

WILDLIFE HABITAT COUNCIL, INC.

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2018



WILDLIFE HABITAT COUNCIL, INC.

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REPORT OF INDEPENDENT AUDITOR

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 December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2018, 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 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 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 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 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 Habitat Council, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the year ended December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Columbia, Maryland
June 5, 2019

WILDLIFE HABITAT COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 236,371	\$ 294,196
Accounts receivable	81,874	171,998
Grants and contributions receivable	210,899	5,596
Prepaid expenses	3,676	37,370
Investments	<u>332,938</u>	<u>356,123</u>
Total current assets	<u>865,758</u>	<u>865,283</u>
NON-CURRENT ASSETS		
Grants and contributions receivable, net of current portion	100,000	-
Property and equipment, net	69,933	110,188
Security deposit	<u>19,241</u>	<u>19,241</u>
Total non-current assets	<u>189,174</u>	<u>129,429</u>
Total assets	<u>\$ 1,054,932</u>	<u>\$ 994,712</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 35,091	\$ 279,436
Accrued vacation and employee benefits	100,807	44,098
Deferred revenue	86,884	17,000
Line of credit	100,000	100,000
Deferred rent	<u>21,060</u>	<u>21,060</u>
Total current liabilities	<u>343,842</u>	<u>461,594</u>
NON-CURRENT LIABILITIES		
Deferred rent, net of current portion	<u>76,863</u>	<u>90,553</u>
Total liabilities	<u>420,705</u>	<u>552,147</u>
NET ASSETS		
Without donor restrictions	340,672	279,565
With donor restrictions	<u>293,555</u>	<u>163,000</u>
Total net assets	<u>634,227</u>	<u>442,565</u>
Total liabilities and net assets	<u>\$ 1,054,932</u>	<u>\$ 994,712</u>

WILDLIFE HABITAT COUNCIL, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
REVENUE AND SUPPORT			
Membership	\$ 840,803	\$ -	\$ 840,803
Grants and contributions	583,854	296,000	879,854
Technical assistance	300,290	-	300,290
Conference and workshop fees	470,750	-	470,750
Certifications	272,300	-	272,300
Calendar	126,027	-	126,027
Site sign revenue	175,262	-	175,262
Other revenue and loss on disposal of property	3,076	-	3,076
Interest and dividends, net of fees	3,971	-	3,971
Net assets released from restrictions	165,445	(165,445)	-
	<u>2,941,778</u>	<u>130,555</u>	<u>3,072,333</u>
EXPENSES			
Program services:			
Wildlife Habitat Strategy and Planning	1,231,805	-	1,231,805
Knowledge Center and Conference	368,040	-	368,040
WHC Conservation Certification®	439,530	-	439,530
Membership Services	328,753	-	328,753
Total program services	<u>2,368,128</u>	<u>-</u>	<u>2,368,128</u>
Supporting services:			
General and Administrative	459,658	-	459,658
Development and Fundraising	25,729	-	25,729
Total supporting services	<u>485,387</u>	<u>-</u>	<u>485,387</u>
Total expenses	<u>2,853,515</u>	<u>-</u>	<u>2,853,515</u>
Change in Net Assets from Operations	88,263	130,555	218,818
Realized and Unrealized Losses on Investments	<u>(27,156)</u>	<u>-</u>	<u>(27,156)</u>
Change in Net Assets	61,107	130,555	191,662
Net Assets, Beginning	<u>279,565</u>	<u>163,000</u>	<u>442,565</u>
Net Assets, Ending	<u>\$ 340,672</u>	<u>\$ 293,555</u>	<u>\$ 634,227</u>

