

Theodore Roosevelt Conservation Partnership, Inc.

Financial Statements

**Year Ended December 31, 2016
With Comparative Totals for 2015**

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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, 2016, 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, 2016, 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 2015 financial statements, and our report dated May 6, 2016, 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, 2015, 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 11 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
March 29, 2017**

Theodore Roosevelt Conservation Partnership, Inc.
Statements of Financial Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,906,521	\$ 1,828,231
Promises to give	113,187	155,367
Grants receivable, net of long-term portion	322,341	404,150
Prepaid expenses	<u>116,984</u>	<u>97,101</u>
Total current assets	<u>2,459,033</u>	<u>2,484,849</u>
Property, equipment and furniture :		
Office furniture	41,188	30,006
Office equipment	<u>141,956</u>	<u>126,517</u>
	<u>183,144</u>	<u>156,523</u>
Less - accumulated depreciation	<u>(139,384)</u>	<u>(123,638)</u>
Total property, equipment and furniture, net	<u>43,760</u>	<u>32,885</u>
Other assets:		
Security deposit	40,478	-
Grants receivable, long-term portion	<u>-</u>	<u>857,636</u>
Total assets	<u>\$ 2,543,271</u>	<u>\$ 3,375,370</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 130,626	\$ 48,667
Accrued salaries and related benefits	<u>130,397</u>	<u>79,257</u>
Total current liabilities	<u>261,023</u>	<u>127,924</u>
Other liabilities:		
Deferred rent	<u>30,624</u>	<u>-</u>
Total liabilities	<u>291,647</u>	<u>127,924</u>
Net assets:		
Unrestricted :		
Undesignated	158,081	177,682
Board designated	<u>390,952</u>	<u>388,452</u>
Total unrestricted net assets	<u>549,033</u>	<u>566,134</u>
Temporarily restricted net assets	<u>1,702,591</u>	<u>2,681,312</u>
Total net assets	<u>2,251,624</u>	<u>3,247,446</u>
Total liabilities and net assets	<u>\$ 2,543,271</u>	<u>\$ 3,375,370</u>

See accompanying notes.

Theodore Roosevelt Conservation Partnership, Inc.
Statements of Activities
Year Ended December 31, 2016, with Comparative Totals for 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
Revenue:				
Grant revenue	\$ 48,900	\$ 2,177,190	\$ 2,226,090	\$ 4,257,644
Meeting sponsorships	387,733	5,000	392,733	422,790
Individual contributions	378,957	-	378,957	333,378
JR Conservation Fund	2,500	-	2,500	2,500
Non-profit and association contributions	-	3,250	3,250	32,150
Other revenue	380,426	2,500	382,926	188,525
Interest income	4,763	-	4,763	4,181
Net assets released from restrictions	3,166,661	(3,166,661)	-	-
	<u>4,369,940</u>	<u>(978,721)</u>	<u>3,391,219</u>	<u>5,241,168</u>
Total revenue				
Expenses:				
Program services	3,323,580	-	3,323,580	3,410,759
Supporting services:				
Management and general	483,807	-	483,807	403,718
Fundraising	579,654	-	579,654	413,467
	<u>1,063,461</u>	<u>-</u>	<u>1,063,461</u>	<u>817,185</u>
Total supporting expenses				
Total expenses	<u>4,387,041</u>	<u>-</u>	<u>4,387,041</u>	<u>4,227,944</u>
Change in net assets	(17,101)	(978,721)	(995,822)	1,013,224
Net assets, beginning of year	<u>566,134</u>	<u>2,681,312</u>	<u>3,247,446</u>	<u>2,234,222</u>
Net assets, end of year	<u>\$ 549,033</u>	<u>\$ 1,702,591</u>	<u>\$ 2,251,624</u>	<u>\$ 3,247,446</u>

See accompanying notes.

Theodore Roosevelt Conservation Partnership, Inc.
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (995,822)	\$ 1,013,224
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,746	14,652
Change in:		
Promises to give	42,180	139,049
Grants receivable	939,445	(853,378)
Prepaid expenses and security deposit	(60,361)	6,243
Accounts payable and accrued liabilities	81,959	(142,423)
Accrued salaries and related benefits	51,140	13,704
Deferred rent	30,624	-
Net cash provided by operating activities	<u>104,911</u>	<u>191,071</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(26,621)</u>	<u>(7,296)</u>
Net cash used in investing activities	<u>(26,621)</u>	<u>(7,296)</u>
Net change in cash and cash equivalents	78,290	183,775
Cash and cash equivalents, beginning of year	<u>1,828,231</u>	<u>1,644,456</u>
Cash and cash equivalents, end of year	<u>\$ 1,906,521</u>	<u>\$ 1,828,231</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

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.

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, 2016 were deemed collectible and no allowance was required.

Theodore Roosevelt Conservation Partnership, Inc.
Notes to Financial Statements

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 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 \$1,702,591 at December 31, 2016.

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, 2016.

Advertising

TRCP expenses advertising costs as they are incurred. Advertising and promotion expense was \$154,947 for 2016.

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.

Reclassifications

Certain reclassification have been made to the 2015 financial statement presentation to correspond to the current year's format. Net assets and change in net assets are unchanged due to these reclassifications.

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 2016.

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, 2016.

