



**NATIONAL WILD TURKEY
FEDERATION, INC. AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

*As of and for the Years Ended August 31, 2017
and 2016*

And Report of Independent Auditor

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES

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Report of Independent Auditor

The Board of Directors
National Wild Turkey Federation, Inc.
Edgefield, South Carolina

Report on the Financial Statements

We have audited the accompanying combined financial statements of National Wild Turkey Federation, Inc. (a nonprofit organization) and affiliates (the "Federation"), which comprise the combined statements of financial position as of August 31, 2017 and 2016, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 the combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinions

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of National Wild Turkey Federation, Inc. as of August 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Supplementary information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of financial position and combining statement of activities and changes in net assets on pages 13 and 14, respectively, are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2018, on our consideration of the Federation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Federation's internal control over financial reporting and compliance.

Handwritten signature of Cheryl Bekant LLP in black ink.

Augusta, Georgia
February 8, 2018

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,749,253	\$ 5,212,248
Accounts receivable, net	4,013,021	2,788,679
Employee receivable	10,606	45,500
Prepaid merchandise	930,449	1,463,223
Inventories	4,544,835	3,510,988
Total Current Assets	<u>11,248,164</u>	<u>13,020,638</u>
Land, building, and equipment, net of accumulated depreciation	<u>21,500,835</u>	<u>22,654,843</u>
Total Assets	<u><u>\$ 32,748,999</u></u>	<u><u>\$ 35,675,481</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 1,769,463	\$ 2,141,687
Accrued expenses	2,620,784	2,671,433
Deferred revenues	3,043,172	2,659,448
Line of credit	<u>1,852,783</u>	<u>-</u>
Total Current Liabilities	<u>9,286,202</u>	<u>7,472,568</u>
Net Assets:		
Unrestricted	16,264,724	20,768,515
Temporarily restricted	<u>7,198,073</u>	<u>7,434,398</u>
Total Net Assets	<u>23,462,797</u>	<u>28,202,913</u>
Total Liabilities and Net Assets	<u><u>\$ 32,748,999</u></u>	<u><u>\$ 35,675,481</u></u>

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Change in Unrestricted Net Assets:		
Support and Revenue:		
Membership dues	\$ 12,890,052	\$ 12,622,381
Contributions	599,075	4,614,201
Advertising income	1,191,940	1,278,806
Program services	<u>39,579,782</u>	<u>34,926,650</u>
Total Support and Revenue	54,260,849	53,442,038
Net assets released from restrictions	<u>4,534,906</u>	<u>4,495,486</u>
	<u>58,795,755</u>	<u>57,937,524</u>
Expenses:		
Administration	7,533,320	7,331,969
Education	4,656,086	4,974,276
Membership activities	4,898,862	4,555,719
Conservation activities	15,395,651	14,948,016
Program services	<u>30,815,627</u>	<u>26,103,309</u>
Total Expenses	<u>63,299,546</u>	<u>57,913,289</u>
Change in Unrestricted Net Assets	<u>(4,503,791)</u>	<u>24,235</u>
Change in Temporarily Restricted Net Assets:		
Super fund contributions	4,272,807	4,337,155
Other contributions	25,000	307,906
Interest income	774	1,772
Net assets released from restrictions	<u>(4,534,906)</u>	<u>(4,495,486)</u>
Change in Temporarily Restricted Net Assets	<u>(236,325)</u>	<u>151,347</u>
Change in net assets	(4,740,116)	175,582
Net assets, beginning of year	<u>28,202,913</u>	<u>28,027,331</u>
Net assets, end of year	<u>\$ 23,462,797</u>	<u>\$ 28,202,913</u>

