

Tennessee Wildlife Federation, Inc. &
Tennessee Wildlife Federation Foundation, Inc.

Consolidated Financial Statements
June 30, 2014

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Independent Auditor's Report

To the Board of Directors of
Tennessee Wildlife Federation, Inc. and Tennessee Wildlife Federation Foundation, Inc.
Nashville, TN

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Tennessee Wildlife Federation, Inc. and Tennessee Wildlife Federation Foundation, Inc. (nonprofit organizations, collectively the "Organization") which comprise the consolidated statements of financial position as of June 30, 2014, and the related consolidated statements of activities, cash flows and functional expenses for the six months then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Auditor's report continued on next page)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Wildlife Federation, Inc. and Tennessee Wildlife Federation Foundation, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of consolidated financial position on page 18, and the supplemental schedule of consolidated activities and changes in net assets on page 19 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "McKerley & Noonan". The signature is written in a cursive, flowing style.

McKerley & Noonan, P.C.
Nashville, TN
May 4, 2015

**Tennessee Wildlife Federation, Inc.
and
Tennessee Wildlife Federation Foundation, Inc.
Consolidated Statement of Financial Position
June 30, 2014**

Assets

Assets

Cash in Bank	\$ 1,359,835
Investments (Note 3)	117,758
Accounts Receivable	34,090
Inventory (Note 4)	4,679
Prepaid Expenses	25,251
Property & Equipment at Cost, Less Accumulated Depreciation (Note 5)	182,657
Assets Held for Sale	18,061
Agency Endowment Fund (Note 11)	5,805

Total Assets

\$ 1,748,136

Liabilities and Net Assets

Liabilities

Accounts Payable	\$ 143,181
Accrued Payroll Liabilities	19
Accrued Paid Time Off	44,941
Other Accrued Liabilities	274
Line of Credit (Note 6)	21,605
Promissory Note (Note 6)	30,000

Total Liabilities

240,020

Net Assets:

Unrestricted	784,550
Temporarily Restricted (Note 7)	436,229
Permanently Restricted (Note 8)	287,337

Total Net Assets

1,508,116

Total Liabilities and Net Assets

\$ 1,748,136

Tennessee Wildlife Federation, Inc.
and
Tennessee Wildlife Federation Foundation, Inc.
Consolidated Statement of Activities and Changes in Net Assets
For the Six Months Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support & Revenue				
Contributions	\$ 215,150	\$ 328,894	\$ -	\$ 544,044
Wetland Mitigation Fees (Note 9)	19,500	-	-	19,500
Foundation & State Grant Revenue	-	252,000	-	252,000
Special Events & Activities	343,856	-	-	343,856
Investment Income	2,994	6,665	-	9,659
Rental Income	15,741	-	-	15,741
Gifts in Kind - Goods	18,061	-	-	18,061
Miscellaneous Income	6,357	-	-	6,357
Net Assets Released from Restrictions	445,826	(445,826)	-	-
Total Support & Revenue	<u>1,067,485</u>	<u>141,733</u>	<u>-</u>	<u>1,209,218</u>
Program Services				
Education & Outreach	752,661	-	-	752,661
Total Program Services	<u>752,661</u>	<u>-</u>	<u>-</u>	<u>752,661</u>
Supporting Services				
Management & General	95,056	-	-	95,056
Fundraising	151,965	-	-	151,965
Total Supporting Services	<u>247,021</u>	<u>-</u>	<u>-</u>	<u>247,021</u>
Total Expenses	<u>999,682</u>	<u>-</u>	<u>-</u>	<u>999,682</u>
Change in Net Assets	67,803	141,733	-	209,536
Net Assets, Beginning of Year	<u>716,747</u>	<u>294,496</u>	<u>287,337</u>	<u>1,298,580</u>
Net Assets, End of Year	<u>\$ 784,550</u>	<u>\$ 436,229</u>	<u>\$ 287,337</u>	<u>\$ 1,508,116</u>

