservation and education outcomes.

Educating corporate conservationists on the trends, tools and topics of conservation programs through monthly classes offered through the Conservation Academy. These monthly webinars are designed for practical conservation and produced with a corporate context in mind. Each 45 minute webinar is presented by an expert and framed within the challenges and opportunities of corporate landholdings. These webinars attract a monthly audience of 150+ individuals. A Conservation Steward badge is awarded to frequent attendees as an incentive for continuing professional development.

Conferences and workshops:

WHC's annual conference provides participants with content, networking opportunities and a recognition ceremony. Over 400 individuals attend this annual meeting, generally held in November in Baltimore, MD. The meeting is designed around a suite of panels, workshops and other sessions designed for participants to share successes, discuss challenges and receive inspiration. WHC also hosts regional workshops or meetings that convene corporate conservationists around topics of interest.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016 AND 2015**

Note 1. **Nature of Activities and Significant Accounting Policies** (Continued)

Certification:

WHC's standard Conservation Certification provides recognition to corporate landowners that meet the criteria of the standard. Currently with over 600 certified programs worldwide, this standard is leveraged by companies into reporting frameworks and to meet business goals and opportunities. The conservation value is met within the standard that requires all projects to be locally appropriate; exceed pertinent regulatory requirements; add value to the environment or community; be designed around a conservation objective and; be monitored as evidence of implementation.

Publications:

WHC produces many types of guidance. WHC's website details its standard which is delineated in a set of 22 Project Guidance documents that elaborate on conservation projects across four categories: Habitat, Species, Education and Awareness, and Other Options. WHC also produces White Papers focused on corporate landowners showing the opportunities on corporate lands for conservation and education. Toolkits and other publications specifically written to support member efforts are also produced. Furthermore, WHC publishes an annual desk calendar called "Corporate Homes for Wildlife," highlighting conservation projects from across its membership.

Supporting services include the following categories:

General and Administrative: Activities include program oversight, business management, general record-keeping, budgeting, and related administrative activities.

Development and Fundraising: WHC solicits contributions from individuals, foundations, and corporations. Fundraising activities also include development and management of various activities involved with soliciting contributions.

**Basis of Accounting** - The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of Presentation** - WHC presents its financial statements in conformity with the accounting standards codification relating to Financial Statements of Not-for-Profit Organizations, issued by the Financial Accounting Standards Board. Accordingly, the net assets of WHC are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are reported as part of the unrestricted class.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016 AND 2015**

Note 1. **Nature of Activities and Significant Accounting Policies** (Continued)

Under these provisions, unconditional contributions and the associated gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of WHC and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets resulting from contributions and other inflows of assets whose use by WHC is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of WHC pursuant to those stipulations.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by WHC. There were no permanently restricted net assets for the years presented.

**Measure of Operations** - The accompanying statements of activities distinguish between operating and non-operating activities. Operating activities include all revenue and expenses that are an integral part of WHC's programs. Non-operating activities include the net realized and unrealized gains (losses) on investments.

**Reclassifications** - Certain prior year balances have been reclassified to conform to the current year presentation.

**Cash and Cash Equivalents** - For purposes of reporting cash flows, WHC considers certificates of deposit with a maturity of three months or less to be cash equivalents. In addition, all cash held by the investment advisors is reported with investments.

**Investments** - Investments in exchange traded funds with readily determinable fair values are reflected at fair market value. To adjust the carrying values of these securities, the change in fair market value is recorded as a component of realized and unrealized gains (losses) on investments in the statements of activities. Interest and dividends are recorded in revenue when earned.

**Fair Value Measurements** - The Fair Value Measurements topic of the FASB Codification establishes a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. This topic applies to all assets and liabilities that are measured and reported on a fair value basis. The topic requires disclosures that establish a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America and discloses methods used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016 AND 2015**

Note 1. **Nature of Activities and Significant Accounting Policies** (Continued)

This topic requires that assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 Quoted market prices in active markets for identical assets and liabilities
- Level 2 Observable market-based inputs or unobservable inputs corroborated by market data
- Level 3 Unobservable inputs that are not corroborated by market data

WHC hold investments in exchange traded funds and a money market fund which are publicly traded on the New York Stock Exchange. For the years ended March 31, 2016 and 2015, the application of valuation techniques applied to similar assets and liabilities has been consistent.

