

Independent Auditor's Report on the

Combined Financial Statements of

**National Wild Turkey Federation, Inc.
and Affiliates**

as of and for the years ended August 31, 2023 and 2022

SCOTT  COMPANY

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Independent Auditor's Report

To the Board of Directors
National Wild Turkey Federation, Inc. and Affiliates
Edgefield, South Carolina

Opinion

We have audited the accompanying combined financial statements of the National Wild Turkey Federation, Inc. (a nonprofit organization) and Affiliates (collectively, the "Federation"), which comprise the combined statements of financial position as of August 31, 2023 and 2022, the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Federation as of August 31, 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Federation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Federation’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Notes 1 and 11, the Federation adopted Accounting Standards Codification 842, *Leases*, as of September 1, 2022. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was 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 are presented for purposes of additional analysis and are not required parts of the combined financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the combined financial statements.

The combining statement of financial position, combining statement of activities and changes in net assets, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 December 4, 2023, 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 solely 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 the effectiveness of the Federation's 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.

Scott and Company LLC

Columbia, South Carolina
December 4, 2023

National Wild Turkey Federation, Inc. and Affiliates
 Combined Statements of Financial Position
 August 31,

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 15,044,219	\$ 14,588,521
Restricted cash and cash equivalents	13,738,845	6,998,282
Restricted investments	2,440,663	-
Accounts receivable, net	5,514,404	1,957,111
Prepaid merchandise	659,248	663,686
Inventories	627,698	320,347
Other current assets	25,914	28,875
Total current assets	38,050,991	24,556,822
Land, building, and equipment, net of accumulated depreciation	11,950,676	13,302,728
Operating lease right of use assets, net of accumulated amortization	590,613	197,752
Total noncurrent assets	12,541,289	13,500,480
Total assets	\$ 50,592,280	\$ 38,057,302
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 1,950,924	\$ 1,535,717
Accrued expenses	860,440	789,245
Deferred revenues	9,113,540	4,181,802
Operating lease liability	295,319	137,002
Total current liabilities	12,220,223	6,643,766
Long-Term Liabilities:		
Accrued compensated absences, net of current portion	506,355	497,893
Operating lease liability, net of current portion	295,294	60,750
Total long-term liabilities	801,649	558,643
Total liabilities	13,021,872	7,202,409
Net Assets:		
Without donor restrictions	27,672,300	23,768,703
With donor restrictions	9,898,108	7,086,190
Total net assets	37,570,408	30,854,893
Total liabilities and net assets	\$ 50,592,280	\$ 38,057,302

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

National Wild Turkey Federation, Inc. and Affiliates
 Combined Statements of Activities and Changes in Net Assets
 Years Ended August 31,

	2023	2022
Change in Net Assets Without Donor Restrictions:		
Support and Revenue:		
Membership dues	\$ 13,246,954	\$ 12,536,827
Contributions	1,386,408	1,299,008
Advertising income	762,668	719,786
Federal grants and contracts	3,091,106	3,688,826
Other federal grant revenue	824,684	3,350,447
Program services	36,126,822	29,177,308
Total Support and Revenue	55,438,642	50,772,202
Net assets released from donor restrictions	3,020,690	1,821,357
	58,459,332	52,593,559
Expenses:		
Program services:		
Education	4,134,004	3,236,350
Membership activities	3,293,877	3,004,725
Conservation activities	19,532,539	13,877,025
General program services	23,022,474	17,758,642
Supporting services:		
Management and general	7,033,936	6,537,119
Fundraising	2,002,711	1,633,869
Total Expenses	59,019,541	46,047,730
Non-operating revenue:		
Net gain on sale of assets	4,463,806	1,150,706
Change in Net Assets Without Donor Restrictions	3,903,597	7,696,535
Change in Net Assets With Donor Restrictions:		
Super fund contributions	4,979,228	108,086
Other contributions	851,282	1,164,477
Interest income	32,273	107
Unrealized losses on investments	(30,175)	-
Net assets released from donor restrictions	(3,020,690)	(1,821,357)
Change in Net Assets With Donor Restrictions	2,811,918	(548,687)
Change in net assets	6,715,515	7,147,848
Net assets, beginning of year	30,854,893	23,707,045
Net assets, end of year	\$ 37,570,408	\$ 30,854,893

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

National Wild Turkey Federation, Inc. and Affiliates
 Combined Statement of Functional Expenses
 Year Ended August 31, 2023