**Tennessee Wildlife Federation, Inc.
and
Tennessee Wildlife Federation Foundation, Inc.
Consolidated Statement of Cash Flows
For the Six Months Ended June 30, 2014**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 209,536
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	21,118
In Kind Contributions	(18,061)
Gain on Investments	(9,454)
Decrease in Accounts Receivable	58,614
Increase in Prepaid Expenses	(21,479)
Decrease in Inventory	3,058
Increase in Accounts Payable & Accrued Payroll Liabilities	23,004
Decrease in Other Accrued Liabilities	(3,287)
Total Adjustments	<u>53,513</u>
Net Cash Provided by Operating Activities	263,049
Cash Flows from Investing Activities	
Purchase of Fixed Assets	(22,545)
Purchase of Investments	-
Net Cash Used by Investing Activities	<u>(22,545)</u>
Cash Flows from Financing Activities	
Borrowings on Promissory Note	-
Principal Payments	-
Net Cash Provided by Financing Activities	<u>-</u>
Net Increase in Cash	240,504
Cash in Bank Beginning of Year	<u>1,119,331</u>
Cash in Bank End of Year	<u><u>\$ 1,359,835</u></u>
Supplemental Cash Flow Information	
Interest Paid During 2014	\$ 582

Tennessee Wildlife Federation, Inc.
and
Tennessee Wildlife Federation Foundation, Inc.
Consolidated Statement of Functional Expenses
For the Six Months Ended June 30, 2014

	<u>Program</u>			
	<u>Services</u>	<u>Supporting Services</u>		
	<u>Education & Outreach</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 271,308	\$ 47,047	\$ 108,290	\$ 426,645
Payroll Taxes & Benefits	39,440	9,758	17,112	66,310
Total Salaries & Related Expenses	310,748	56,805	125,402	492,955
Advertising	500	-	-	500
Bank Fees	2,263	1,007	-	3,270
Contract Labor	26,492	-	-	26,492
Contracted Services	39,789	1,070	4,230	45,089
Depreciation	16,262	1,899	2,957	21,118
Dues and Subscriptions	4,996	453	354	5,803
Equipment Lease	960	522	202	1,684
Insurance	8,366	6,736	-	15,102
Interest Expense	582	-	-	582
Merchandise and Supplies	86,818	2,513	861	90,192
Miscellaneous	2,792	772	686	4,250
Postage and Freight	1,329	1,478	680	3,487
Printing & Communication	14,911	1,115	2,112	18,138
Processing Fees	16,575	-	-	16,575
Professional Fees	24,357	11,585	-	35,942
Program Events & Supplies	120,627	-	-	120,627
Property Management	18,628	-	-	18,628
Repairs and Maintenance	492	268	104	864
Scholarships & Grants	2,177	-	-	2,177
Storage	3,976	1,324	-	5,300
Telephone	3,787	2,998	3,526	10,311
Travel and Meetings	45,234	2,611	10,851	58,696
Utilities	-	1,900	-	1,900
Total Functional Expenses	\$ 752,661	\$ 95,056	\$ 151,965	\$ 999,682

Tennessee Wildlife Federation, Inc. and
Tennessee Wildlife Federation Foundation, Inc.

Notes to Consolidated Financial Statements

June 30, 2014

NOTE 1 - DESCRIPTION AND PURPOSE OF THE ORGANIZATION

Tennessee Wildlife Federation, Inc. (“TWF”) and the Tennessee Wildlife Federation Foundation, Inc. (the “Foundation”) are Tennessee non-profit corporations (collectively “the Organization”). The Foundation was founded in 1977 solely for the use and benefit of the TWF. The TWF was founded in 1946 and is the oldest and one of the largest Tennessee statewide non-profit organizations dedicated to the conservation of wildlife and natural resources through stewardship, advocacy, and education. The mission of TWF is “leading the conservation, sound management, and wise use of Tennessee’s wildlife and great outdoors”.

The Organization receives contributions from individuals, foundations and corporations related to its primary purpose. The organization also receives revenues by selling wetland mitigation credits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the accounts of the TWF and the Foundation and have been prepared on the accrual basis of accounting, which means that revenues are recognized when earned and expenses are recorded when incurred. The financial statements are consolidated since the TWF has both an economic interest in the Foundation and control through the Foundation’s Board. All significant transactions and balances between the two organizations have been eliminated in consolidation. The significant accounting policies of the Organization are described below to enhance the usefulness of the consolidated financial statements to the reader.

Use of Estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles 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.

Financial Statement Presentation

For financial statement presentation, the Organization reports its financial information according to three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based on the existence or absence of donor-imposed restrictions.