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

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (4,740,116)	\$ 175,582
Adjustments to reconcile change in net assets from operating activities:		
Depreciation	1,739,056	1,655,169
Donation of land	-	(1,945,000)
Loss (gain) on sale of equipment	12,995	(27,605)
Change in deferred and accrued amounts:		
Accounts receivable	(1,224,342)	1,409,778
Prepaid merchandise	532,774	539,597
Inventories	(1,033,847)	265,826
Accounts payable	(372,224)	(370,058)
Accrued expenses	(50,649)	383,682
Deferred revenues	383,724	(1,048,915)
Net cash from operating activities	<u>(4,752,629)</u>	<u>1,038,056</u>
Cash flows from investing activities:		
Purchase of land, building, and equipment	(608,216)	(2,617,925)
Proceeds from employee loans	34,895	8,713
Proceeds from sale of equipment	10,172	13,910
Proceeds from sale of land	-	130,104
Net cash from investing activities	<u>(563,149)</u>	<u>(2,465,198)</u>
Cash flows from financing activities:		
Borrowings under line of credit	37,869,271	18,189,261
Repayment of line of credit	(36,016,488)	(18,189,261)
Proceeds from loan	-	4,000,000
Repayment of loan	-	(4,000,000)
Net cash from financing activities	<u>1,852,783</u>	<u>-</u>
Net change in cash and cash equivalents	(3,462,995)	(1,427,143)
Cash and cash equivalents, beginning of year	5,212,248	6,639,391
Cash and cash equivalents, end of year	<u>\$ 1,749,253</u>	<u>\$ 5,212,248</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 75,383</u>	<u>\$ 93,518</u>

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

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

Note 1— Nature of operations and summary of significant accounting policies

Nature of Operations – National Wild Turkey Federation Inc. and affiliates (the “Federation”) is a nonprofit organization that promotes public awareness of, and support for, the conservation and wise management of the American wild turkeys, and the preservation of the turkey hunting tradition. The Federation has established chapters in cities across the United States of America. These chapters support the Federation and benefit from the overall success of their programs. The Federation operates in all states and in several foreign countries.

Financial Statements – The accompanying combined financial statements include the combined accounts of the National Wild Turkey Federation, Inc., the American Upland Land Trust, LLC (included within NWTF of the combining financial statements), the National Wild Turkey Federation Endowment Foundation, Inc. (“Endowment”), and the NWTF Foundation, Inc. (“Foundation”), which are either under common control or exist solely to support the mission of the Federation. The combined financial statements of the four entities have been combined in accordance with accounting principles generally accepted in the United States of America and all intercompany accounts have been eliminated.

Accounting Principles – The Federation follows accounting principles generally accepted in the United States of America on accounting for contributions and financial statements of not-for-profit organizations, which require reporting revenue and net assets by class of permanently restricted, temporarily restricted, and unrestricted.

Temporarily Restricted – Net assets resulting from contributions restricted by outside sources are reported as temporarily restricted and are distinguished from unrestricted net assets allocated to specific purposes by action of the governing board. Externally restricted net assets may only be utilized in accordance with the purposes established by the source of net assets and are in contrast with unrestricted net assets over which the governing board retains full control for use in achieving any of its institutional purposes.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Federation considers all demand deposits and all liquid non-equity investments with a maturity of three months or less to be cash equivalents. Cash includes donor-restricted cash related to the Endowment and the Foundation of \$1,130,617 and \$1,316,050 at August 31, 2017 and 2016, respectively, as well as donor-restricted cash related to sale of Utah conservation permits of \$137,126 and \$53,315, at August 31, 2017 and 2016, respectively. The Utah Department of Natural Resources requires proceeds from the sale of conservation permits to be kept in a separate bank account. The Federation is in compliance with this requirement as of August 31, 2017.

Investments – Investments consist of deposit programs. Investments are accounted for at fair market value in the accompanying combined financial statements. There were no realized or unrealized gains or losses during the years ended August 31, 2017 and 2016.

Accounts Receivable – Receivables are carried at invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts and banquet losses by regularly evaluating individual customer and chapter receivables and considering a customer’s or chapter’s financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Inventories – Inventories consist of firearms and are stated at the lower of cost (first-in, first-out basis) or market (net realizable value).

Prepaid Merchandise – Prepaid merchandise consists of items to be used by chapters for banquets during the next banquet season.

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

Note 1—Nature of operations and summary of significant accounting policies (continued)

Land, Building, and Equipment – Land, building, and equipment are stated at cost except for donated property, which is stated at fair market value at the date of the donation. Additions with a cost or fair value of less than \$1,000 and an estimated life of less than three years are expensed as incurred. Depreciation is provided over the estimated useful lives of the assets and computed using the straight-line method.

Costs of Borrowing – Interest costs on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. No interest was capitalized in 2017 or 2016.

