

Theodore Roosevelt Conservation Partnership, Inc.

Financial Statements

Year Ended December 31, 2018

Table of Contents

Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6



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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As discussed in Note 1 to the financial statements, Theodore Roosevelt Conservation Partnership adopted FASB ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities in 2018 and FASB ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. Our opinion is not modified with respect to these matters.

Dixon Hughes Goodman LLP

**Tysons, Virginia
May 23, 2019**

Theodore Roosevelt Conservation Partnership, Inc.
Statement of Financial Position
December 31, 2018

ASSETS

Current assets:	
Cash and cash equivalents	\$ 2,195,723
Promises to give	226,456
Grants receivable	68,421
Prepaid expenses	<u>94,277</u>
Total current assets	<u>2,584,877</u>
Property, equipment and furniture:	
Office furniture	41,504
Office equipment	<u>167,448</u>
	208,952
Less - accumulated depreciation	<u>(170,906)</u>
Total property, equipment and furniture, net	<u>38,046</u>
Other assets:	
Security deposit	<u>40,478</u>
Total assets	<u><u>\$ 2,663,401</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued liabilities	\$ 134,012
Accrued salaries and related benefits	100,530
Line of credit	100,000
Deferred revenue	<u>1,077,568</u>
Total current liabilities	<u>1,412,110</u>
Other liabilities:	
Deferred rent	<u>171,898</u>
Total liabilities	<u>1,584,008</u>
Net assets:	
Without donor-imposed restrictions:	
Undesignated	510,769
Board designated	<u>515,696</u>
Total net assets without donor-imposed restrictions	1,026,465
Net assets with donor-imposed restrictions	<u>52,928</u>
Total net assets	<u>1,079,393</u>
Total liabilities and net assets	<u><u>\$ 2,663,401</u></u>

See accompanying notes.

Theodore Roosevelt Conservation Partnership, Inc.
Statements of Activities (As Adjusted)
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ -	\$ 3,446,296	\$ 3,446,296
Meeting sponsorships	707,883	-	707,883
Individual contributions	634,554	-	634,554
JR Conservation Fund	10,500	-	10,500
Non-profit and association contributions	17,500	-	17,500
Other revenue	426,331	-	426,331
Interest income	4,194	-	4,194
Net assets released from restrictions	3,402,724	(3,402,724)	-
	<u>5,203,686</u>	<u>43,572</u>	<u>5,247,258</u>
Total revenue			
Expenses:			
Program services	4,154,109	-	4,154,109
Supporting services:			
Management and general	419,031	-	419,031
Fundraising	649,470	-	649,470
	<u>1,068,501</u>	<u>-</u>	<u>1,068,501</u>
Total supporting expenses			
Total expenses	<u>5,222,610</u>	<u>-</u>	<u>5,222,610</u>
Change in net assets	(18,924)	43,572	24,648
Net assets, beginning of year, as previously reported	718,920	3,084,863	3,803,783
Cumulative effect of change in accounting principle	326,469	(3,075,507)	(2,749,038)
Net assets, beginning of year, as adjusted	<u>1,045,389</u>	<u>9,356</u>	<u>1,054,745</u>
Net assets, end of year	<u>\$ 1,026,465</u>	<u>\$ 52,928</u>	<u>\$ 1,079,393</u>

See accompanying notes.

