

# **Theodore Roosevelt Conservation Partnership, Inc.**

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## **Financial Statements**

**Year Ended December 31, 2017  
With Comparative Totals for 2016**

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## **Independent Auditors' Report**

Board of Directors  
Theodore Roosevelt Conservation Partnership, Inc.  
Washington, District of Columbia

We have audited the accompanying financial statements of Theodore Roosevelt Conservation Partnership, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Theodore Roosevelt Conservation Partnership, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the Theodore Roosevelt Conservation Partnership, Inc.'s 2016 financial statements, and our report dated March 29, 2017 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is 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.

*Dixon Hughes Goodman LLP*

**Tysons, Virginia  
April 4, 2018**

**Theodore Roosevelt Conservation Partnership, Inc.**  
**Statements of Financial Position**  
**December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,229,724	\$ 1,906,521
Promises to give	43,650	113,187
Grants receivable, net of long-term portion	1,589,158	322,341
Prepaid expenses	97,108	116,984
Total current assets	<u>3,959,640</u>	<u>2,459,033</u>
Property, equipment and furniture :		
Office furniture	41,188	41,188
Office equipment	152,345	141,956
	<u>193,533</u>	<u>183,144</u>
Less - accumulated depreciation	<u>(156,029)</u>	<u>(139,384)</u>
Total property, equipment and furniture, net	<u>37,504</u>	<u>43,760</u>
Other assets:		
Security deposit	40,478	40,478
Grants receivable, long-term portion	100,000	-
Total assets	<u>\$ 4,137,622</u>	<u>\$ 2,543,271</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 77,724	\$ 130,626
Accrued salaries and related benefits	86,579	130,397
Total current liabilities	<u>164,303</u>	<u>261,023</u>
Other liabilities:		
Deferred rent	169,536	30,624
Total liabilities	<u>333,839</u>	<u>291,647</u>
Net assets:		
Unrestricted :		
Undesignated	276,050	158,081
Board designated	442,870	390,952
Total unrestricted net assets	<u>718,920</u>	<u>549,033</u>
Temporarily restricted net assets	<u>3,084,863</u>	<u>1,702,591</u>
Total net assets	<u>3,803,783</u>	<u>2,251,624</u>
Total liabilities and net assets	<u>\$ 4,137,622</u>	<u>\$ 2,543,271</u>

See accompanying notes.

**Theodore Roosevelt Conservation Partnership, Inc.**  
**Statements of Activities**  
**Year Ended December 31, 2017, with Comparative Totals for 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
Revenue:				
Grant revenue	\$ 3,500	\$ 4,735,325	\$ 4,738,825	\$ 2,226,090
Meeting sponsorships	356,651	184,500	541,151	392,733
Individual contributions	542,273	-	542,273	378,957
JR Conservation Fund	10,000	-	10,000	2,500
Non-profit and association contributions	-	9,557	9,557	3,250
Other revenue	268,074	48,935	317,009	382,926
Interest income	4,981	-	4,981	4,763
Net assets released from restrictions	3,596,045	(3,596,045)	-	-
	<u>4,781,524</u>	<u>1,382,272</u>	<u>6,163,796</u>	<u>3,391,219</u>
Expenses:				
Program services	3,630,629	-	3,630,629	3,323,580
Supporting services:				
Management and general	445,837	-	445,837	483,807
Fundraising	535,171	-	535,171	579,654
	<u>981,008</u>	<u>-</u>	<u>981,008</u>	<u>1,063,461</u>
	<u>4,611,637</u>	<u>-</u>	<u>4,611,637</u>	<u>4,387,041</u>
Change in net assets	169,887	1,382,272	1,552,159	(995,822)
Net assets, beginning of year	<u>549,033</u>	<u>1,702,591</u>	<u>2,251,624</u>	<u>3,247,446</u>
Net assets, end of year	<u>\$ 718,920</u>	<u>\$ 3,084,863</u>	<u>\$ 3,803,783</u>	<u>\$ 2,251,624</u>

See accompanying notes.