Recognition of Donor Restrictions – Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition and Deferred Revenue – Revenues consist primarily of dues paid by members and proceeds from member banquets that are held by chapters. The Federation's policy is to recognize membership revenue when the member joins and pays its membership dues. The Federation's policy is to recognize merchandise revenue when it is shipped. The Federation's policy is to recognize banquet proceeds as revenue when earned and collectability reasonably assured, which occurs when the banquet is finalized at the national headquarters. Revenue related to banquet proceeds is deferred until finalization of the banquet occurs.

Advertising – Advertising costs are expensed as incurred.

Shipping and Handling Costs – Freight billed to chapters and customers for banquet merchandise and firearms is considered program service revenue and the related freight costs as a program services expense.

Concentration of Credit Risk – The Federation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Federation from time to time may have amounts on deposit in excess of the insured limits. The Federation had \$1,152,592 and \$4,325,575 which exceed these insured amounts as of August 31, 2017 and 2016, respectively.

Donated Goods and Services – Donated materials and equipment are reflected as contributions at their fair market value at date of receipt.

Use of Estimates – The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Conservation Easements – Conservation easements represent rights to restrict the use, access, and development of certain properties. The Federation is obligated to monitor easements to ensure that the restrictions are maintained. The Federation monitors these easements in the normal course of its operations and associated costs are expensed as incurred. The property owners contribute funds to help with the monitoring costs and these contributions are held in the Endowment as temporarily restricted net assets.

The estimated value of easements is not included in the combined statements of financial position because the easements do not represent a future economic benefit to the Federation.

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

Note 1—Nature of operations and summary of significant accounting policies (continued)

Functional Allocation – The costs of providing the Federation’s programs and other activities have been reported on a functional basis in the statement of activities and changes in net assets. Directly identifiable costs have been allocated to the program or supporting services benefited. Indirect costs have been allocated based on management’s estimate of resources used on behalf of the program or supporting services.

Income Tax Status – The Federation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and the applicable state statutes. Management has evaluated the effect of the guidance provided by U.S. Generally Accepted Accounting Principles on Accounting for Uncertainty in Income Taxes. Management believes that the Federation continues to satisfy the requirements of a tax-exempt organization at August 31, 2017. Management has evaluated all other tax positions that could have a significant effect on the combined financial statements and determined the Federation had no uncertain income tax positions at August 31, 2017.

New Accounting Pronouncement – In August of 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are a decrease in the number of net asset classes from three to two, reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, continues to allow preparers to choose between the direct method and indirect method for presenting operating cash flows, requires disclosures of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks and requires reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature. This standard is effective for all fiscal years beginning after December 15, 2017.

Note 2—Accounts receivable

Accounts receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Advertising	\$ 33,527	\$ 68,905
Banquets	1,998,250	1,773,366
Other	2,314,952	1,378,395
Less allowance for banquet losses and doubtful accounts	<u>(333,708)</u>	<u>(431,987)</u>
	<u>\$ 4,013,021</u>	<u>\$ 2,788,679</u>

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

Note 3—Land, buildings, and equipment

Land, buildings, and equipment consist of the following:

	<u>Useful Lives</u>	<u>2017</u>	<u>2016</u>
Land		\$ 8,645,510	\$ 8,634,273
Buildings and Infrastructure	2-40 years	19,266,778	18,510,662
Building Improvements	5-15 years	46,789	46,789
Furniture	3-15 years	702,581	702,581
Equipment	2-15 years	7,033,921	6,662,046
Vehicles	3-5 years	777,787	988,774
Software	3-5 years	325,537	169,230
Construction in progress		-	723,901
		<u>36,798,903</u>	<u>36,438,256</u>
Less accumulated depreciation		<u>(15,298,068)</u>	<u>(13,783,413)</u>
		<u>\$ 21,500,835</u>	<u>\$ 22,654,843</u>

Depreciation expense was \$1,739,056 and \$1,655,169 for the years ended August 31, 2017 and 2016, respectively.

Note 4—Line of credit and long-term debt

The Federation has a line of credit with a local bank with the maximum borrowing amount of \$12,000,000, which is scheduled to expire in July 2018. The borrowing rate on the line of credit is a variable rate of interest based on LIBOR, not to exceed LIBOR plus 1.35%. At August 31, 2017 and 2016, the rate was 2.58% and 1.83%, respectively. The line of credit is secured by the assets of the Federation.