The following is a description of the valuation methodologies used for investments measured at fair value.

*Exchange Traded Funds* - An exchange traded fund is a marketable security that tracks an index and trades like a common stock on a national stock market exchange. The funds are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

**Financial Risk** - WHC maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. WHC has not experienced any losses in such accounts. WHC believes it is not exposed to any significant financial risk on cash and cash equivalents. WHC also invests in a professionally managed portfolio that contains money market and exchange traded funds. Such investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

**Accounts Receivable** - Receivables are carried at the original invoice amounts less an estimate made for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by annually evaluating individual receivables and considering the financial condition, credit history, and current economic conditions of the creditors. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded in revenue when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than ninety days. However, WHC does not charge interest on past due receivables. As of March 31, 2016 and 2015, there is no allowance for doubtful accounts, based on management's evaluation of the collectability of receivables, and the receivables are due in less than one year.

**WILDLIFE HABITAT COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016 AND 2015**

Note 1. **Nature of Activities and Significant Accounting Policies** (Continued)

**Grants and Contributions Receivable** - Grants and contributions receivable represent unconditional amounts committed to WHC and are recognized as grant revenue in the period unconditionally committed to WHC. Management determines the need for an allowance for doubtful accounts through an analysis of specific grants and contributions made. For the years ended March 31, 2016 and 2015, management believes that all grants receivable are fully collectible within one year.

**Property and Equipment** - Property and equipment is recorded at cost and consists of office equipment and leasehold improvements. WHC capitalizes all property and equipment with a useful life greater than one year and a cost basis of \$500 or more. Depreciation of office equipment is computed over an estimated useful life of three years on a straight-line basis. Depreciation of leasehold improvements is computed over the shorter of the lease term or the useful life of the improvement on a straight-line basis. When office equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Repairs and maintenance are expensed when incurred.

**Revenue Recognition Policies** - Membership revenue is recognized when due. Membership payments received prior to the due date are included in deferred revenue. Technical assistance, certifications, project site fees, site sign, and the Conservation Academy on-line course revenue are recognized as services are completed. Calendar revenue received in advance are recorded as deferred revenue and recognized when the calendars are published. Calendars sold after the publication date are recognized when orders are fulfilled. Conference and workshop fees are recognized as revenue when the event occurs. Fees received prior to the conference or workshop event are included in deferred revenue. Other revenue is recognized when earned.

Unconditional contributions and non-federal grants are recorded at the earlier of when pledged or received and reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires during the year or subsequent years, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Revenue from federal grants is recognized as services are performed and costs are incurred. Grant funds received prior to costs incurred are included in deferred revenue.

**WILDLIFE HABITAT COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016 AND 2015**

Note 1. **Nature of Activities and Significant Accounting Policies** (Continued)

**Income Taxes** - WHC is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, as amended, and classified as other than a private foundation. However, income from certain activities not directly related to WHC's tax-exempt purpose may be subject to taxation as unrelated business income. No provision for income taxes was required for the years ended March 31, 2016 or 2015.

**Accounting for Uncertain Tax Provisions** - WHC follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Management evaluated WHC's tax positions and concluded that WHC has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. For the years ended March 31, 2016 or 2015, no unrecognized tax provision or benefit exists.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct costs associated with specific programs are recorded as program expenses while overhead expenses are allocated based on salaries charged to the various programs.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Future Accounting Pronouncements** - In February 2016, the FASB issued a new accounting pronouncement for leases. This guidance significantly changes the accounting for a lessee. Under previous guidance, the lessee did not have to record an operating lease on the statements of financial position. Under the new guidance, a lessee must record both a liability for the lease payments and an asset for the right to use the leased property during the lease term. The new accounting pronouncement also adds comprehensive qualitative and quantitative disclosures for lease arrangements. The disclosure requirements include information about management's significant judgments in its accounting for a leasing arrangement. Adoption of this accounting standard for WHC will be required for the year ended March 31, 2021, although early adoption is permitted, and is expected to result in adding WHC's assets and liabilities for the facility lease to the statements of financial position and changing the lease disclosures.