	Program Services					Supporting Services			Total
	Education	Membership	Conservation Activities	General Program Services	Total Program Services	Management and General	Fundraising	Supporting Services	
Salaries and related expenses:									
Salaries	\$ 540,934	\$ 874,426	\$ 4,135,867	\$ 4,067,382	\$ 9,618,609	\$ 3,363,700	\$ 1,107,092	\$ 4,470,792	\$ 14,089,401
Employee retirement benefits	16,902	27,322	129,229	127,091	300,544	105,102	34,592	139,694	440,238
Payroll taxes	39,934	64,554	305,331	300,274	710,093	248,325	81,731	330,056	1,040,149
Total salaries and related expenses	<u>597,770</u>	<u>966,302</u>	<u>4,570,427</u>	<u>4,494,747</u>	<u>10,629,246</u>	<u>3,717,127</u>	<u>1,223,415</u>	<u>4,940,542</u>	<u>15,569,788</u>
Banquet expenses:									
Banquet merchandise	-	-	-	7,838,420	7,838,420	-	-	-	7,838,420
Banquet support	-	-	-	107,741	107,741	-	-	-	107,741
Banquet incentives	-	-	-	974,034	974,034	-	-	-	974,034
Super Fund banquet percentage	-	-	-	1,595,486	1,595,486	-	-	-	1,595,486
Total banquet expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,515,681</u>	<u>10,515,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,515,681</u>
Other expenses:									
Bank charges	-	-	-	678,439	678,439	-	-	-	678,439
Communications	209,712	-	-	-	209,712	-	-	-	209,712
Computer expense	31,128	113,447	31,128	113,447	289,150	31,128	8,995	40,123	329,273
Convention expense	-	-	-	3,914,874	3,914,874	-	-	-	3,914,874
Grants expense	-	-	11,613,581	-	11,613,581	-	-	-	11,613,581
Insurance	94,798	153,241	724,802	712,800	1,685,641	589,482	194,016	783,498	2,469,139
Membership acquisition	-	942,168	-	-	942,168	-	43,911	43,911	986,079
Non-banquet merchandise	-	-	-	443,107	443,107	-	-	-	443,107
Advertising	-	-	-	-	-	1,165	-	1,165	1,165
Media and publications	1,608,419	-	-	-	1,608,419	-	-	-	1,608,419
Meetings	8,279	16,559	222,639	239,198	486,675	250,834	-	250,834	737,509
Outreach	390,281	-	-	-	390,281	-	-	-	390,281
Outdoor Education Center	1,607	-	1,607	-	3,214	-	-	-	3,214
Palmetto Shooting Complex	-	-	-	668,315	668,315	-	-	-	668,315
Postage	513,243	40,003	-	38,365	591,611	8,270	6,350	14,620	606,231
Professional fees	-	-	-	-	-	1,694,310	-	1,694,310	1,694,310
Repairs and maintenance	25,442	25,442	25,443	25,442	101,769	25,442	-	25,442	127,211
Shoot expense	-	-	-	266,903	266,903	-	-	-	266,903
Super Fund	-	-	1,766,460	-	1,766,460	-	-	-	1,766,460
Supplies	748	1,274	4,432	4,696	11,150	3,605	4,168	7,773	18,923
Telephone and utilities	64,260	87,383	41,119	76,258	269,020	41,119	38	41,157	310,177
Travel	367,825	703,703	159,722	671,758	1,903,008	95,834	234,380	330,214	2,233,222
Other expenses	112,362	136,225	46,792	50,314	345,693	119,527	287,438	406,965	752,658
Total other expenses	<u>3,428,104</u>	<u>2,219,445</u>	<u>14,637,725</u>	<u>7,903,916</u>	<u>28,189,190</u>	<u>2,860,716</u>	<u>779,296</u>	<u>3,640,012</u>	<u>31,829,202</u>
Total expenses before depreciation and amortization	<u>4,025,874</u>	<u>3,185,747</u>	<u>19,208,152</u>	<u>22,914,344</u>	<u>49,334,117</u>	<u>6,577,843</u>	<u>2,002,711</u>	<u>8,580,554</u>	<u>57,914,671</u>
Depreciation and amortization	<u>108,130</u>	<u>108,130</u>	<u>324,387</u>	<u>108,130</u>	<u>648,777</u>	<u>456,093</u>	<u>-</u>	<u>456,093</u>	<u>1,104,870</u>
Total expenses	<u>\$ 4,134,004</u>	<u>\$ 3,293,877</u>	<u>\$ 19,532,539</u>	<u>\$ 23,022,474</u>	<u>\$ 49,982,894</u>	<u>\$ 7,033,936</u>	<u>\$ 2,002,711</u>	<u>\$ 9,036,647</u>	<u>\$ 59,019,541</u>

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

National Wild Turkey Federation, Inc. and Affiliates
 Combined Statement of Functional Expenses
 Year Ended August 31, 2022