Theodore Roosevelt Conservation Partnership, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services		Supporting Services		Total
	Conservation Programs	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,920,554	\$ 138,456	\$ 270,407	\$ 408,863	\$ 2,329,417
Employee benefits	463,866	44,238	59,289	103,527	567,393
Professional development	-	-	599	599	599
Insurance	-	18,528	-	18,528	18,528
Dues and subscriptions	12,080	3,424	6,925	10,349	22,429
Equipment and maintenance	876	1,648	(11)	1,637	2,513
Postage/express mail	3,688	1,920	7,005	8,925	12,613
Printing and publications	18,696	1,542	1,433	2,975	21,671
Office expense	9,180	11,740	1,013	12,753	21,933
Telephone	25,009	14,380	3,687	18,067	43,076
Website and IT services	87,454	52,077	64,826	116,903	204,357
Rent	10,450	172,706	1,232	173,938	184,388
Bank service charges	-	6,053	12,986	19,039	19,039
Event promotion	673	-	245,441	245,441	246,114
Advertising & promotion	233,349	-	3,375	3,375	236,724
Promotional items	1,815	-	49,452	49,452	51,267
Donations to other organizations	3,500	-	1,000	1,000	4,500
Travel	303,629	7,091	14,648	21,739	325,368
Conferences and meetings	213,854	12,382	15,877	28,259	242,113
Media Summit	85,547	-	-	-	85,547
Consultants	351,602	7,206	57,533	64,739	416,341
Professional services:					
Accounting	-	42,098	-	42,098	42,098
GIS - Mapping	7,477	-	-	-	7,477
Temporary services	90,774	-	-	-	90,774
State registrations and licenses	194	638	10,623	11,261	11,455
Depreciation and amortization	-	14,876	-	14,876	14,876
Subtotal	3,844,267	551,003	827,340	1,378,343	5,222,610
Reallocation of expenses	309,842	(131,972)	(177,870)	(309,842)	-
	<u>\$ 4,154,109</u>	<u>\$ 419,031</u>	<u>\$ 649,470</u>	<u>\$ 1,068,501</u>	<u>\$ 5,222,610</u>

See accompanying notes.

Theodore Roosevelt Conservation Partnership, Inc.
Statements of Cash Flows
Year Ended December 31, 2018

Cash flows from operating activities:	
Change in net assets	\$ 24,648
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	14,876
Change in:	
Promises to give	(182,806)
Grants receivable	(62,830)
Prepaid expenses and security deposit	2,831
Accounts payable and accrued liabilities	56,288
Accrued salaries and related benefits	13,951
Deferred revenue	12,097
Deferred rent	2,362
	<u> </u>
Net cash provided by operating activities	<u>(118,583)</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(15,418)</u>
Net cash used in investing activities	<u>(15,418)</u>
Cash flows from financing activities:	
Advances from bank line of credit	<u>100,000</u>
Net cash provided by financing activities	<u>100,000</u>
Net change in cash and cash equivalents	(34,001)
Cash and cash equivalents, beginning of year	<u>2,229,724</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,195,723</u></u>

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

Unconditional grants and contributions are recorded as revenue in the year notification is received from the donor. Grants and contributions considered to be nonexchange transactions that include donor-imposed conditions are recognized as revenue when the condition is met. Restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the satisfaction of restrictions. Restricted grants and contributions received in excess of expenses incurred are shown as net assets with donor restrictions 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.

Theodore Roosevelt Conservation Partnership, Inc.
Notes to Financial Statements

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, 2018 were deemed collectible and no allowance was required.

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.

Deferred revenue

Revenue received in advance of the period in which it is earned is deferred to subsequent periods. Deferred revenue is comprised primarily of grant revenues.

Classification of net assets

TRCP reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions – not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of TRCP's management.

Net assets with donor restrictions – subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TRCP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Advertising

TRCP expenses advertising costs as they are incurred. Advertising and promotion expense was \$236,724 for 2018.

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 Program services, fundraising, and management and general benefited. Such allocations are determined by management on an equitable basis.

Theodore Roosevelt Conservation Partnership, Inc.
Notes to Financial Statements

Expenses are allocated by function based upon the following allocation methods:

<u>Expense</u>	<u>Method of Allocation</u>
Grants	Time and effort
Salaries/benefits	Time and effort
Dues/subscriptions	Shared Services
Telephone/Web/IT	Shared Services
Travel	Time and effort
Conferences	Time and effort
Equipment/maintenance	Shared Services
Postage/express mail/printing/publications	Time and effort
Office expense	Time and effort
Rent	Shared Services
Bank service charges/Registrations and licenses	Shared Services
Event promotion/advertising/promotional items	Time and effort
Donations to other organizations	Time and effort
Consultants	Time and effort

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 2018.

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, 2018.

New Accounting Pronouncement - ASU 2018-08

During 2018, the Organization adopted ASU No. 2018-08: Not-for-profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The Update addresses the evaluation of whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and determining whether a contribution is conditional. The beginning balances as of January 1, 2018 in the statements of financial position and activities have been adjusted to reflect the cumulative effect adjustment based upon the modified prospective application of the new accounting guidance.