WILDLIFE HABITAT COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018

	Wildlife Habitat Strategy and Planning	Knowledge Center and Conference	WHC Conservation Certifications®	Membership Services	Total Program Services	Supporting Services		Total
						General and Administrative	Development and Fundraising	
Personnel costs:								
Salaries	\$ 648,283	\$ 72,982	\$ 114,703	\$ 185,517	\$ 1,021,485	\$ 261,631	\$ 12,917	\$ 1,296,033
Benefits	102,413	11,529	17,744	29,684	161,370	41,331	2,041	204,742
Payroll taxes	48,184	5,424	8,348	13,966	75,922	19,446	960	96,328
Total personnel costs	798,880	89,935	140,795	229,167	1,258,777	322,408	15,918	1,597,103
Bank service charges	14,021	2,595	10,104	5,015	31,735	5,022	228	36,985
Conference and meetings	3,663	144,212	19	56	147,950	5,234	64	153,248
Depreciation	46,772	5,265	8,103	13,557	73,697	18,876	932	93,505
Dues and subscriptions	5,107	-	117	2,187	7,411	2,757	-	10,168
Equipment rent and maintenance	4,789	45,510	-	-	50,299	1,529	-	51,828
Information technology and	32,741	42	86,660	9,248	128,691	9,235	438	138,364
Insurance	9,436	1,062	1,635	2,735	14,868	3,808	188	18,864
Interest	-	-	-	-	-	6,447	-	6,447
Other	859	-	35	103	997	5,116	-	6,113
Photography	99	10,835	-	123	11,057	-	-	11,057
Postage and shipping	445	45	11,593	5,412	17,495	2,195	-	19,690
Printing and certification site signs	1,198	17,667	121,515	16,938	157,318	519	-	157,837
Professional fees	33,194	19,193	35,775	2,940	91,102	22,283	-	113,385
Project materials	42,092	3,377	377.00	1,063	46,909	4,918	-	51,827
Rent, including in-kind	168,290	5,610	21,762	36,862	232,524	35,025	2,516	270,065
Taxes	-	-	-	-	-	1,533	-	1,533
Telephone and internet	6,003	676	1,040	1,740	9,459	2,422	120	12,001
Training	1,605	-	-	-	1,605	3,946	-	5,551
Travel	62,611	22,016	-	1,607	86,234	6,385	5,325	97,944
	<u>\$ 1,231,805</u>	<u>\$ 368,040</u>	<u>\$ 439,530</u>	<u>\$ 328,753</u>	<u>\$ 2,368,128</u>	<u>\$ 459,658</u>	<u>\$ 25,729</u>	<u>\$ 2,853,515</u>

WILDLIFE HABITAT COUNCIL, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

Cash Flows from Operating Activities

Cash received from grants and contributions	\$ 546,567
Cash received from memberships	840,803
Cash received from programs and other	1,509,849
Cash received from interest and dividends	8,599
Cash paid for personnel costs	(1,535,040)
Cash paid for goods and services	(1,362,799)
Cash paid for interest	(6,447)

Net cash provided by operating activities	1,532
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Cash Flows from Investing Activities

Proceeds from sales of investments	43,718
Purchases and reinvested earnings on investments	(47,689)
Purchases of property and equipment	(55,386)

Net cash used by investing activities	(59,357)
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Net Decrease in Cash and Cash Equivalents	(57,825)
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Cash and Cash Equivalents, Beginning	294,196
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Cash and Cash Equivalents, Ending	\$ 236,371
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Reconciliation of Change in Net Assets to Net Cash from Operating Activities

Change in net assets	\$ 191,662
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	93,505
Realized and unrealized losses on investments	27,156
Loss on disposal of fixed assets	2,136
Changes in operating assets and liabilities:	
Accounts receivable	90,124
Grants and contributions receivable	(305,303)
Other assets and security deposit	33,694
Accounts payable	(244,345)
Accrued vacation and employee benefits	56,709
Deferred revenue	69,884
Deferred rent	(13,690)

Net cash provided by operating activities	\$ 1,532
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Supplemental Disclosure

Property and equipment with a cost basis of \$116,951 and accumulated depreciation of \$114,815 was disposed of during the year ended December 31, 2018.

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

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:

Wildlife Habitat Strategy and Planning

WHC works with over 100 members and partners to build strong conservation programs for wildlife habitat. WHC partners with corporations, their employees, fellow conservation organizations, government agencies and community members to recognize and encourage wildlife habitat projects for conservation, education and recreation. WHC uses 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.

Knowledge Center and Conference

WHC's Conservation Academy webinars provide expertise on conservation trends, tools and topics. These live and on-demand webinars, free of charge, are designed for practical conservation, are produced within a corporate context, and are presented by experts in the field of study. WHC's webinars attract 150 to 500 attendees per session. WHC also hosts regional workshops and meetings that convene corporate conservationists around topics of interest. WHC has approximately 22 individual Project Guidance educational papers available on the WHC website that provide suggestions and instructions on the development and implementation of conservation projects across the following four categories: Habitat, Species, Education and Awareness, and Other Options.