Unrestricted Net Assets

Unrestricted net assets are donations that are not subject to donor-imposed stipulations. Monies received without restriction or released from restriction are generally used to finance the normal day-to-day operations of the Organization.

Temporarily Restricted Net Assets

Temporarily restricted net assets are donations that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2014, there were \$436,229 of funds subject to various donor-imposed restrictions. (See Note 7)

Permanently Restricted Net Assets

Permanently restricted net assets are donations subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. (See Note 8)

Investments

Investments are carried at fair value based on the quoted market price on the last business day of the reporting period. Changes in unrealized gains and losses on investments are recognized in the statement of activities for the year.

Fair Value Measurements

The Organization has adopted ASC 820, Fair Value Measurements. This standard defines fair value, provides guidance for measuring fair value, and requires certain disclosures. The standard utilizes a fair value hierarchy which is categorized into three levels based on the inputs to the valuation techniques used to measure fair value. The standard does not require any new fair value measurements, but discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The Organization's investments are measured on a recurring basis at fair value at the reporting date using quoted prices in active markets for identical assets (Level 1).

Accounts Receivable

Accounts receivable primarily represents pledges and grants receivable to be received within the first six months of 2014. The Organization expenses bad debt in the period in which the receivable is deemed uncollectible. No allowance for doubtful accounts has been recorded in the current year as management believes all amounts are fully collectible.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable 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 (unless immaterial). Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2014 the Organization had \$22,500 of pledged receivables included in accounts receivable.

Property & Equipment

Property and equipment are recorded at cost, when purchased, or at estimated fair value, when gifted to the Organization. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation is calculated by the straight-line method to allocate the cost of depreciable assets, as so determined, to operations over the estimated useful lives as follows:

Furniture & Equipment	3 - 7 years
Program Services Equipment	5 years
Building Improvements	10 Years
Building	20 Years

Agency Endowment Fund

The Organization's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee is recognized as an asset. Investment income and changes in the value of the fund are recognized in the statements of activities, and distributions received from the fund are recorded as decreases in the beneficial interest.

Donated Goods & Services

The Organization reports any gifts of equipment or materials as unrestricted support, absent any explicit donor restrictions as to how the assets must be used. Gifts of long-lived assets and/or support that are restricted to the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Donated facilities and materials are recorded as gifts in the period received at their estimated fair value, if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance non-financial assets or if the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Organization if not donated. Such services are recognized at estimated fair value as support and expense in the period the services are performed.

Members of the Board have provided substantial assistance to the Organization by

the donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement and valuation.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and non-financial data or reasonable subjective methods determined by management.

Program and Supporting Services

The following program and supporting services classifications are included in the accompanying consolidated financial statements:

Program Service

Education and Outreach – Advocates sound natural resource policies, provides various educational programs that promote understanding of Tennessee’s environment, and encourages natural resource conservation and community planning that balances conservation needs with sound economic growth.

Tennessee Mitigation Fund – The fund collects fees on behalf of the public to pool together and fund the repair and maintenance of restored wetland mitigation sites. (See note 9)

Supporting Services:

Management and General – Relates to the overall direction of the Organization. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and essential to the organization. Specific activities include organizational oversight, business management, record-keeping, budgeting, financing, and other administrative activities.

Fundraising – Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

Income Taxes

The TWF and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Organization adopted the guidance in ASC 740 on accounting for uncertainty in income

taxes. For all tax positions taken by the Organization, management believes it is clear that the likelihood is greater than 50 percent that the full amount of the tax positions taken will be ultimately realized. With few exceptions, the Organization is no longer subject to U.S. federal tax examinations by tax authorities for years before 2011. The Organization incurred no interest or penalties during the six months ended June 30, 2014.

NOTE 3 – INVESTMENTS

As of June 30, 2014, investments consisted of a mutual fund and money market account (all Level 1) which at June 30, 2014 amounted to \$108,370 and \$9,388 respectively. The mutual fund is an income fund with a three star rating from Morningstar. This fund had a net gain from realized and unrealized gains and losses of \$9,191 for the six months ended June 30, 2014.