New Accounting Pronouncement – ASU 2016-14

During 2018, TRCP adopted ASU No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses and investment return. The 2017 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for the disclosures around liquidity and availability of resources and analysis of expenses by functional and natural categories. These disclosures have been presented for 2018 as allowed by ASU No. 2016-14. The retrospective application resulted in temporarily restricted net assets of \$9,356 being reported as net assets with donor restrictions and unrestricted net assets of \$1,071,639 being reported as net assets without donor restrictions as of December 31, 2017.

Subsequent events

In preparing these financial statements, TRCP has evaluated events and transactions for potential recognition or disclosure through May 23, 2019, the date the financial statements were available to be issued.

Theodore Roosevelt Conservation Partnership, Inc.
Notes to Financial Statements

3. Grants Receivable

As of December 31, 2018, TRCP has grants receivable due within one year totaling \$68,421.

4. 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, 2018 which are due in less than one year total \$226,456.

5. Availability and Liquidity

The following represents TRCP's financial assets at December 31, 2018:

Cash and cash equivalents	\$ 2,195,723
Promises to give	226,456
Grants receivable	68,421
Prepaid expenses	<u>94,277</u>
Total financial assets	<u>\$ 2,584,877</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,584,877</u>

At December 31, 2018, TRCP had working capital of \$1,172,767, which excludes financial assets not available to be used within one year, as noted above.

Lastly, TRCP can make additional draws from the loan through September 20, 2020; see Note 8 for further detail.

6. Property and Equipment

Major classes of property and equipment consisted of the following:

Furniture and fixtures	\$ 41,504
Computer equipment	167,448
Less - accumulated depreciation	<u>(170,906)</u>
	<u>\$ 38,046</u>

Depreciation expense on property and equipment was \$14,876 for 2018.

7. Line of Credit

TRCP has a \$350,000 revolving line of credit from BB&T Bank, which expires on September 20, 2020. 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, 2018, the interest rate was 7.5%. 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. There was an outstanding balance of \$100,000 at December 31, 2018.

Theodore Roosevelt Conservation Partnership, Inc.
Notes to Financial Statements

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, 2018 is \$515,696.

9. Net Assets with Donor Restrictions

Net assets with donor-imposed restrictions consisted of the following at December 31, 2018:

	Beginning Balance As Adjusted 01/01/2018	New Funding 2018	Releases 2018	Ending Balance 12/31/2018
Conservation	\$ 1,805	\$ 86,111	\$ (87,916)	\$ -
Agriculture	-	199,489	(199,489)	-
CWD	-	10,000	(10,000)	-
Fisheries	-	536,833	(483,905)	52,928
Roadless	-	1,828,363	(1,828,363)	-
Water	7,551	662,500	(670,051)	-
Partners	-	97,500	(97,500)	-
Management	-	25,500	(25,500)	-
Total	<u>\$ 9,356</u>	<u>\$ 3,446,296</u>	<u>\$ (3,402,724)</u>	<u>\$ 52,928</u>

10. Donated Goods and Services

During 2018, TRCP received donated goods consisting primarily of Capital Conservation Dinner auction items valued at \$148,580.

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

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

2019	\$	170,821
2020		175,085
2021		179,456
2022		183,942
2022		188,559
Thereafter		<u>767,112</u>
	\$	<u>1,664,975</u>

On February 1, 2016, TRCP entered in a new operating lease for office 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 expired in 2018.

Future minimum lease payments for these two leases at December 31, 2018 are as follows:

2019	\$	11,400
2020		<u>950</u>
	\$	<u>12,350</u>

Rent expense was \$184,388 for 2018.

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, 2018 were \$79,796.

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, 2018, 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:

2019	\$	<u>33,154</u>
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Theodore Roosevelt Conservation Partnership, Inc.
Notes to Financial Statements

14. Functional Classification of Expenses

Expenses for the year ended December 31, 2018 are comprised of the following:

Program services	\$ 4,154,109
Management and general	419,031
Fundraising	500,890
Fundraising, donated items	<u>148,580</u>
	<u>\$ 5,222,610</u>