**Theodore Roosevelt Conservation Partnership, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,552,159	\$ (995,822)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,645	15,746
Change in:		
Promises to give	69,537	42,180
Grants receivable	(1,366,817)	939,445
Prepaid expenses and security deposit	19,876	(60,361)
Accounts payable and accrued liabilities	(52,902)	81,959
Accrued salaries and related benefits	(43,818)	51,140
Deferred rent	138,912	30,624
Net cash provided by operating activities	<u>333,592</u>	<u>104,911</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(10,389)</u>	<u>(26,621)</u>
Net cash used in investing activities	<u>(10,389)</u>	<u>(26,621)</u>
Net change in cash and cash equivalents	323,203	78,290
Cash and cash equivalents, beginning of year	<u>1,906,521</u>	<u>1,828,231</u>
Cash and cash equivalents, end of year	<u>\$ 2,229,724</u>	<u>\$ 1,906,521</u>

See accompanying notes.

## **Notes to Financial Statements**

### **1. Organization and Nature of Activities**

Theodore Roosevelt Conservation Partnership, Inc. (TRCP) was incorporated on July 30, 2002 and began business on August 1, 2002. TRCP's primary purpose is to ensure that America's lands, both public and private, will always provide clean water, healthy habitat, bountiful fish and wildlife populations and opportunities to fish, hunt and enjoy the outdoors. TRCP is a non-profit corporation incorporated in Delaware and located in the District of Columbia.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of presentation***

The accompanying policies of the organization are in accordance with accounting principles generally accepted in the United States of America applied on a basis consistent with that of the preceding years.

#### ***Basis of accounting***

These financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

#### ***Estimates***

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

#### ***Revenue recognition***

Grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the satisfaction of time restrictions. Temporarily restricted grants and contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

#### ***Cash and cash equivalents***

For the purposes of the statements of cash flows, TRCP considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents.

#### ***Concentrations of credit risk***

Financial instruments that potentially subject TRCP to concentration of credit risk consist primarily of cash and cash equivalents. TRCP maintains its cash and cash equivalents, which at times may exceed the federally insured limit, in bank deposit accounts with high quality financial institutions. TRCP has not experienced any losses in such accounts.

#### ***Promises to give and grants receivable***

Promises to give and grants receivable are recorded at estimated net realizable value. Management periodically reviews the status of all promises to give and grants receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of and relationship with the grantor and the age of the receivable balance. As a result of these reviews, management's assessment was that all outstanding balances as of December 31, 2017 were deemed collectible and no allowance was required.



**Theodore Roosevelt Conservation Partnership, Inc.**  
**Notes to Financial Statements**

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***Property and equipment***

Acquisitions of property and equipment are stated at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred, but renewals and betterments are capitalized. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities.

Depreciation is based on estimated useful service lives and is computed on the straight-line method, generally five to seven years. TRCP's policy is to capitalize property and equipment purchased with a cost greater than \$1,000. Leasehold improvements are amortized over the lease term.

***Classification of net assets***

TRCP reports information regarding its financial position and activities according to the existence or absence of externally (donor) imposed restrictions into three classes of net assets. The net asset classes are unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, defined as follows:

Unrestricted net assets impose no restriction on TRCP as to their use or purpose. Such net assets are available for the operation of TRCP and include both internally designated and undesignated reserves.

Temporarily restricted net assets include sponsorships, grants and contributions subject to donor-imposed stipulations that will be met by the actions of TRCP 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. Temporarily restricted net assets were \$3,084,863 at December 31, 2017.

Permanently restricted net assets include gifts and grants that require, by donor restriction, corpus be invested in perpetuity and only the income is available for program operations in accordance with donor restriction. TRCP did not have any permanently restricted net assets at December 31, 2017.

***Advertising***

TRCP expenses advertising costs as they are incurred. Advertising and promotion expense was \$202,844 for 2017.

***Functional allocation of expenses***

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

***Income taxes***

TRCP is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). TRCP qualifies for the charitable contribution deduction under Section 170 and has been classified as an organization that is not a private foundation under Section 509(a)(1). There is no material net unrelated business income tax liability for 2017.

TRCP follows accounting standards for dealing with uncertainty in accounting for income tax provisions. TRCP has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2017.

***Subsequent events***

In preparing these financial statements, TRCP has evaluated events and transactions for potential recognition or disclosure through April 4, 2018, the date the financial statements were available to be issued.