NOTE 4 – INVENTORY

The Organization has recorded inventory consisting of ammunition. The inventory is recorded at cost which approximates fair market value and amounted to \$22,740 at June 30, 2014.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following as of June 30, 2014:

Land	\$ 66,193
Building	257,309
Vehicles	12,780
Furniture & Equipment	100,059
Program Services Equipment	309,149
Website	41,383
Building Improvements	30,686
	<u>817,559</u>
Less: Accumulated Depreciation	<u>(634,902)</u>
Property & Equipment, Net	<u><u>\$ 182,657</u></u>

NOTE 6 – NOTES PAYABLE AND CREDIT LINES

The Organization has signed a promissory note payable to Peter Schutt with an interest rate of 0% which matures in February of 2015. The outstanding balance of the note is \$30,000 at June 30, 2014.

The Organization has a \$45,000 line of credit with First Tennessee Bank bearing interest at Prime + 1%. The credit line was renewed in February of 2014 and matures in January of 2015. The outstanding balance of the note is \$5,000 at June 30, 2014.

The Organization has a \$45,000 line of credit with Tennessee Bank and Trust bearing interest at 6.5%. The credit line matured in July of 2014. The outstanding balance of the note is \$16,605 at June 30, 2014.

Future principal payments on the promissory notes and lines of credit for are as follows:

For the year ending June 30, 2015:	\$ 36,605
<u>For the Year ending June 30, 2016:</u>	<u>\$ 15,000</u>
Total Future principal payments:	\$ 51,605

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30, 2014:

Great Outdoors University	\$ 75,276
Hunters for the Hungry	71,527
Strategic Plan	222,973
Other	66,453
Total Temporarily Restricted Net Assets	<u>\$ 436,229</u>

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of \$200,000 of the net assets held in the Foundation, \$82,058 related to a conservation easement, and \$5,279 related to the Agency Endowment fund discussed in Note 11.

As of June 30, 2014, the sole assets of the Foundation are the land and building, which was acquired for the benefit of the TWF. The acquisition cost of this property was approximately \$323,000. At June 30, 2014, the net book value of the property was less than the \$200,000 permanently restricted endowment established. Management estimates that the fair value of this property exceeds \$200,000. In the event the property is ever sold for less than \$200,000, the TWF will be obligated to reimburse the Foundation for any deficit.

Changes in Permanently Restricted Net Assets

For the six months ended 06/30/2014

	<u>Balance at 12/31/13</u>	<u>Contributions</u>	<u>Investment Income</u>	<u>Expenditures</u>	<u>Balance at 12/31/14</u>
Foundation (Building)	\$200,000	-	-	-	\$200,000
Conservation Easement	82,058	-	-	-	82,058
Agency Fund	<u>5,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,279</u>
Total	<u>\$287,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$287,337</u>

NOTE 9 – WETLAND MITIGATION

The Organization collects fees on behalf of the public to pool together and fund the repair and maintenance of restored wetland mitigation sites. Revenue for the fund is recorded when the funds are received and the certificate is issued. When an applicant seeks permit approval from regulatory authorities overseeing water and wetlands, the Organization will identify mitigation sites and work with landowners to restore those sites to permanently functioning wetlands. After construction, the site must be monitored for proper hydrology and vegetation annually for five years, and again at seven and 10 years to ensure the successful restoration of lost wetland functions. By rule, net proceeds from projects will be held in escrow for both maintenance and future wetlands projects, along with any interest gained on the escrow account.

NOTE 10 – ENDOWMENTS

The Organization’s endowment consists of a permanently restricted contribution for the monitoring of a conservation easement and an Agency Endowment Fund which is discussed in Note 11. As required by generally accepted accounting principles in the United States, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law- The Organization has interpreted the Tennessee Prudent Management of Institutional Funds Act (TPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent

endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by TPMIFA. In accordance with TPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the fund, (2) The purposes of the organization and the donor-restricted endowment fund: (3) General economic conditions, (4) The possible effect of inflation and deflation, (5) The expected total return from income and the appreciation of investments, (6) Other resources of the organization, and (7) The investment policies of the Organization.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2014.

Return Objectives and Risk Parameters – the Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Organization has a policy of appropriating for distribution each year the earnings of the investment for the continued monitoring of the easement.