**WILDLIFE HABITAT COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016 AND 2015**

Note 2. **Investments and Fair Value Measurements** - In determining the appropriate levels, WHC performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurements topic.

The table below represents the balances of assets at March 31, 2016 measured at fair value on a recurring basis by level within the hierarchy:

|                       | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
|-----------------------|-------------------|----------------|----------------|-------------------|
| Exchange traded funds | \$ 652,992        | \$ --          | \$ --          | \$ 652,992        |
| Money market funds    | 16,209            | --             | --             | 16,209            |
| Totals                | <u>\$ 669,201</u> | <u>\$ --</u>   | <u>\$ --</u>   | <u>\$ 669,201</u> |

The table below represents the balances of assets at March 31, 2015 measured at fair value on a recurring basis by level within the hierarchy:

|                       | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
|-----------------------|-------------------|----------------|----------------|-------------------|
| Exchange traded funds | \$ 815,048        | \$ --          | \$ --          | \$ 815,048        |
| Money market funds    | 170,457           | --             | --             | 170,457           |
| Totals                | <u>\$ 985,505</u> | <u>\$ --</u>   | <u>\$ --</u>   | <u>\$ 985,505</u> |

Investment income for the year ended March 31, 2016 and 2015 consists of the following:

|   | <u>2016</u>        | <u>2015</u>      |
|---|--------------------|------------------|
| Interest and dividends                                | \$ 19,728          | \$ 22,290        |
| Realized and unrealized (losses) gains on investments | <u>(36,032)</u>    | <u>19,239</u>    |
| Totals  | <u>\$ (16,304)</u> | <u>\$ 41,529</u> |

Note 3. **Property and Equipment** - WHC's property and equipment at March 31, 2016 and 2015, are as follows:

|                                | <u>2016</u>       | <u>2015</u>       |
|--------------------------------|-------------------|-------------------|
| Office equipment               | \$ 572,230        | \$ 487,137        |
| Leasehold improvements         | 47,428            | 47,428            |
| Subtotal                       | \$ 619,658        | \$ 534,565        |
| Less, Accumulated depreciation | <u>(416,652)</u>  | <u>(357,367)</u>  |
| Totals                         | <u>\$ 203,006</u> | <u>\$ 177,198</u> |

Depreciation expense for the years ended March 31, 2016 and 2015 totaled \$59,285 and \$65,643, respectively.

Note 4. **Line of Credit** - WHC has a \$100,000 revolving line of credit, due on demand, which is secured by WHC's investments, and has a 4.25% annual interest rate. The line of credit does not have a specific term or duration, and can be terminated at the bank's discretion. There was no outstanding balance under the line of credit as of March 31, 2016 and 2015.



**WILDLIFE HABITAT COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016 AND 2015**

Note 5. **Temporarily Restricted Net Assets** - The following tables present the temporarily restricted net assets that are available for programs and the contributions and net assets released from restrictions for the years ended March 31, 2016 and 2015:

|                  | Balance<br>March 31,<br><u>2015</u> | <u>Additions</u>  | <u>Releases</u>   | Balance<br>March 31,<br><u>2016</u> |
|------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Transformation   | \$ 168,793                          | \$ 70,000         | \$ 190,169        | \$ 48,624                           |
| Arizona project  | 22,256                              | 30,000            | 39,104            | 13,152                              |
| Chicago project  | 38,340                              | --                | 38,340            | --                                  |
| Houston project  | 19,783                              | --                | 5,902             | 13,881                              |
| Motorola project | 14,624                              | --                | 4,951             | 9,673                               |
| Totals           | <u>\$ 263,796</u>                   | <u>\$ 100,000</u> | <u>\$ 278,466</u> | <u>\$ 85,330</u>                    |

