

*Financial Statements
Year Ended
December 31, 2012*

Theodore Roosevelt Conservation Partnership, Inc.



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Theodore Roosevelt Conservation Partnership, Inc.

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Report of Independent Auditors

To the Board of Directors of
Theodore Roosevelt Conservation Partnership, Inc.

We have audited the accompanying financial statements of *Theodore Roosevelt Conservation Partnership, Inc.* (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2012, 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.

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.

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, 2012, 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

The 2011 financial statements of *Theodore Roosevelt Conservation Partnership, Inc.* were audited by other auditors whose report dated June 15, 2012, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dixon Hughes Goodman LLP

Rockville, Maryland
April 19, 2013

Theodore Roosevelt Conservation Partnership, Inc.

Statements of Financial Position

December 31,	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,097,564	\$ 1,212,451
Accounts receivable	-	1,024
Promises to give	51,747	41,875
Grants receivable, net of long-term portion	1,258,500	1,192,156
Prepaid expenses	28,413	45,782
Total current assets	2,436,224	2,493,288
Property, equipment and furniture		
Office furniture	30,006	30,006
Office equipment	95,851	83,439
	125,857	113,445
Less - accumulated depreciation	(82,086)	(68,261)
Total property, equipment and furniture - net	43,771	45,184
Other assets		
Grants receivable, long-term portion	-	50,000
	\$ 2,479,995	\$ 2,588,472
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 68,518	\$ 99,752
Accrued salaries and related benefits	90,752	74,281
Total current liabilities	159,270	174,033
Net assets		
Unrestricted		
Undesignated	156,961	221,814
Board designated	384,614	383,714
Total unrestricted net assets	541,575	605,528
Temporarily restricted net assets	1,779,150	1,808,911
Total net assets	2,320,725	2,414,439
	\$ 2,479,995	\$ 2,588,472

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

Theodore Roosevelt Conservation Partnership, Inc.

Statements of Activities

Year Ended December 31, 2012 with Comparative Totals for 2011

	Unrestricted	Temporarily Restricted	Total 2012	Total 2011
Revenue				
Grant revenue	\$ 209,750	\$ 2,361,014	\$ 2,570,764	\$ 3,138,681
Meeting sponsorships	125,262	146,000	271,262	114,900
Individual contributions	214,562	200	214,762	184,868
JR Conservation Fund	900	-	900	6,650
Non-profit and association contributions	105	22,688	22,793	47,300
Other revenue	143,931	128,147	272,078	161,867
Interest income	1,610	-	1,610	3,293
Net assets released from restrictions	2,687,810	(2,687,810)	-	-
Total revenue	3,383,930	(29,761)	3,354,169	3,657,559
Expenses				
Program services	2,752,661	-	2,752,661	2,471,472
Supporting services:				
Management and general	471,557	-	471,557	302,721
Fundraising	223,665	-	223,665	207,672
Total supporting expenses	695,222	-	695,222	510,393
Total expenses	3,447,883	-	3,447,883	2,981,865
Change in net assets	(63,953)	(29,761)	(93,714)	675,694
Net assets - beginning of year	605,528	1,808,911	2,414,439	1,738,745
Net assets - end of year	\$ 541,575	\$ 1,779,150	\$ 2,320,725	\$ 2,414,439

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

Theodore Roosevelt Conservation Partnership, Inc.