The outstanding balance under the line of credit was \$1,852,783 and \$0 as of August 31, 2017 and 2016, respectively. The availability at August 31, 2017 and 2016 was \$10,147,217 and \$12,000,000, respectively. The line of credit agreement requires, among other things, that the Federation maintain certain restrictive covenants. As of August 31, 2017, management is aware they are in violation of the covenants.

Although the current line of credit was scheduled to expire in July 2018, in October 2017 the Federation and the bank agreed to extend the line of credit to \$16,000,000 through August 2018. Subsequent to this, the line of credit will be reduced to \$15,000,000 with maturity date of April 2019.

During the year ended August 31, 2017, intercompany loans were formed among the Federation and its affiliates. These intercompany loans were paid off during the year at an interest rate of 3%. All intercompany interest is eliminated in the combined financial statements.

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

Note 5—Retirement plan

The Federation has a 401(k) and profit sharing plan covering all employees who have reached the age of 21 and completed six months of service. Employees may contribute an amount not to exceed 75% of their compensation into the plan. The Federation may make profit sharing contributions at its discretion based on an integrated allocation formula calculated as a percentage of each eligible active participant's compensation. Eligibility for the discretionary contribution requires the participant to be employed by the Federation on the last day of the plan year and to have worked at least 1,000 hours during the plan year. The Federation's expense related to the plan was \$812,222 and \$694,542 for the years ended August 31, 2017 and 2016, respectively.

Note 6—Temporarily restricted net assets

Temporarily restricted net assets are available for the following as of August 31, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
National Wild Turkey Federation Endowment Foundation, Inc.	\$ 870,061	\$ 869,807
NWTF Foundation, Inc.	309,783	421,643
Funds held for State Superfund	5,832,229	5,765,039
Big Escambia Operating Funds	16,795	192,908
Paddy's Bluff Operating Funds	169,205	185,001
	<u>\$ 7,198,073</u>	<u>\$ 7,434,398</u>

The Federation is affiliated with local chapters that have fund-raising banquets. These banquets provide funds for conservation activities. A portion of the banquet proceeds are used for "Super Fund" conservation projects within the state hosting the banquet.

During the year ended August 31, 2016, in connection with donated land, the Federation received temporarily restricted funds, Paddy's Bluff Operating Funds of \$185,001, to be used for the purpose of maintaining the land. No land donations or temporarily restricted funds were received during the year ended August 31, 2017.

Note 7—Fund-raising expense

Total fund-raising expense for the years ended August 31, 2017 and 2016 was approximately \$866,226 and \$900,817, respectively. The total fund-raising expense is allocated to the appropriate function in the combined statements of activities.

Note 8—Commitments and contingencies

Operating Leases – The Federation leases retail space under an operating lease. The term of the lease was scheduled to expire in August 2016 and required monthly payments of \$2,000. In anticipation of the lease expiring, the Federation relocated their retail space in July 2016. The terms of the new lease expires in June 2018 and requires monthly payments of \$400 for the first 12 months and monthly payments of \$800 for the remaining 12 months of the lease. Although the lease expires in June 2018, the Federation closed operations of the retail store in July 2017. Total lease expense was \$13,600 for 2017 and \$25,800 for 2016.

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

Note 8—Commitments and contingencies (continued)

The Federation also leases five vehicles under an annual operating lease. The terms of the lease is scheduled to expire in November 2017 and requires monthly payments of a total of \$4,095. Total lease expense was \$49,149 and \$49,149 for the years ended August 31, 2017 and 2016, respectively.

Note 9—Donor-restricted endowments

The Federation's endowment consists of one fund established for a variety of purposes. This donor-restricted endowment includes funds contributed to the Federation for the long-term benefit of the future of the Federation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Federation has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Federation, and (7) the Federation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies – The Federation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempts to maximize total return consistent with an acceptable level of risk. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation. Investment risk is measured in terms of the total endowment fund; investment assets, and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy – The Federation's spending policy is not to spend the funds unless needed to defend the development of land. The Federation expects the current spending policy to allow its endowment funds to grow at a nominal rate, which is consistent with the Federation's objective to maintain the purchasing power of the endowment assets.

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

Note 9—Donor-restricted endowments (continued)

Endowment net asset composition by type of fund as of August 31, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment funds	\$ -	\$ 1,179,844	\$ -	\$ 1,179,844
	<u>\$ -</u>	<u>\$ 1,179,844</u>	<u>\$ -</u>	<u>\$ 1,179,844</u>

Endowment net asset composition by type of fund as of August 31, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment funds	\$ -	\$ 1,291,450	\$ -	\$ 1,291,450
	<u>\$ -</u>	<u>\$ 1,291,450</u>	<u>\$ -</u>	<u>\$ 1,291,450</u>

Endowment net assets are included in cash and cash equivalents in the combined statements of financial position at August 31, 2017 and 2016.