	Program Services					Supporting Services			
	Education	Membership	Conservation Activities	General Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses:									
Salaries	\$ 477,958	\$ 825,338	\$ 3,959,262	\$ 3,793,490	\$ 9,056,048	\$ 3,180,680	\$ 1,016,249	\$ 4,196,929	\$ 13,252,977
Employee retirement benefits	13,042	22,521	108,034	103,512	247,109	86,790	-	86,790	333,899
Payroll taxes	33,112	57,178	274,293	262,808	627,391	220,353	70,404	290,757	918,148
Total salaries and related expenses	524,112	905,037	4,341,589	4,159,810	9,930,548	3,487,823	1,086,653	4,574,476	14,505,024
Banquet expenses:									
Banquet merchandise	-	-	-	6,097,997	6,097,997	-	-	-	6,097,997
Banquet support	-	-	-	63,325	63,325	-	-	-	63,325
Banquet incentives	-	-	-	680,575	680,575	-	-	-	680,575
Super Fund banquet percentage	-	-	-	259,480	259,480	-	-	-	259,480
Total banquet expenses	-	-	-	7,101,377	7,101,377	-	-	-	7,101,377
Other expenses:									
Bank and credit card charges	-	-	-	598,560	598,560	-	-	-	598,560
Communications	150,594	-	-	-	150,594	-	-	-	150,594
Computer expense	24,217	89,208	24,217	89,208	226,850	24,217	8,895	33,112	259,962
Convention expense	-	-	-	2,971,670	2,971,670	12,263	-	12,263	2,983,933
Grants expense	-	-	5,565,219	-	5,565,219	-	-	-	5,565,219
Insurance	93,599	161,627	775,346	742,883	1,773,455	622,876	199,013	821,889	2,595,344
Membership acquisition	-	936,658	-	-	936,658	-	30,919	30,919	967,577
Non-banquet merchandise	-	-	-	423,480	423,480	-	-	-	423,480
Advertising	-	-	-	-	-	2,337	-	2,337	2,337
Media and publications	1,320,049	-	-	-	1,320,049	-	-	-	1,320,049
Meetings	5,085	10,170	36,602	46,773	98,630	174,966	-	174,966	273,596
Outreach	158,469	-	-	-	158,469	-	-	-	158,469
Outdoor Education Center	8,078	-	8,077	-	16,155	-	-	-	16,155
Palmetto Shooting Complex	-	-	-	474,354	474,354	-	-	-	474,354
Postage	387,734	25,274	-	23,598	436,606	11,579	8,798	20,377	456,983
Professional fees	-	-	-	-	-	1,505,754	-	1,505,754	1,505,754
Repairs and maintenance	24,257	24,257	51,043	24,257	123,814	24,257	-	24,257	148,071
Shoot expense	-	-	-	256,243	256,243	-	-	-	256,243
Super Fund	-	-	2,495,817	-	2,495,817	-	-	-	2,495,817
Supplies	4,061	7,936	5,661	12,180	29,838	4,548	3,501	8,049	37,887
Telephone and utilities	64,888	88,056	41,489	78,593	273,026	41,492	456	41,948	314,974
Travel	298,433	567,591	146,367	538,317	1,550,708	87,821	147,528	235,349	1,786,057
Other expenses	64,124	80,261	59,650	108,689	312,724	66,396	148,106	214,502	527,226
Total other expenses	2,603,588	1,991,038	9,209,488	6,388,805	20,192,919	2,578,506	547,216	3,125,722	23,318,641
Total expenses before depreciation and amortization	3,127,700	2,896,075	13,551,077	17,649,992	37,224,844	6,066,329	1,633,869	7,700,198	44,925,042
Depreciation and amortization	108,650	108,650	325,948	108,650	651,898	470,790	-	470,790	1,122,688
Total expenses	\$ 3,236,350	\$ 3,004,725	\$ 13,877,025	\$ 17,758,642	\$ 37,876,742	\$ 6,537,119	\$ 1,633,869	\$ 8,170,988	\$ 46,047,730

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

National Wild Turkey Federation, Inc. and Affiliates
 Combined Statements of Cash Flows
 Years Ended August 31,

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 6,715,515	\$ 7,147,848
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,104,870	1,122,688
Net gain on sales of land and equipment	(4,463,806)	(1,140,706)
Unrealized loss on investments	30,175	-
Loan forgiveness	-	(2,000,000)
Change in assets and liabilities:		
Accounts receivable	(3,557,293)	560,976
Prepaid merchandise	4,438	(186,030)
Inventories	(307,351)	158,872
Accounts payable	415,207	(461,757)
Accrued expenses	79,657	148,435
Deferred revenues	4,931,738	(260,379)
Net cash provided by operating activities	4,953,150	5,089,947
Cash flows from investing activities:		
Purchase of investments	(2,470,838)	-
Purchase of land, building, and equipment	(584,126)	(473,822)
Proceeds from sales of land and equipment	5,318,689	2,226,280
Net cash provided by investing activities	2,263,725	1,752,458
Cash flows from financing activities:		
Payment of loan origination fees	(20,614)	(34,650)
Net cash used in financing activities	(20,614)	(34,650)
Net increase in cash and cash equivalents	7,196,261	6,807,755
Cash and cash equivalents, beginning of year	21,586,803	14,779,048
Cash and cash equivalents, end of year	\$ 28,783,064	\$ 21,586,803
Non-cash investing and financing activities:		
Right of use assets obtained in exchange for operating lease liabilities	\$ 539,545	\$ 847,358
Operating lease liabilities arising from obtaining right of use assets	\$ 539,545	\$ 847,358
Reconciliation of cash and cash equivalents reflected in the combined statements of cash flows to the combined statements of financial position:		
Cash and cash equivalents	\$ 15,044,219	\$ 14,588,521
Donor restricted cash and cash equivalents	13,738,845	6,998,282
	\$ 28,783,064	\$ 21,586,803

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

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 1. 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 of the wild turkey and the preservation of our hunting heritage. 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 has members 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, Healthy Habitats Land Trust, LLC, and Palmetto Shooting Complex, LLC (included within NWTF of the combining financial statements); the National Wild Turkey Federation Endowment Foundation, Inc. (“Endowment Foundation”); 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 six 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 classification of either without donor restrictions or with donor restrictions.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not for Profit Entities*. The Federation is required to report information regarding its financial position and activities according to the following net asset classifications:

Without Donor Restrictions: Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the Federation. The governing board has discretionary control over these resources.