Endowment fund activity for the year is summarized in the following schedule:

Changes in Endowment Net Assets

For the six months ended 06/30/2014

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2013	\$ -	\$ 87,337	\$ 87,337
Investment income (realized & unrealized)	6,665	-	6,665
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(6,665)	-	(6,665)
Endowment net assets, June 30, 2014	\$ -	\$ 87,337	\$ 87,337

NOTE 11 – AGENCY ENDOWMENT FUND

The Organization has a beneficial interest in the Tennessee Wildlife Federation Fund (the “Fund”), an agency endowment fund held by the Community Foundation of Middle Tennessee (the “Community Foundation”). Earnings on this fund are used to benefit various programs for TWF. The Fund is charged a 0.4% administrative fee annually. Upon request by the Organization, income from the Fund representing a 5% annual return may be distributed to the Organization or to another suggested beneficiary. Earnings in excess of 5% are added to principal.

NOTE 12 – OPERATING LEASES

During the six months ended June 30, 2014 the Organization rented out the ground floor of its building (approximately 50% of its space) to a medical organization; the base rent is \$2,394.40 per month. Total rental income received in 2014 was \$15,741.

NOTE 13 – CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and investments, pledges receivable, and accounts receivable. Cash balances are maintained with financial institutions and are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Pledges and accounts receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources.

The Organization’s operations are concentrated in Tennessee.

Endowment fund activity for the year is summarized in the following schedule:

Changes in Endowment Net Assets

For the six months ended 06/30/2014

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2013	\$ -	\$ 87,337	\$ 87,337
Investment income (realized & unrealized)	6,665	-	6,665
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(6,665)	-	(6,665)
Endowment net assets, June 30, 2014	\$ -	\$ 87,337	\$ 87,337

NOTE 11 – AGENCY ENDOWMENT FUND

The Organization has a beneficial interest in the Tennessee Wildlife Federation Fund (the “Fund”), an agency endowment fund held by the Community Foundation of Middle Tennessee (the “Community Foundation”). Earnings on this fund are used to benefit various programs for TWF. The Fund is charged a 0.4% administrative fee annually. Upon request by the Organization, income from the Fund representing a 5% annual return may be distributed to the Organization or to another suggested beneficiary. Earnings in excess of 5% are added to principal.

NOTE 12 – OPERATING LEASES

During the six months ended June 30, 2014 the Organization rented out the ground floor of its building (approximately 50% of its space) to a medical organization; the base rent is \$2,394.40 per month. Total rental income received in 2014 was \$15,741.

NOTE 13 – CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and investments, pledges receivable, and accounts receivable. Cash balances are maintained with financial institutions and are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Pledges and accounts receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources.

The Organization’s operations are concentrated in Tennessee.

NOTE 14 – PENSION PLAN

The Organization has a simple IRA for its employees. The plan calls for the Organization to match 100% of elective deferrals by employee up to 1% of the employee's salary. The total cost for matching deferrals for the six months ended June 30, 2014 was \$4,524.

NOTE 15 – CONTINGENCIES, RISKS AND UNCERTAINTIES

An accident occurred during 2014 at an event co-sponsored by the Organization. As of May 4, 2015, no legal proceedings have been initiated related to this accident. The Organization believes they have adequate insurance to cover any contingency.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent to June 30, 2014, the Organization has elected to discontinue its Great Outdoors University program and transfer the activity, one employee and restricted funds to the new organization once it is granted non profit status. As of May 4, 2015, the total cash funds to be transferred is approximately \$78,000.

Management has evaluated subsequent events through May 4, 2015, the date that the financial statements were available to be issued.

Tennessee Wildlife Federation, Inc.
and
Tennessee Wildlife Federation Foundation, Inc.
Consolidated Schedule of Financial Position
June 30, 2014