Changes in endowment net assets during the year ended August 31, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, beginning	\$ -	\$ 1,291,450	\$ -	\$ 1,291,450
Contributions	-	25,000	-	25,000
Investment income	-	774	-	774
Net assets released from restriction	-	(137,380)	-	(137,380)
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 1,179,844</u>	<u>\$ -</u>	<u>\$ 1,179,844</u>

Changes in endowment net assets during the year ended August 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, beginning	\$ -	\$ 1,236,319	\$ -	\$ 1,236,319
Contributions	-	122,905	-	122,905
Investment income	-	1,772	-	1,772
Net assets released from restriction	-	(69,546)	-	(69,546)
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 1,291,450</u>	<u>\$ -</u>	<u>\$ 1,291,450</u>

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

Note 10—Noncash transactions

During the year ended August 31, 2016, the Federation received contributions of land valued at approximately \$1,945,000. No land contributions were received during the year ended August 31, 2017.

Note 11—Subsequent events

The Federation has evaluated subsequent events through February 8, 2018, which was the date the combined financial statements were available to be issued. Except as disclosed in Note 4, there were no material subsequent events that required adjustment to or disclosure in the combined financial statements for the year ended August 31, 2017.

SUPPLEMENTAL SCHEDULES

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2017

	<u>NWTF</u>	<u>Endowment</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 618,636	\$ 913,314	\$ 217,303	\$ -	\$ 1,749,253
Accounts receivable, net	4,013,021	-	-	-	4,013,021
Employee receivable	10,606	-	-	-	10,606
Prepaid merchandise	832,251	-	98,198	-	930,449
Inventories	4,544,835	-	-	-	4,544,835
Total Current Assets	<u>10,019,349</u>	<u>913,314</u>	<u>315,501</u>	<u>-</u>	<u>11,248,164</u>
Land, building, and equipment, net of accumulated depreciation	<u>21,500,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,500,835</u>
Total Assets	<u>\$ 31,520,184</u>	<u>\$ 913,314</u>	<u>\$ 315,501</u>	<u>\$ -</u>	<u>\$ 32,748,999</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$ 1,769,463	\$ -	\$ -	\$ -	\$ 1,769,463
Accrued expenses	2,596,184	24,600	-	-	2,620,784
Deferred revenues	3,043,172	-	-	-	3,043,172
Line of credit	1,852,783	-	-	-	1,852,783
Total Current Liabilities	<u>9,261,602</u>	<u>24,600</u>	<u>-</u>	<u>-</u>	<u>9,286,202</u>
Net Assets:					
Unrestricted	16,240,353	-	-	24,371	16,264,724
Temporarily restricted	<u>6,018,229</u>	<u>888,714</u>	<u>315,501</u>	<u>(24,371)</u>	<u>7,198,073</u>
Total Net Assets	<u>22,258,582</u>	<u>888,714</u>	<u>315,501</u>	<u>-</u>	<u>23,462,797</u>
Total Liabilities and Net Assets	<u>\$ 31,520,184</u>	<u>\$ 913,314</u>	<u>\$ 315,501</u>	<u>\$ -</u>	<u>\$ 32,748,999</u>