Theodore Roosevelt Conservation Partnership, Inc.
Notes to Financial Statements

Subsequent events

In preparing these financial statements, TRCP has evaluated events and transactions for potential recognition or disclosure through March 29, 2017, 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 conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the TRCP's financial statements for 2015, from which the summarized information was derived.

4. Grants Receivable

As of December 31, 2016, TRCP has grants receivable totaling \$322,341. Grants due within one year are reported at their net realizable value. Grants due in future periods are discounted to their present value based on a discount rate of 2.35% for 2016. The grants receivable are due as follows:

Less than one year	\$ <u>322,341</u>
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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, 2016 due in less than one year are \$113,187.

6. Property and Equipment

Major classes of property and equipment consisted of the following:

Furniture and fixtures	\$ 41,188
Computer equipment	141,956
Less - accumulated depreciation	<u>(139,384)</u>
	\$ <u>43,760</u>

Depreciation expense on property and equipment was \$15,746 for 2016.

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 SunTrust Prime plus 2.0% per annum and is due on demand. At December 31, 2016, the interest rate was 5.75%. 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 2016; therefore there was no outstanding balance as of December 31, 2016.

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, 2016 is \$390,952.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2016:

Western Lands	\$	920,716
Agriculture		266,967
Fisheries/Marine		210,792
Water		205,366
Conservation		68,750
Communications		<u>30,000</u>
	\$	<u>1,702,591</u>

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

Western Lands	\$	1,798,256
Water		453,547
Fisheries/Marine		343,375
Conservation		302,083
Agriculture		190,333
Partners		61,000
Communications		<u>18,067</u>
	\$	<u>3,166,661</u>

10. Donated Goods and Services

During 2016, TRCP received donated goods consisting primarily of Capital Conservation Dinner auction items valued at \$86,252.

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

11. Operating Lease

TRCP had a noncancelable operating lease for its office space in the District of Columbia that expired on October 31, 2016. 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 ½% each year.

Theodore Roosevelt Conservation Partnership, Inc.
Notes to Financial Statements

Future minimum lease payments at December 31, 2016 are as follows:

2017	\$	27,663
2018		166,665
2019		170,821
2020		175,085
2021		179,456
Thereafter		<u>1,139,613</u>
	\$	<u>1,859,303</u>

Rent expense was \$160,805 for 2016.

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, 2016 were \$62,481.

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, 2016, 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:

2016	\$	20,070
2017		<u>44,065</u>
	\$	<u>64,135</u>

Supplementary Information

Theodore Roosevelt Conservation Partnership, Inc.
Schedule of Functional Expenses
Year Ended December 31, 2016, with Comparative Totals for 2015

	Program Services	Supporting Services			Total	
	Conservation Programs	Management and General	Fundraising	Total Supporting Services	2016	2015
Salaries	\$ 1,620,180	\$ 134,219	\$ 232,063	\$ 366,282	\$ 1,986,462	\$ 1,859,905
Employee benefits	358,203	39,322	42,951	82,273	440,476	379,208
Professional development	298	-	370	370	668	824
Administrative fee	-	-	-	-	-	55
Insurances	2,564	15,499	-	15,499	18,063	15,127
Dues and subscriptions	8,909	4,559	5,531	10,090	18,999	18,744
Equipment and maintenance	-	2,084	515	2,599	2,599	3,031
Postage	2,636	2,965	3,895	6,860	9,496	8,943
Printing and publications	16,317	178	6,670	6,848	23,165	47,182
Office expenses	12,233	7,986	310	8,296	20,529	10,145
Telephone	20,243	8,003	2,256	10,259	30,502	28,129
Website and IT services	46,479	50,406	28,410	78,816	125,295	117,506
Rent/office relocation	11,700	182,050	-	182,050	193,750	145,448
Bank service charges	-	11,723	2	11,725	11,725	16,107
Event promotion	-	-	222,087	222,087	222,087	123,881
Education and advertising	111,085	-	550	550	111,635	211,229
Promotional items	1,658	-	41,654	41,654	43,312	25,774
Donations to other organizations	4,500	1,500	1,000	2,500	7,000	7,000
Travel	246,906	11,277	17,342	28,619	275,525	239,822
Conferences and meetings	148,528	43,375	54,632	98,007	246,535	269,388
Media summit	45,405	-	-	-	45,405	56,984
Consultants	284,517	-	-	-	284,517	526,564
Pass through grants	200,000	-	-	-	200,000	55,000
Professional services - legal and accounting	325	32,007	-	32,007	32,332	31,427
Professional services - GIS	7,949	-	-	-	7,949	2,988
Professional services - member fulfillment	-	-	-	-	-	1,027
Professional services - temporary services	2,430	-	-	-	2,430	2,104
State registrations and licenses	-	-	10,839	10,839	10,839	9,750
Depreciation	-	15,746	-	15,746	15,746	14,652
Subtotal	3,153,065	562,899	671,077	1,233,976	4,387,041	4,227,944
Reallocation of expenses	170,515	(79,092)	(91,423)	(170,515)	-	-
	<u>\$ 3,323,580</u>	<u>\$ 483,807</u>	<u>\$ 579,654</u>	<u>\$ 1,063,461</u>	<u>\$ 4,387,041</u>	<u>\$ 4,227,944</u>

See independent auditors' report.