  

|                  | Balance<br>March 31,<br><u>2014</u> | <u>Additions</u>  | <u>Releases</u>   | Balance<br>March 31,<br><u>2015</u> |
|------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Transformation   | \$ 134,794                          | \$ 166,850        | \$ 132,851        | \$ 168,793                          |
| Arizona project  | 23,539                              | 30,000            | 31,283            | 22,256                              |
| Chicago project  | --                                  | 100,000           | 61,660            | 38,340                              |
| Houston project  | 13,436                              | 68,692            | 62,345            | 19,783                              |
| Motorola project | --                                  | 15,000            | 376               | 14,624                              |
| Totals           | <u>\$ 171,769</u>                   | <u>\$ 380,542</u> | <u>\$ 288,515</u> | <u>\$ 263,796</u>                   |

Note 6. **Commitments and Contingencies**

**Leases** - WHC leases office space under an extended non-cancelable operating lease agreement. Base rent on the office space lease agreement is subject to annual escalations, and is recorded on a straight-line basis over the entire lease term. The deferred rent liability on the accompanying statements of financial position represents the cumulative difference between the monthly rent expense and rent paid. The lease is effective April 1, 2014 and expires on May 30, 2022.

The future minimum payments under the lease are as follows:

| Years Ending<br><u>March 31,</u> |                     |
|----------------------------------|---------------------|
| 2017                             | \$ 233,253          |
| 2018                             | 240,250             |
| 2019                             | 247,458             |
| 2020                             | 254,881             |
| 2021                             | 267,778             |
| 2022                             | 45,969              |
| Total                            | <u>\$ 1,289,589</u> |

Rent expense under the lease agreement for the years ended March 31, 2016 and 2015 totaled \$240,973 and \$234,179, respectively.

**WILDLIFE HABITAT COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016 AND 2015**

Note 6. **Commitments and Contingencies** (Continued)

WHC utilizes office space rent-free in other cities. The fair value of the use of these spaces totaled \$41,820 and \$23,714 for the years ended March 31, 2016 and 2015, respectively, and has been recorded as contribution revenue and rent expense in the accompanying financial statements.

**Annual Symposiums** - WHC has entered into contracts for hotel rooms for the November 2016 and November 2017 Annual Symposiums. In the event of cancellation, WHC is required to pay various costs of the hotel rooms as stipulated in the contracts, the amounts of which are dependent upon the date of cancellation.

**Contingencies** - WHC participates in a number of federally-assisted grant programs, which are subject to financial and compliance audits by the Federal Government or their representative. As suWHC Post-ch, there exists a contingent liability for potential questioned costs that may result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit.

Note 7. **Retirement Plan** - WHC maintains a defined contribution retirement plan for its employees who are eligible to participate. WHC contributes 3% of each covered employee's annual salary. Retirement plan contributions are included as a component of benefits expense on the statements of functional expenses, and totaled \$46,655 and \$49,356 for the years ended March 31, 2016 and 2015, respectively.

Note 8. **Results of Operations and Management Plans** - Wildlife Habitat Council (WHC) depends on membership, technical assistance, conference sponsorships, certification fees, and grants and contributions to support its program activities. The economic factors impacting the oil and gas, mining, and other commodity-based industries are leading to significantly reduced support for WHC. In addition, WHC was compelled to invest in IT infrastructure as a critical business need during the year ended March 31, 2015. These conditions have caused a decrease in net assets for the year ended March 31, 2016 which WHC is addressing as follows:

- Numerous positions remain unfilled in the organization
- One position was eliminated
- One open position was re-cast as a lower level and lower cost position
- There is a moratorium on all salary increases
- A portion of the burden for health care costs has been moved to staff
- An aggressive push for new members, services, and fundraising are underway

The board of WHC required management to submit a revenue neutral budget for the year ending March 31, 2017 reflecting the deficit-addressing actions listed above. This budget was approved by the board prior to the beginning of the new fiscal year.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016 AND 2015**

Note 9. **Subsequent Events** - WHC evaluated subsequent events through September 29, 2016, which is the date the financial statements were available to be issued.