With Donor Restrictions: Net assets resulting from contributions restricted by outside sources are reported as having donor restrictions and are distinguished from net assets without restrictions 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 net assets without donor restrictions over which the governing board retains full control for use in achieving any of its institutional purposes.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications have no effect on previously reported net assets or cash flows.

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 Foundation and the Foundation of \$3,284,938 and \$2,444,823 at August 31, 2023 and 2022, respectively, as well as donor-restricted cash related to the sale of Utah conservation permits of \$321,984 and \$216,931, at August 31, 2023 and 2022, 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, 2023.

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combined statements of financial position. Investments classified as short-term are available for operations in the next fiscal year. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in earned revenue unless the income or loss is restricted by donor or law. Investment earnings are reported net of related expenses, such as custodial, commission, and investment advisory fees.

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 primarily 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.

Land Held for Sale – Land held for sale includes properties that are not used for business activities. The land is measured at the lower of the carrying amount or fair value less costs of sale. There was no land held for sale at August 31, 2023 and 2022. During the year ended August 31, 2022, the Federation sold previously donated land for \$2,226,280, recognizing a gain on the sale of \$1,140,706 over net book value of \$1,085,573.

Other Assets – Other assets consists of debt issuance costs incurred in obtaining the line of credit. These costs are amortized on the straight-line method, over the life of the agreement. Debt issuance costs less accumulated amortization were \$25,914 and \$28,875 at August 31, 2023 and 2022, respectively. Amortization expense on debt issuance costs was \$23,575 and \$36,192 as of and for the years ended August 31, 2023 and 2022, respectively.

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. During the year ended August 31, 2023, the Federation sold excess land, building and equipment assets for \$5,386,950, recognizing a gain of \$4,463,706 over net book value of \$923,244.

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 2023 or 2022.

Recognition of Donor Restrictions – Support that is restricted by the donor is reported as an increase in net assets with restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

Revenue Recognition and Deferred Revenue – The Federation recognizes revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. See Note 2 for additional disclosures.

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Revenue Recognition and Deferred Revenue (continued) – In accordance with Topic 606, the Federation recognizes revenue when control of the promised goods or services are transferred to the Federation’s outside parties in an amount that reflects the consideration the Federation expects to be entitled to in exchange for those goods or services. Topic 606 also requires new and expanded disclosures regarding revenue recognition to ensure understanding as to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Federation has identified membership dues, advertising income, and program services as revenue categories subject to the adoption of Topic 606.

Membership dues - The Federation offers membership of various categories that typically last for a term of one year. Membership payments received from Federation members are considered equivalent to contributions without donor restrictions and are recognized as revenue when received. The Federation disaggregates fees from these memberships between contributions and exchange transactions. The Federation recognizes revenue related to the contribution portion on the initiation or renewal of membership. The exchange portion is recognized when performance obligations are satisfied. This includes items being exchanged, such as magazines and promotional items, which are recognized as satisfied performance obligations when delivered to the member, or free tickets to events, which are recognized as satisfied when the event occurs.

Advertising income – Advertising income involves sales of sponsorships or promotional advertising in either the Federation’s publications or broadcasts. Advertising income is derived from individuals and businesses in the form of cash or value in-kind in exchange for advertising. Revenues are recognized upon issuance of the publication or broadcast. The Federation’s performance obligations are satisfied at a point in time and the contractual considerations for a given year is recognized once those performance obligations are fulfilled.

Program services – Program services include proceeds from member banquets that are held by chapters, merchandise revenue, and various state and private grants. The Federation’s policy is to recognize banquet proceeds as revenue when earned and collectability is reasonably assured, which occurs when the banquet is finalized at the national headquarters. Revenue related to banquet proceeds is deferred until the year in which the banquet occurs. The Federation receives grants primarily on a reimbursement basis. The Federation’s policy is to recognize revenues and receivables when expenses are incurred in connection with the grants.

Contributions – Contributions, including cash, in-kind contributions, and unconditional promises to give are recorded as revenue in the period in which they are received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Federal grants and contracts – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government’s own use or benefit. For the Federation, grant revenue is generally recognized when the corresponding expense has been incurred and reimbursement requests have been submitted.

Accounts Receivable – The Federation accounts for its accounts receivable at face amount. Payment terms for receivables are based upon the agreements due under normal trade terms. The Federation estimates an allowance for banquet losses and doubtful accounts generally based on historical losses.

Deferred Revenue – Deferred revenue consists of banquet revenue received in advance of banquet events, membership dues received in advance of outstanding performance obligations, and grants and contribution revenue received for which performance obligations have not yet been satisfied. The Federation recognizes the revenue upon satisfaction of the applicable performance obligations.

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Revenue Recognition and Deferred Revenue (continued) –

Economic factors – The Federation is impacted by overall economic conditions, as there are fewer available government grants during poor economic conditions, as well contributions from donors using their disposable income.