**Theodore Roosevelt Conservation Partnership, Inc.**  
**Notes to Financial Statements**

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**3. Comparative Totals**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the TRCP's financial statements for 2016, from which the summarized information was derived.

**4. Grants Receivable**

As of December 31, 2017, TRCP has grants receivable totaling \$1,689,158. Grants within one year are reported at their net realizable value. Grants due in future periods should be discounted to their present value based on a discount rate of 2.35% for 2017. The discount for the long-term grant receivable at December 31, 2017 is considered immaterial and is not recorded. The grants receivable are due as follows:

Less than one year	\$ 1,589,158
More than one year	<u>100,000</u>
	<u>\$ 1,689,158</u>

**5. Unconditional Promises to Give**

Unconditional promises to give are recorded as receivables and revenue when received. TRCP distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions receivable as of December 31, 2017 which are due in less than one year total \$43,650.

**6. Property and Equipment**

Major classes of property and equipment consisted of the following:

Furniture and fixtures	\$ 41,188
Computer equipment	152,345
Less - accumulated depreciation	<u>(156,029)</u>
	<u>\$ 37,504</u>

Depreciation expense on property and equipment was \$16,645 for 2017.

**7. Line of Credit**

TRCP has a \$350,000 revolving line of credit from SunTrust Bank, which expires on September 20, 2018. The line of credit bears interest at a rate of SunTrust Prime plus 2.0% per annum and is due on demand. At December 31, 2017, the interest rate was 6.5%. Advances under the line of credit are unsecured. The Board of Directors of TRCP limits the use of the line of credit to operating expenses.

The line of credit was not used during 2017; therefore, there was no outstanding balance as of December 31, 2017.

**Theodore Roosevelt Conservation Partnership, Inc.**  
**Notes to Financial Statements**

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**8. Board-Designated**

During fiscal year 2009, TRCP established the Jim Range Conservation Fund, which will be used at the discretion of TRCP's Board of Directors to provide general operating support, particularly in the capacity building areas of communications and development, enhance TRCP's flexibility to seize unexpected opportunities or confront sudden challenges pertaining to TRCP's legislative agenda, and to supplement funding to TRCP's signature conservation programs in four major areas: Western public lands, agricultural private lands, responsible energy development and marine fisheries. The amount recognized as Board-designated as of December 31, 2017 is \$442,870.

**9. Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following at December 31, 2017:

	<b>Beginning Balance <u>01/01/2017</u></b>	<b>New Funding <u>2017</u></b>	<b>Time Releases <u>2017</u></b>	<b>Ending Balance <u>12/31/2017</u></b>
Communications	\$ 30,000	\$ 209,500	\$ (239,500)	\$ -
Conservation	68,750	120,000	(182,083)	6,667
Agriculture	266,967	25,000	(202,884)	89,083
Fisheries	210,792	599,000	(343,459)	466,333
Roadless	920,716	2,855,635	(1,991,280)	1,785,071
Water	205,366	980,600	(491,854)	694,112
Partners	<u>-</u>	<u>188,582</u>	<u>(144,987)</u>	<u>43,595</u>
Total	<u>\$ 1,702,591</u>	<u>\$ 4,978,317</u>	<u>\$ (3,596,045)</u>	<u>\$ 3,084,863</u>

As stated in Footnote 2, some grants are received on a multi-year basis and the restrictions are released as the time passes.

**10. Donated Goods and Services**

During 2017, TRCP received donated goods consisting primarily of Capital Conservation Dinner auction items valued at \$55,630.

The value of the goods and services are recorded in the accompanying financial statements in other revenue and event promotion expenses.

**11. Operating Lease**

On November 1, 2016, TRCP entered into a new operating lease agreement in the District of Columbia that expires on October 31, 2027. The first 12 months of lease payments are abated. The lease agreement contains an escalation clause whereby rent is increased by 2.5% each year.

**Theodore Roosevelt Conservation Partnership, Inc.**  
**Notes to Financial Statements**

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Future minimum lease payments at December 31, 2017 are as follows:

2018	\$	166,665
2019		170,821
2020		175,085
2021		179,456
2022		183,942
Thereafter		<u>955,671</u>
	\$	<u>1,831,640</u>

On February 1, 2016, TRCP entered in a new operating lease for warehouse space in Montana that expires on January 31, 2018. The lease has been extended from February 1, 2018 through January 31, 2020.