NATIONAL WILD TURKEY FEDERATION, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED AUGUST 31, 2017

	<u>NWTF</u>	<u>Endowment</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Change in Unrestricted Net Assets:					
Support and Revenue:					
Membership dues	\$ 12,890,052	\$ -	\$ -	\$ -	\$ 12,890,052
Contributions	599,075	-	-	-	599,075
Advertising income	1,191,940	-	-	-	1,191,940
Program services	39,579,782	-	-	-	39,579,782
Total Support and Revenue	54,260,849	-	-	-	54,260,849
Net assets released from restrictions	4,397,526	-	137,380	-	4,534,906
	58,658,375	-	137,380	-	58,795,755
Expenses:					
Administration	7,420,311	-	137,380	(24,371)	7,533,320
Education	4,656,086	-	-	-	4,656,086
Membership activities	4,898,862	-	-	-	4,898,862
Conservation activities	15,395,651	-	-	-	15,395,651
Program services	30,815,627	-	-	-	30,815,627
Total Expenses	63,186,537	-	137,380	(24,371)	63,299,546
Change in Unrestricted Net Assets	(4,528,162)	-	-	24,371	(4,503,791)
Change in Temporarily Restricted Net Assets:					
Super fund contributions	4,272,807	-	-	-	4,272,807
Other contributions	-	-	25,000	-	25,000
Interest income	-	18,907	6,238	(24,371)	774
Net assets released from restrictions	(4,397,526)	-	(137,380)	-	(4,534,906)
Change in Temporarily Restricted Net Assets	(124,719)	18,907	(106,142)	(24,371)	(236,325)
Change in net assets	(4,652,881)	18,907	(106,142)	-	(4,740,116)
Net assets, beginning of year	26,911,463	869,807	421,643	-	28,202,913
Net assets, end of year	\$ 22,258,582	\$ 888,714	\$ 315,501	\$ -	\$ 23,462,797

COMPLIANCE SECTION

**Report of Independent Auditor on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Board of Directors
National Wild Turkey Federation, Inc.
Edgefield, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of National Wild Turkey Federation, Inc. and affiliates (the “Federation”, a nonprofit organization), which comprise the combined statements of financial position as of August 31, 2017 and 2016, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements, and have issued our report thereon dated February 8, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Federation’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Federation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Federation’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Federation’s combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Federation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Chung Bekant LLP in black ink.

Augusta, Georgia
February 8, 2018

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

The Board of Directors
National Wild Turkey Federation, Inc.
Edgefield, South Carolina

Report on Compliance for Each Major Federal Program

We have audited National Wild Turkey Federation, Inc. and affiliates' (the "Federation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Federation's major federal programs for the year ended August 31, 2017. The Federation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Federation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Federation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Federation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

Report on Internal Control over Compliance

Management of the Federation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Federation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Federation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Chung Bekant LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia
February 8, 2018

NATIONAL WILD TURKEY FEDERATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2017

Grantor / Division / Program / Agency	CFDA #	Identifying Number	FY 2017 Expenses
United States Department of Agriculture			
Farm Service Agency			
Conservation Reserve Program			
Direct Federal Awards:			
USDA Natural Resources Conservation Service	10.069		\$ 60,992
Forest Service			
Cooperative Forestry Assistance			
Direct Federal Awards:			
USDA Natural Resources Conservation Service	10.664		19,642
Federal Flow Through from:			
Arizona State Forestry Division	10.664	ABG 14-903	6,600
Ohio Department of Natural Resources	10.664	15-DG-11420004-137	32,674
South Carolina Forestry Commission	10.664	#2015FSP1	10,836
		Total CFDA #10.664	69,752
Collaborative Forest Restoration			
Direct Federal Awards:			
USDA Forest Service	10.679		10,000
National Fish and Wildlife Foundation			
Federal Flow Through from:			
Wildlife Management Inst.	10.683	GSA Young Forest NWTF	6,623
Department of Agriculture Other Financial Assistance			
Federal Flow Through from:			
Monogahela National Forest	10.OFA	13-CS-11092100-012	47,346
Natural Resources Conservation Service			
Wetlands Reserve Program			
Direct Federal Awards:			
USDA Natural Resources Conservation Service	10.072		15,480
Voluntary Public Access and Habitat Incentive Program			
Federal Flow Through from:			
Illinois Department of Natural Resources	10.093	IL Recreational Access Program	22,500
Texas Parks & Wildlife Department	10.093	69-3A75-14-285	229,077
		Total CFDA #10.093	251,577
Soil and Water Conservation			
Direct Federal Awards:			
USDA Natural Resources Conservation Service	10.902		231,839
Federal Flow Through from:			
National Fish & Wildlife Foundation	10.902	1903.16.051811	8,371
Wildlife Management Inst.	10.902	GSA Young Forest NWTF	11,683
		Total CFDA #10.902	251,893

NATIONAL WILD TURKEY FEDERATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED AUGUST 31, 2017