Collections – The Federation operates the Winchester Museum, a small museum available for viewing by the public on a limited basis. The museum contains displays about wild turkey species, hunting history and land conservation activities. The museum’s collection includes objects that are available to the public or held for that purpose. The museum is housed in the Federation headquarters facility in Edgefield, South Carolina. Most of the museum’s artifacts were acquired via donation between 1998 through 2012. The Museum’s *Collections Management Policy* includes guidance on the documentation, preservation, care, and management of the collections and procedures related to the accession and deaccession of collection items. The Federation follows the recommendations of the American Alliance of Museums (“AAM”) with regard to the Winchester Museum collection.

In conformity with the practice generally followed by the Federation, no value is assigned to the collections in the combined statements of financial position. The objects and furnishings, owned by the Museum with the intent of retention are not reported in the accompanying combined statements of financial position. Per the *Collections Management Policy* and following professional standards and guidelines, any proceeds from deaccessions of collection items are designated for the replenishment or care of other objects within the Museum collection. Expenditures for restoration, stabilization, reconstruction, and development are charged to expense as incurred.

Super Fund Contributions – The Hunting Heritage Super Fund (“Super Fund”) was established in 1985 to fund wild turkey restoration, management and other Federation projects. The Super Fund pools money generated by Federation chapters to benefit wild turkey management, wildlife habitat, hunting access and hunter recruitment, retention and reactivation efforts. Super Fund contributions are considered donor-restricted contributions and used for ongoing projects in various states.

Advertising – Advertising costs are expensed as incurred. Advertising costs were \$1,165 and \$2,337 during the years ended August 31, 2023 and 2022, respectively.

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 approximately \$24,350,000 and \$5,083,000 which exceeded these insured amounts as of August 31, 2023 and 2022, respectively.

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

Accrued Compensated Absences – The Association expenses and records as a liability the obligations relating to employees' rights to receive vacation compensation for future absences attributable to employees' services as rendered.

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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. The most significant estimates include the estimated useful lives of property and equipment and the allowance for doubtful accounts. 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 Foundation as net assets with restrictions.

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.

Functional Allocation – The costs of providing the Federation’s programs and other activities have been reported on a functional basis in the combined statements 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, 2023. Management has evaluated the tax positions of the Federation and does not believe that any uncertain tax positions or unrecognized tax benefits exist for the years ended August 31, 2023 and 2022. The Federation’s policy is to report accrued interest related to unrecognized tax benefits, when applicable, in miscellaneous functional category and to report penalties as other expense. The Federation’s tax returns for 2021, 2022, and 2023 are open and subject to investigation.

Leases – The Federation enters into contractual arrangements for the utilization of certain non-owned assets. These principally relate to the Federation’s vehicles leased under a fleet management agreement.

The Federation determines if an arrangement is a lease at inception. Leases are evaluated at commencement to determine proper classification as an operating or finance lease, of which the Federation has determined they had 30 individual operating leases for vehicles under the fleet management agreement at August 31, 2023.

The Federation uses the borrowing rates provided by the lessor under the fleet management agreement for each individual lease’s discount rate for determining the valuation of the right-of-use asset and operating lease liability.

For operating leases, fixed lease payments are recognized on a straight-line basis over the lease term. The Federation’s leases do not contain any material residual value guarantees or payments under purchase and termination options which are reasonably certain to be exercised. Lease terms are initially determined as the non-cancelable period of a lease adjusted for options to extend a lease that are reasonably certain to be exercised.

Right-of-use (“ROU”) assets are carried at cost less accumulated amortization. Initial cost comprises the lease liability adjusted for lease payments at or before the commencement date. Leases that have an original term of 12 months or less are not recognized on the Federation’s combined statements of financial position, and the lease expense related to those short-term leases is recognized over the lease term.

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Recently Implemented Accounting Standards – In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is required to be implemented for fiscal periods beginning after December 15, 2021. The provisions of the ASU seek to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. ASU 2016-02 requires that a lessee recognize assets and liabilities for all leases with lease terms of more than 12 months. The ASU requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. The Federation implemented this ASU for the year ending August 31, 2023, using the modified retrospective approach. See additional information above and in Note 11.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This ASU is required to be implemented for fiscal periods beginning after December 15, 2022. This ASU requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. Credit losses should be reported as an allowance for credit losses. The Federation is currently evaluating the effect of this ASU on its combined financial statements.

In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*. As amended, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. Such entities may apply the ASU earlier, for fiscal years beginning after December 15, 2018. The Federation is currently evaluating the effect of this ASU on its combined financial statements.