Statements of Functional Expenses

Year Ended December 31, 2012 with Comparative Totals for 2011

	Program Services		Supporting Services		Total	
	Conservation Programs	Management and General	Fundraising	Total Supporting Services	2012	2011
Salaries	\$ 1,054,055	\$ 151,610	\$ 158,435	\$ 310,045	\$ 1,364,100	\$ 1,085,566
Employee benefits	209,156	52,361	28,027	80,388	289,544	235,259
Professional development	-	-	225	225	225	877
Administrative fee	639	204	220	424	1,063	350
Insurances	-	11,853	-	11,853	11,853	9,189
Dues and subscriptions	9,905	978	3,834	4,812	14,717	20,215
Equipment and maintenance	2,925	3,268	1,145	4,413	7,338	2,812
Postage	3,103	4,099	4,198	8,297	11,400	7,639
Printing and publications	42,624	5,035	9,884	14,919	57,543	40,427
Office expenses	4,934	8,740	576	9,316	14,250	22,226
Telephone	18,041	5,942	3,013	8,955	26,996	26,677
Website and IT services	84,849	41,776	17,751	59,527	144,376	99,967
Rent	-	113,633	-	113,633	113,633	171,626
Bank service charges	-	6,621	-	6,621	6,621	3,364
Event promotion	-	-	83,744	83,744	83,744	367
Education and advertising	-	-	-	-	-	15,299
Promotional items	33,693	330	14,212	14,542	48,235	45,347
TV production	-	-	-	-	-	-
Donations to other organizations	800	-	35	35	835	2,750
Travel	195,381	16,045	32,872	48,917	244,298	156,368
Conferences and meetings	83,297	48,073	53,960	102,033	185,330	143,180
Media summit	193,942	-	-	-	193,942	166,669
Consultants	467,521	-	1,159	1,159	468,680	528,771
Professional services - legal and accounting	-	29,807	-	29,807	29,807	132,771
Professional services - GIS	13,949	-	-	-	13,949	4,042
Professional services - economic studies	47,799	-	-	-	47,799	15,000
Professional services - member fulfillment	-	-	5,305	5,305	5,305	4,506
Professional services - temporary services	20,000	-	10,000	10,000	30,000	12,506
Professional services - polling & petition	8,259	-	-	-	8,259	-
State registrations and licenses	-	42	9,974	10,016	10,016	9,934
Bad debts	200	-	-	-	200	6,455
Depreciation	-	13,825	-	13,825	13,825	11,706
Subtotal	2,495,072	514,242	438,569	952,811	3,447,883	2,981,865
Indirect expenses	257,589	(42,685)	(214,904)	(257,589)	-	-
	<u>\$ 2,752,661</u>	<u>\$ 471,557</u>	<u>\$ 223,665</u>	<u>\$ 695,222</u>	<u>\$ 3,447,883</u>	<u>\$ 2,981,865</u>

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

Theodore Roosevelt Conservation Partnership, Inc.

Statements of Cash Flows

Years Ended December 31,	2012	2011
Cash flows from operating activities		
Change in net assets	\$ (93,714)	\$ 675,694
Adjustments to reconcile to net cash from operating activities:		
Depreciation	13,825	11,706
Change in:		
Accounts receivable	1,024	41,774
Promises to give	(9,872)	-
Grants receivable	(16,344)	(633,473)
Prepaid expenses	17,369	(13,180)
Accounts payable and accrued liabilities	(31,234)	(4,756)
Accrued salaries and related benefits	16,471	8,671
Net cash from operating activities	<u>(102,475)</u>	<u>86,436</u>
Cash flows from investing activities		
Purchases of property and equipment	(12,412)	(31,280)
Net cash from investing activities	<u>(12,412)</u>	<u>(31,280)</u>
Net change in cash and cash equivalents	(114,887)	55,156
Cash and cash equivalents - beginning of year	<u>1,212,451</u>	<u>1,157,295</u>
Cash and cash equivalents - end of year	<u>\$ 1,097,564</u>	<u>\$ 1,212,451</u>

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

Theodore Roosevelt Conservation Partnership, Inc.

Notes to Financial Statements

December 31, 2012

1. Organization and Nature of Activities

The *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 donor-imposed restrictions and 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.

Accounts and Grants Receivable

Accounts and grants receivable are recorded at net realizable value. Management periodically reviews the status of all accounts 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, accounts and grants receivable balances deemed to be uncollectible are charged directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for bad debts had been recorded.

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 statements 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 revenue 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 \$1,779,150 at December 31, 2012.

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which may be expensed to support the activities of the TRCP. TRCP did not have any permanently restricted net assets at December 31, 2012.