<u>Grantor / Division / Program / Agency</u>	<u>CFDA #</u>	<u>Identifying Number</u>	<u>FY 2017 Expenses</u>
Environmental Quality Incentives Program			
Direct Federal Awards:			
USDA Natural Resources Conservation Service	10.912		50,690
Federal Flow Through from:			
National Fish & Wildlife Foundation	10.912	1903.14.044616	11,736
		Total CFDA #10.912	62,426
Wildlife Habitat Incentive Program			
Federal Flow Through from:			
National Fish & Wildlife Foundation	10.914	1903.14.044616	11,736
Regional Conservation Partnership Program			
Federal Flow Through from:			
American Bird Conservancy	10.932	1361A	64,664
Wildlife Management Institute	10.932	68-1428-16-930	21,176
		Total CFDA #10.932	85,840
Total United States Department of Agriculture			873,665
United States Department of Defense			
Department of Defense Other Financial Assistance			
Federal Flow Through from:			
National Fish & Wildlife Foundation	12.OFA	1903.14.044616	7,642
National Fish & Wildlife Foundation	12.OFA	1903.16.051811	10,463
		Total CFDA #12.OFA	18,105
Total United States Department of Defense			18,105
United States Department of the Interior			
Bureau of Land Management			
Fish, Wildlife and Plant Conservation Resource Management			
Direct Federal Awards:			
USDA Bureau of Land Management	15.231		81,509
Fish and Wildlife Service			
Partners for Fish and Wildlife			
Direct Federal Awards:			
U.S. Dept. of Interior Fish & Wildlife Services	15.631	F15AC00721	169,474

NATIONAL WILD TURKEY FEDERATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED AUGUST 31, 2017

<u>Grantor / Division / Program / Agency</u>	<u>CFDA #</u>	<u>Identifying Number</u>	<u>FY 2017 Expenses</u>
National Fish and Wildlife Foundation			
Federal Flow Through from:			
National Fish & Wildlife Foundation	15.663	1902.12.031335	15,200
National Fish & Wildlife Foundation	15.663	1903.16.051811	15,695
Wildlife Management Inst.	15.663	GSA Young Forest NWTF	1,494
		Total CFDA #15.663	32,389
Fish & Wildlife Cluster			
Wildlife Restoration and Basic Hunter Education			
Federal Flow Through from:			
State of Nebraska Game & Parks Commission	15.611	SC-002	15,550
State of Nebraska Game & Parks Commission	15.611	NE R 3 Position	71,481
Oklahoma Dept. of Wildlife Conservation	15.611	No number assigned	60,000
State of Vermont Agency of Natural Resources Fish & Wildlife Dept	15.611	06120FY15354	7,963
		Total CFDA #15.611	154,994
		Total Fish and Wildlife Cluster	154,994
		Total United States Department of Interior	438,366
		Total Federal Expenditures	\$ 1,330,136.00

NATIONAL WILD TURKEY FEDERATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2017

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the National Wild Turkey Federation, Inc. (the "Federation") under programs of the federal government for the year ended August 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Federation, it is not intended to and does not present either the financial position, changes in net assets, or cash flows of the Federation.

Note 2—Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3—Indirect cost rate

The Federation has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4—Non-cash awards

The Federation did not receive any non-cash federal awards during the year ended August 31, 2017.

Note 5—Contingencies

These award programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Federation expects such amounts, if any, to be immaterial.

Note 6—Commingled funds

Federal government agencies received funds from other federal agencies in addition to private funds. The federal agency then awards a combination of federal and private funds to the Federation. If the Federation is unable to determine the federal portion, the entire amount is reported on the Schedule of Expenditures of Federal Awards under one federal program.

Note 7—Subrecipients

The Federation did not pass any funds to subrecipients.

**NATIONAL WILD TURKEY FEDERATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED AUGUST 31, 2017

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	___ yes	<u> X </u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	___ yes	<u> X </u> no	

Federal Awards

Internal control over major federal programs:			
• Material weakness(es) identified?	___ yes	<u> X </u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes	<u> X </u> none reported	
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)?	___ yes	<u> X </u> no	

Identification of Major Programs

The programs tested as major programs of the National Wild Turkey Federation, Inc. included:

<u>CFDA #</u>	<u>Name of Federal Program</u>
10.069	Conservation Reserve Program
10.902	Soil and Water Conservation

The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The National Wild Turkey Federation, Inc. qualified as a low-risk auditee.

Section II: Findings in Relation to the Audit of the Financial Statements

None reported.

Section III: Federal Award Findings and Questioned Costs

None reported.