Note 2. Revenue Recognition

The following table shows the Federation’s revenue disaggregated between revenue categories:

Years ended August 31,	<u>2023</u>	<u>2022</u>
Membership dues, recognized at a point in time	\$ 10,264,320	\$ 9,888,419
Membership dues, recognized over time	2,982,634	2,648,408
Advertising income, recognized at a point in time	762,668	719,786
Program services, recognized at a point in time	36,126,822	29,177,308
Total revenue from contracts with customers	<u>50,136,444</u>	<u>42,433,921</u>
Total other support and revenue	<u>5,969,057</u>	<u>8,338,281</u>
Total support and revenue	<u>\$ 56,105,501</u>	<u>\$ 50,772,202</u>

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 2. Revenue Recognition (continued)

Contract assets and contract liabilities from contracts with customers consisted of the following at August 31,:

	<u>2023</u>	<u>2022</u>
Contract assets:		
Accounts receivable:		
Advertising	\$ 10,950	\$ 5,333
Banquets	213,419	182,012
Unbilled revenue	7,693	24,500
Total contract assets	<u>232,062</u>	<u>211,845</u>
Grant receivables	5,099,021	1,264,361
Other receivables	342,312	800,201
Reserve for doubtful accounts	<u>(158,991)</u>	<u>(319,296)</u>
Total other receivables	<u>5,282,342</u>	<u>1,745,266</u>
Total accounts receivable	<u>\$ 5,514,404</u>	<u>\$ 1,957,111</u>
Contract liabilities:		
Deferred revenue:		
Banquets	\$ 439,505	\$ 441,859
Membership	32,000	29,890
Total contract liabilities	<u>471,505</u>	<u>471,749</u>
Deferred revenue – grants	7,477,676	2,369,865
Other deferred revenues	<u>1,164,359</u>	<u>1,340,188</u>
Total other deferred revenues	<u>8,642,035</u>	<u>3,710,053</u>
Total deferred revenues	<u>\$ 9,113,540</u>	<u>\$ 4,181,802</u>

Note 3. Fair Value Measurements

The Federation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements*, for financial assets and liabilities measured on a recurring and non-recurring basis. ASC 820 applies to all financial assets and financial liabilities that are being measured and reported on a fair value basis. ASC 820 establishes a framework for measuring fair value and expands disclosure about fair value measurements.

ASC 820 requires fair value measurements to be classified and disclosed in one of the following three categories:

- Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; or
- Level 3: prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 3. Fair Value Measurements (continued)

The following is a description of valuation methodologies used for assets recorded at fair value:

Common Stocks – Common stocks are valued at the closing price reported on the active market on which the individual securities are traded (Level 1).

Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Federation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded (Level 1).

U.S. Treasury Bills – Short-term investments in U.S. Treasury Bills all mature within one year. U.S. Treasury Bills are valued used quoted market prices obtained from active market makers and inter-dealer brokers (Level 1).

Assets measured at fair value on a recurring basis are as follows as of August 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Equity funds	\$ 1,294,864	\$ -	\$ -	\$ 1,294,864
Fixed income funds	445,425	-	-	445,425
Common stocks	246,583	-	-	246,583
U.S. Treasury bills	453,791	-	-	453,791
Total assets at fair value	<u>\$ 2,440,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,440,663</u>

Note 4. Investments

The Federation’s investments are held by the Endowment Foundation. The overall investment objective of the Federation is to invest its assets in a prudent manner to preserve and grow the purchasing power of these funds so that they are available to support the Federation’s operations and projects. The Federation manages investment activities in accordance with established policies and with oversight from the Trustees of the Endowment Foundation in accordance with an Investment Policy Statement (“IPS”). Per the IPS, the amount of income provided each year for operations is based on an annual spending rate of up to 5% with a target goal of 2.5% per annum of the actual market value as of August 31 for the first three years of the investment fund (through August 31, 2025). After this period, the spending rate will be applied to an average of the past three years of the investment fund’s market values ending each fiscal year on August 31. In no case will the spend rate exceed 5% per annum unless approved by the Endowment Foundation and the Federation.

The Federation recognizes that risk must be assumed to achieve long-term investment objectives. Therefore, asset allocations and ranges are necessarily diverse and consider overall liquidity needs. The Federation has considered its ability to withstand short and intermediate variability and has concluded that the investment portfolio can tolerate some interim fluctuations in market values and rates of return in order to achieve its objective. However, the Federation realizes that market performance may vary and that the objectives set forth in the IPS may not be achievable during short-term periods.

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 4. Investments (continued)

The Federation has chosen not to manage its underlying assets directly, but to utilize independent investment managers. The investment portfolio was divided among two separate managers during the year ended August 31, 2023. To mitigate concentration of credit risk, the Federation's excess cash is invested with high quality institutions, the largest concentrations of which are invested in equity mutual funds (53%), fixed income mutual funds (18%), common stocks (10%), and U.S. Treasury bills (19%).

Pursuant to the IPS, the asset allocation of the investment portfolio is governed by a range of 60-75% equity investments and 20-35% fixed income investments.