TRCP also entered into an operating lease for a postage machine, which expires in 2018.

Future minimum lease payments for these two leases at December 31, 2017 are as follows:

2018	\$	11,719
2019		11,400
2020		<u>950</u>
	\$	<u>24,069</u>

Rent expense was \$177,375 for 2017.

## **12. Retirement Plan**

TRCP has a 401(k) plan which covers all employees who meet certain eligibility requirements. TRCP contributes a matching component on an annual basis. Employer contributions and related expenses for the year ended December 31, 2017 were \$75,264.

## **13. Commitments**

TRCP typically signs contracts with venues and hotels for future events in advance of the event. It is also not unusual for a cancellation clause to be included in these contracts. At December 31, 2017, TRCP had contracts for two events that included cancellation clauses. These cancellation clauses require the payment of a cancellation fee if TRCP cancels the event.

The total amount of potential cancellation payments are as follows:

2018	\$	<u>30,310</u>
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**Theodore Roosevelt Conservation Partnership, Inc.**  
**Notes to Financial Statements**

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**14. Functional Classification of Expenses**

Expenses for the year ended December 30, 2017 are comprised of the following:

Program services	\$ 3,630,629
Management and general	445,837
Fundraising	479,541
Fundraising, Donated items	<u>55,630</u>
	<u>\$ 4,611,637</u>

***Supplementary Information***

**Theodore Roosevelt Conservation Partnership, Inc.**  
**Schedule of Functional Expenses**  
**Year Ended December 31, 2017, with Comparative Totals for 2016**

	Program Services	Supporting Services			Total	
	Conservation Programs	Management and General	Fundraising	Total Supporting Services	2017	2016
Salaries	\$ 1,839,775	\$ 133,752	\$ 238,351	\$ 372,103	\$ 2,211,878	\$ 1,986,462
Employee benefits	460,648	31,224	49,935	81,159	541,807	440,476
Professional development	-	-	175	175	175	668
Insurances	-	17,924	3,070	20,994	20,994	18,063
Dues and subscriptions	12,572	3,298	7,860	11,158	23,730	18,999
Equipment and maintenance	2,025	500	431	931	2,956	2,599
Postage	3,095	812	3,543	4,355	7,450	9,496
Printing and publications	19,024	317	3,115	3,432	22,456	23,165
Office expenses	7,803	10,379	689	11,068	18,871	20,529
Telephone	21,060	13,611	2,817	16,428	37,488	30,502
Website and IT services	53,946	52,762	25,781	78,543	132,489	125,295
Rent/office relocation	10,800	166,575	-	166,575	177,375	193,750
Bank service charges	-	13,765	2,261	16,026	16,026	11,725
Event promotion	-	114	232,407	232,521	232,521	222,087
Advertising & Promotion	160,355	60	2,405	2,465	162,820	111,635
Promotional items	1,038	-	38,987	38,987	40,025	43,312
Donations to other organizations	17,750	-	2,500	2,500	20,250	7,000
Travel	317,566	17,259	15,870	33,129	350,695	275,525
Conferences and meetings	199,033	15,198	26,187	41,385	240,418	246,535
Media summit	48,373	-	-	-	48,373	45,405
Consultants	172,528	5,000	-	5,000	177,528	284,517
Pass through grants	-	-	-	-	-	200,000
Professional services - legal and accounting	176	33,264	-	33,264	33,440	32,332
Professional services - GIS	7,984	-	-	-	7,984	7,949
Professional services - temporary services	57,390	-	-	-	57,390	2,430
State registrations and licenses	145	441	9,267	9,708	9,853	10,839
Depreciation	-	16,645	-	16,645	16,645	15,746
Subtotal	3,413,086	532,900	665,651	1,198,551	4,611,637	4,387,041
Reallocation of expenses	217,543	(87,063)	(130,480)	(217,543)	-	-
	<u>\$ 3,630,629</u>	<u>\$ 445,837</u>	<u>\$ 535,171</u>	<u>\$ 981,008</u>	<u>\$ 4,611,637</u>	<u>\$ 4,387,041</u>

See independent auditors' report.