Advertising

TRCP expenses advertising costs as they are incurred. Advertising and promotion expense was \$48,235 for 2012.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements 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 2012.

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, 2012. Years ending on or after December 31, 2009 remain subject to examination by federal and state tax authorities.

Reclassifications

Certain 2011 amounts have been reclassified to conform with the 2012 financial statement presentation.

Subsequent Events

In preparing these financial statements, TRCP has evaluated events and transactions for potential recognition or disclosure through April 19, 2013, the date the financial statements were available to be issued.

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 accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the TRCP's financial statements for 2011, from which the summarized information was derived.

4. Grants Receivable

As of December 31, 2012, TRCP has grants receivable totaling \$1,258,500. All grants receivable are due in less than one year.

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 at December 31, 2012 due in less than one year are \$51,747.

6. Property and Equipment

Major classes of property and equipment consisted of the following:

	<u>2012</u>
Furniture and fixtures	\$ 30,006
Computer equipment	95,851
Less – accumulated depreciation	<u>(82,086)</u>
	<u>\$ 43,771</u>

Depreciation expense on property and equipment was \$13,825 for 2012.

7. Line of Credit

TRCP has a \$350,000 revolving line of credit from SunTrust Bank. The line of credit bears interest at a rate of LIBOR plus 1.0% per annum and is due on demand. Advances under the line of credit are unsecured. The Board of Directors of TRCP limited the use of the line of credit to operating expenses.

The line of credit was not used during 2012; therefore there was no outstanding balance as of December 31, 2012.

8. 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.

During 2010, TRCP reinstated the matching component. TRCP was planning to fund a retroactive employer match to the plan in 2011. Since this was for the 2010 plan year, IRS approval had to be obtained in order to place these funds into the plan. TRCP obtained this approval in the beginning of fiscal year 2012 and has funded the retroactive employer match. The total retroactive match was \$22,632. Employer contributions and related expenses for the year ended December 31, 2012 were \$38,430.

9. 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, 2012 is \$384,614.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2012:

	<u>2012</u>
Energy	\$ 447,782
Agriculture	227,923
Roadless	394,626
Climate Change	26,720
Water	178,324
Fisheries/Marine	230,292
Chesapeake	59,898
Conservation	117,818
Wetlands	95,767
	<u>\$ 1,779,150</u>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors.

	<u>2012</u>
Energy	\$ 808,336
Agriculture	294,176
Roadless	773,821
Roadless Defense	20,999
Climate Change	240,325
Water	89,548
Fisheries/Marine	162,500
Chesapeake	38,033
Conservation	146,401
Communications	3,200
Alaska	20,234
Wetlands	90,237
	<u>\$ 2,687,810</u>

11. Donated Goods And Services

During 2012, TRCP received donated goods and services consisting primarily of Capital Conservation Dinner auction items and discounted lodging, meals and meeting space for the Media Summit valued at \$152,965.

The value of the goods and services are recorded in the accompanying financial statements in other revenue and conferences, and media summit expenses.

12. Operating Lease

TRCP has a noncancelable operating lease for its office space in the District of Columbia that expires October 2016. The lease agreement contains an escalation clause whereby rent is increased by 2 ½% each year.

Future minimum lease payments at December 31 are as follows:

2013	\$	124,304
2014		127,412
2015		130,597
2016		<u>111,276</u>
	\$	<u>493,589</u>

Rent expense was \$113,633 for 2012.

13. Related Parties

One of the directors of TRCP is also a director of Trout Unlimited. TRCP has a pass-through grant arrangement with Trout Unlimited. During the year ended December 31, 2012, TRCP paid \$55,000 to Trout Unlimited.

TRCP held one of its Media Summits and Board Meetings at the High Lonesome Ranch in Colorado. The President of the High Lonesome Ranch is also a Director of TRCP. During the year ended December 31, 2012, TRCP paid \$22,828 to the High Lonesome Ranch and also received an in-kind donation of \$110,147 for lodging, food, meeting space and activity fees.

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