At August 31, 2023, investments consisted of the following:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Mutual funds:				
Equity funds	\$ 1,325,000	\$ 1,099	\$ (31,235)	\$ 1,294,864
Fixed income funds	450,639	-	(5,214)	445,425
Common stocks	244,359	6,144	(3,920)	246,583
U.S. Treasury bills	450,840	2,951	-	453,791
Total	<u>\$ 2,470,838</u>	<u>\$ 10,194</u>	<u>\$ (40,369)</u>	<u>\$ 2,440,663</u>

Note 5. Land, Buildings, and Equipment

Land, buildings, and equipment consisted of the following at August 31,:

	<u>Useful Lives</u>	<u>2023</u>	<u>2022</u>
Land		\$ 4,021,543	\$ 4,402,409
Buildings and infrastructure	2-40 years	16,690,827	19,960,849
Furniture	3-15 years	707,065	707,065
Equipment	2-15 years	2,784,101	5,765,820
Vehicles	3-5 years	182,732	182,732
Software	3-5 years	1,411,705	1,027,778
Gross land, buildings, and equipment		<u>25,797,973</u>	<u>32,046,653</u>
Less accumulated depreciation		<u>(13,847,297)</u>	<u>(18,743,925)</u>
Total land, buildings, and equipment		<u>\$ 11,950,676</u>	<u>\$ 13,302,728</u>

Depreciation expense was \$1,081,295 and \$1,086,496 for the years ended August 31, 2023 and 2022, respectively.

Note 6. Line of Credit and Long-Term Debt

At August 31, 2023 and 2022, the Federation had two lines of credit in the amounts of \$8,245,672 and \$2,200,000 with maturity dates of February 25, 2025 and August 21, 2027, respectively. The borrowing rate on the \$8,245,672 line of credit is 1.35% above the 30-day average Secured Overnight Financing Rate ("SOFR"), which was 6.66% and 3.63% at August 31, 2023 and 2022, respectively. The borrowing rate on the \$2,200,000 line of credit is 3.85%. Both lines of credit are secured by the assets of the Federation.

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 6. Line of Credit and Long-Term Debt (continued)

There were no outstanding balances under the lines of credit at August 31, 2023 and 2022, respectively. The lines of credit agreements require, among other things, the Federation to maintain certain restrictive covenants. As of August 31, 2023, management was not in violation of any of its debt covenants.

From time to time, the Federation and its affiliates have formed intercompany loans. There were no intercompany loans during the years ended August 31, 2023 and 2022.

Long-term debt at August 31, 2021 consisted of a refundable advance in the amount of \$2,000,000, received under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The loan was forgiven during the year ended August 31, 2022, and loan forgiveness in the amount of \$2,000,000 was recorded as part of other federal grant revenue within the combined statement of activities and changes in net assets for the year ended August 31, 2022.

Note 7. CARES Act

In addition to the refundable advance discussed in Note 6, during the year ended August 31, 2022, the Federation utilized the Employee Retention Credit, a provision of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The Employee Retention Credit is a fully refundable tax credit for employers that equals up to 50 percent of qualified wages paid to employees between March 12, 2020 and December 31, 2020, with additional extensions through September 30, 2021. The Federation utilized \$824,684 and \$1,350,447 in credits during the years ended August 31, 2023 and 2022, respectively. The Federation has accordingly recognized this amount as other federal grant revenue within the combined statement of activities and changes in net assets for the years ended August 31, 2023 and 2022.

Other federal grant revenue for the years ended August 31, 2023 and 2022 consisted of the following:

	2023	2022
PPP loan forgiveness	\$ -	\$ 2,000,000
Employee Retention Credit	824,684	1,350,447
Total CARES Act revenue	\$ 824,684	\$ 3,350,447

Note 8. 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. For calendar years 2023 and 2022, the overall limit for employee contributions into the plan was the lesser of \$22,500 and \$20,500, respectively, or 75% of the employee’s compensation. 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. During the years ended August 31, 2023 and 2022, the Federation’s expenses related to the plan were \$440,238 and \$333,899, respectively, which represents amounts paid out as matching contributions during each pay period.

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 9. Net Assets With Restrictions

Net assets with restrictions were available for the following as of August 31,:

	<u>2023</u>	<u>2022</u>
NWTF Endowment Foundation, Inc.	\$ 2,511,241	\$ 2,041,233
NWTF Foundation, Inc.	489,124	403,590
NWTF, Inc.	100,000	100,000
Funds held for State Superfund	6,747,743	4,375,070
American Upland Land Trust, LLC	50,000	50,000
Paddy's Bluff Operating Funds	-	116,297
	<u>\$ 9,898,108</u>	<u>\$ 7,086,190</u>

Note 10. Liquidity and Availability of Resources

The Federation's financial assets available within one year of the balance sheet date for general expenditures are as follows as of August 31,:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 28,783,064	\$ 21,586,803
Accounts receivable	5,514,404	1,957,111
Total financial assets	34,297,468	23,543,914
Less amounts not available to be used within one year	-	-
Liquidity resources: Bank lines of credit	10,445,672	10,445,672
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 44,743,140</u>	<u>\$ 33,989,586</u>

Note 11. Leases

In accordance with ASC 842, *Leases*, lease liabilities are initially and subsequently measured at the present value of the remaining lease payments. The right-of-use assets are initially recognized at the amount of the lease liabilities initially recognized less lease incentives received, plus initial direct costs and prepaid lease payments, if any. Should there be a modification, the rate may be updated with a more current incremental borrowing rate.