	<u>General Fund</u>	<u>Wetland Mitigation Program</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<u>Assets</u>					
Assets					
Cash in Bank	\$ 982,424	\$ 377,411	\$ -	\$ -	\$ 1,359,835
Investments	117,758	-	-	-	117,758
Accounts Receivable	34,090	-	-	-	34,090
Intercompany Receivable	34,838	-	-	(34,838)	-
Due from TWF	-	-	200,000	(200,000)	-
Inventory	4,679	-	-	-	4,679
Prepaid Expenses	25,251	-	-	-	25,251
Property & Equipment at Cost, Less Accumulated Depreciation	182,657	-	-	-	182,657
Assets held for sale	18,061	-	-	-	18,061
Agency Endowment Fund	5,805	-	-	-	5,805
Total Assets	<u>\$ 1,405,563</u>	<u>\$ 377,411</u>	<u>\$ 200,000</u>	<u>\$ (234,838)</u>	<u>\$ 1,748,136</u>
<u>Liabilities and Net Assets</u>					
Liabilities					
Accounts Payable	\$ 138,514	\$ 4,667	\$ -	\$ -	\$ 143,181
Intercompany Payable	-	34,838	-	(34,838)	-
Accrued Payroll Liabilities	19	-	-	-	19
Accrued Paid Time Off	44,941	-	-	-	44,941
Other Accrued Liabilities	274	-	-	-	274
Due to Foundation	200,000	-	-	(200,000)	-
Line of Credit	21,605	-	-	-	21,605
Promissory Note	30,000	-	-	-	30,000
Total Liabilities	435,353	39,505	-	(234,838)	240,020
Net Assets:					
Unrestricted	446,644	337,906	-	-	784,550
Temporarily Restricted	436,229	-	-	-	436,229
Permanently Restricted	87,337	-	200,000	-	287,337
Total Net Assets	<u>970,210</u>	<u>337,906</u>	<u>200,000</u>	<u>-</u>	<u>1,508,116</u>
Total Liabilities and Net Assets	<u>\$ 1,405,563</u>	<u>\$ 377,411</u>	<u>\$ 200,000</u>	<u>\$ (234,838)</u>	<u>\$ 1,748,136</u>

Tennessee Wildlife Federation, Inc.
and
Tennessee Wildlife Federation Foundation, Inc.
Consolidated Schedule of Activities and Changes in Net Assets
For the Six Months Ended June 30, 2014

	<u>General Fund</u>	<u>Wetland Mitigation Program</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Support & Revenue					
Contributions	\$ 544,044	\$ -	\$ -	\$ -	\$ 544,044
Wetland Mitigation	18,821	19,500	-	(18,821)	19,500
Foundation & State Grant Revenue	252,000	-	-	-	252,000
Special Events & Activities	343,856	-	-	-	343,856
Investment Income	9,659	-	-	-	9,659
Rental Income	15,741	-	-	-	15,741
Gifts in Kind - Goods	18,061	-	-	-	18,061
Miscellaneous Income	6,357	-	-	-	6,357
Total Support & Revenue	<u>1,208,539</u>	<u>19,500</u>	<u>-</u>	<u>(18,821)</u>	<u>1,209,218</u>
Expenses					
Salaries	\$ 426,644	\$ 17,260	\$ -	\$ (17,259)	\$ 426,645
Payroll Taxes & Benefits	66,310	-	-	-	66,310
Advertising	500	-	-	-	500
Bank Fees	3,270	-	-	-	3,270
Contract Labor	26,492	-	-	-	26,492
Contracted Services	39,907	6,180	-	(998)	45,089
Depreciation	21,118	-	-	-	21,118
Dues and Subscriptions	5,802	69	-	(68)	5,803
Equipment Lease	1,684	-	-	-	1,684
Insurance	14,963	139	-	-	15,102
Interest Expense	704	-	-	(122)	582
Merchandise and Supplies	90,192	-	-	-	90,192
Miscellaneous	4,250	-	-	-	4,250
Postage and Freight	3,487	-	-	-	3,487
Printing & Communication	18,138	-	-	-	18,138
Processing Fees	16,575	-	-	-	16,575
Professional Fees	26,942	9,000	-	-	35,942
Program Events & Supplies	120,627	-	-	-	120,627
Property Management	18,628	-	-	-	18,628
Repairs and Maintenance	864	-	-	-	864
Scholarships & Grants	2,177	-	-	-	2,177
Storage	5,300	-	-	-	5,300
Telephone	10,311	358	-	(358)	10,311
Travel and Meetings	55,935	2,777	-	(16)	58,696
Utilities	1,900	-	-	-	1,900
Total Expenses	<u>982,720</u>	<u>35,783</u>	<u>-</u>	<u>(18,821)</u>	<u>999,682</u>
Change in Net Assets	225,819	(16,283)	-	-	209,536
Net Assets, Beginning of Year	<u>744,391</u>	<u>354,189</u>	<u>200,000</u>	<u>-</u>	<u>1,298,580</u>
Net Assets, End of Year	<u>\$ 970,210</u>	<u>\$ 337,906</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 1,508,116</u>