Each year, WHC hosts the Conservation Conference in Baltimore, Maryland, which provides attendees with educational events, networking opportunities, and awards recognition. Over 400 individuals attend this annual conference. The learning sessions and networking events provide opportunities for the participants to share successes, discuss challenges and inspire one another.

WHC Conservation Certification®

The WHC Conservation Certification® program recognizes meaningful wildlife habitat management and conservation education programs through an objective, third-party review. With over 600 certified programs worldwide, the WHC Conservation Certification® program produces an aggregated metric for reporting and disclosure, helping companies demonstrate a long-term commitment to managing quality habitat for wildlife, conservation education and community outreach initiatives. The WHC Conservation Certification® requires that all projects 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.

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Membership Services

WHC members are environmental leaders at local, national and global levels, voluntarily managing their lands to support sustainable ecosystems and the communities that surround them. WHC helps these members connect corporate level sustainability goals to meaningful on-the-ground actions through a series of decision tools and strategic engagements that may be utilized for corporate sustainability key performance indicators. These biodiversity and education actions enhance 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. WHC produces white papers, success stories, and blogs highlighting case studies from WHC members that demonstrate positive outcomes for biodiversity, the environment and communities. Toolkits and other publications specifically written to support member efforts are also produced.

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 have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of reporting cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. Cash and short-term investments held by the investment advisors are reported as investments.

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,

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 December 31, 2018, there is no allowance for doubtful accounts, based on management's evaluation of the collectability of accounts receivable, and the accounts receivable are due in less than one year.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to WHC and recorded at the earlier of the date received or the date of receipt of a donor's non-contingent promise or pledge. Unconditional promises to give that are expected to be collected in one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in grants and contributions revenue. The discount will be recognized as contribution revenue in future fiscal years as the discount is amortized over the duration of the contributions. For the year ended December 31, 2018, no allowance for doubtful accounts has been recorded based on management's evaluation of the grants and contributions receivable. No discount has been recorded since the amount was not material to the financial statements.

Investments

Investments in exchange traded funds with readily determinable fair values are reflected at fair market value. The change in fair market value is recorded as a component of realized and unrealized gains on investments in the statement of activities. Interest and dividends are recorded in revenue when earned.

Fair Value Measurements

WHC complies with the accounting standard on accounting for fair value measurements. This standard defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy under this topic are described below:

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

WHC holds investments in a money market fund and in various exchange traded funds. The exchange traded funds held by WHC are publicly traded on the New York Stock Exchange. Such investments are exposed to various risks such as market and credit fluctuations. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018.

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.

Property and Equipment

Property and equipment are 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 \$5,000 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.

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of WHC and changes therein are classified and reported as follows:

Net assets without donor restriction - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. WHC reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

See note 6 for more information on the composition of net assets with donor restrictions.

Contributions and Grants

WHC recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenue without donor restrictions or revenue with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenue without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Revenue from federal grants is recognized as services are performed and costs are incurred.

Revenue Recognition

Membership revenue is recognized when they are received. Certification fees are recognized as revenue when the certification components have been completed. Technical assistance, project site fees, and site signs 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 registration fees are recognized as revenue in the year the event occurs. Fees received prior to the conference or workshop event are included in deferred revenue. Other revenue is recognized when earned.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. These amounts have been reported as in-kind contribution revenue on the statement of activities and in-kind expenses on the statement of functional expenses. WHC receives services from a number of volunteers who give significant amounts of their time to WHC's programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements report 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 are allocated on the basis of estimates of time and effort except for direct costs associated with specific programs, which are recorded as expenses for the program benefited.

Measure of Operations

The accompanying statement of activities distinguishes 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.

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 those estimates.

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. For the year ended December 31, 2018, WHC's taxable net income totaled \$5,960 related to nondeductible qualified transportation fringes. For the year ended December 31, 2018, a provision for income tax expense and a corresponding liability totaling \$1,252 has been included in accounts payable.

The income tax positions taken by WHC for any years open under the various statutes of limitations are that WHC continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. WHC believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of WHC's federal or state income tax returns are currently under examination.

New Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. WHC has adopted this ASU for the year ended December 31, 2018 and has chosen to present its statement of cash flows using the direct method.

Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for WHC until annual periods beginning after December 15, 2018. The amendments to this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. WHC is currently evaluating the effect the provisions of this ASU will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, 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 statement 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 is required for the year ended December 31, 2020, although early adoption is permitted, and is expected to result in additions to WHC's assets and liabilities for the office leases to the statement of financial position and adding information to the lease disclosures in the notes to the financial statements.

NOTE 2 – GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2018, grants and contributions receivable included the following:

Due in less than 1 year	\$ 210,899
Due in 1 – 5 years	<u>100,000</u>
Totals	<u>\$ 310,899</u>

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The table below represents the balances of investments measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 319,131	\$ -	\$ -	\$ 319,131
Money market funds	<u>13,807</u>	<u>-</u>	<u>-</u>	<u>13,807</u>
Totals	<u>\$ 332,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,938</u>

For the year ended December 31, 2018, net investment income (loss) consists of the following:

Interest and dividends	\$ 8,599
Less, investment fees	<u>(4,628)</u>
Subtotal	<u>3,971</u>
Realized gains on investments	11,276
Unrealized losses on investments	<u>(38,432)</u>
Subtotal	<u>(27,156)</u>
Total net investment loss	<u>\$ (23,185)</u>

NOTE 4 - PROPERTY AND EQUIPMENT

As of December 31, 2018, WHC's property and equipment included the following:

Office equipment	\$ 417,057
Leasehold improvements	<u>47,428</u>
Subtotal	464,485
Less, Accumulated depreciation	<u>(394,552)</u>
Net value of property and equipment	<u>\$ 69,933</u>

For the year ended December 31, 2018, depreciation expense totaled \$93,505.

NOTE 5 - LINE OF CREDIT

WHC has a \$100,000 revolving line of credit, due on demand, collateralized by WHC's investments, and has a 6.50% 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 \$100,000 outstanding as of December 31, 2018.

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

The following table presents the activities of net assets with donor restrictions for the year ended December 31, 2018:

	Balance January 1, 2018	Additions	Releases	Balance December 31, 2018
Purpose restrictions:				
Enbridge project	\$ 70,000	\$ -	\$ (20,000)	\$ 50,000
Shell project	83,000	-	(83,000)	-
Vulcan project	10,000	-	(10,000)	-
Calumet office	-	60,000	(23,445)	36,555
Content & Partnership	-	11,000	(8,030)	2,970
Time restrictions	<u>-</u>	<u>225,000</u>	<u>(20,970)</u>	<u>204,030</u>
Totals	<u>\$ 163,000</u>	<u>\$ 296,000</u>	<u>\$ (165,445)</u>	<u>\$ 293,555</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Annual Conservation Conferences

WHC has entered into contracts with various hotels for rooms for the annual conference to be held each November through 2020. 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.

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 in the accompanying statement of financial position represents the cumulative difference between the monthly rent expense and rent paid. The lease expires on May 30, 2022.

The future minimum payments under the lease are as follows:

Years Ending December 31,	
2019	\$ 253,025
2020	258,705
2021	265,829
2022	<u>112,913</u>
Total	<u>\$ 890,472</u>

WILDLIFE HABITAT COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2018

NOTE 7 - COMMITMENTS AND CONTINGENCIES (Continued)

Rent expense under the lease agreement for the year ended December 31, 2018 totaled \$242,081 and has been included in rent expense in the statement of functional expenses.

WHC utilizes office space rent-free in other cities. The estimated fair value for these office spaces totaled \$27,984 for the year ended December 31, 2018, and has been recorded as contribution support and program services rent expense in the accompanying financial statements.

NOTE 8 - 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 statement of functional expenses. For the year ended December 31, 2018, retirement expenses totaled \$43,930.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

WHC's financial assets that are available for general expenditures during the year ending December 31, 2019 are as follows:

Cash and cash equivalents	\$ 236,371
Investments	332,938
Accounts receivable	81,874
Grants and contributions receivable	<u>310,899</u>
Total financial assets available within one year	<u>962,082</u>

Less, amounts unavailable for general expenditures within one year, due to:

Restrictions by donors for specified purposes or time	<u>(189,525)</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 772,557</u></u>

WHC structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 - SUBSEQUENT EVENTS

WHC evaluated subsequent events through June 5, 2019, which is the date the financial statements were available to be issued.