Lease-related assets and liabilities as presented in the balance sheets consist of the following at August 31,:

	<u>2023</u>	<u>2022</u>
Assets:		
Operating lease right-of-use assets	\$ 737,297	\$ 847,538
Less: accumulated amortization	(146,684)	(649,606)
Right-of-use assets, net	<u>\$ 590,613</u>	<u>\$ 197,752</u>
Liabilities:		
Current portion of operating lease liabilities	\$ 295,319	\$ 137,002
Long-term portion of operating lease liabilities	295,294	60,750
	<u>\$ 590,613</u>	<u>\$ 197,752</u>

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 11. Leases (continued)

The Federation leases vehicles under a fleet management agreement through a lender under operating leases. All leases commenced between March 1, 2022 and July 1, 2023 and are for lease terms of 12-36 months. The weighted average discount rate applicable to the lease agreements is 5.80%. Future minimum lease payments are as follows:

2024	\$	306,235
2025		243,633
2026		89,767
Total undiscounted cash flows		639,635
Less, effects of discounting		(49,022)
Operating lease liability	\$	590,613

The undiscounted cash flows differ from the lease liability on the combined statement of financial position based on the net present value of future cash payments.

Total operating lease expense was \$377,292 and \$281,741 during the years ended August 31, 2023 and 2022, respectively. Operating lease expense is recognized on a straight-line basis over the lease term.

Note 12. Endowments

The Federation’s endowment consists of one fund established for a variety of purposes. This endowment includes both donor-restricted funds contributed to the Federation for the long-term benefit of the future of the Federation and funds designated by the Board to function as an endowment. Board-designated funds functioning as endowment represent funds that have been set aside to support a variety of purposes including funding programs and supporting services. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Federation to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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 net assets with restrictions that are perpetual in nature (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 net assets with restrictions that are perpetual in nature is classified as net assets with restrictions by purpose 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, 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.

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 12. Endowments (continued)

Spending Policy – The Federation’s spending policy is to spend funds in accordance with the donor’s restrictions as provided in the gift instrument and IPS. 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.

Endowment net asset composition by type of Fund consisted of the following at August 31, 2023:

	<u>Net Assets Without Restrictions</u>	<u>Net Assets With Restrictions</u>	<u>Total Endowment Net Assets</u>
Board-designated funds	\$ 6,146,396	\$ -	\$ 6,146,396
Donor-restricted endowment funds	-	3,284,938	3,284,938
Total assets at fair value	<u>\$ 6,146,396</u>	<u>\$ 3,284,938</u>	<u>\$ 9,431,334</u>

Endowment net asset composition by type of Fund consisted of the following at August 31, 2022:

	<u>Net Assets Without Restrictions</u>	<u>Net Assets With Restrictions</u>	<u>Total Endowment Net Assets</u>
Board-designated funds	\$ 2,146,396	\$ -	\$ 2,146,396
Donor-restricted endowment funds	-	2,444,823	2,444,823
Total assets at fair value	<u>\$ 2,146,396</u>	<u>\$ 2,444,823</u>	<u>\$ 4,591,219</u>

Endowment net assets are included in cash and cash equivalents in the combined statements of financial position at August 31, 2023 and 2022. Investment earnings on intercompany loans are considered increases in net assets without restriction for the Endowment and are eliminated in the combined statements of financial position. There were no intercompany loans during the years ended August 31, 2023 and 2022.

Changes in endowment net assets during the year ended August 31, 2023 are as follows:

	<u>Net Assets Without Restrictions</u>	<u>Net Assets With Restrictions</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, beginning	\$ 2,146,396	\$ 2,444,823	\$ 4,591,219
Contributions	4,000,000	1,135,855	5,135,855
Investment income	-	32,273	32,273
Unrealized losses on investments	-	(30,175)	(30,175)
Expenditures and releases from restriction	-	(297,838)	(297,838)
Endowment net assets, ending	<u>\$ 6,146,396</u>	<u>\$ 3,284,938</u>	<u>\$ 9,431,334</u>

National Wild Turkey Federation, Inc. and Affiliates
Notes to Combined Financial Statements

Note 12. Endowments (continued)

Changes in endowment net assets during the year ended August 31, 2022 are as follows:

	Net Assets Without Restrictions	Net Assets With Restrictions	Total Endowment Net Assets
Endowment net assets, beginning	\$ 77,718	\$ 1,427,327	\$ 1,505,045
Contributions	2,068,678	1,214,477	3,283,155
Investment income	-	107	107
Expenditures and releases from restriction	-	(197,088)	(197,088)
Endowment net assets, ending	<u>\$ 2,146,396</u>	<u>\$ 2,444,823</u>	<u>\$ 4,591,219</u>

Note 13. Subsequent Events

Management has evaluated subsequent events through December 4, 2023, the date these combined financial statements were available to be issued, for possible recognition or disclosure in the combined financial statements. Management has concluded that no significant subsequent events meet the criteria of professional accounting standards to be recognized or not recognized, but disclosed, in these combined financial statements.

Supplementary Information

National Wild Turkey Federation, Inc. and Affiliates
Combining Statement of Financial Position
August 31, 2023

	NWTF	Endowment Foundation	Foundation	Eliminations	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 11,395,104	\$ 3,649,115	\$ -	\$ -	\$ 15,044,219
Restricted cash and cash equivalents	10,376,189	2,861,440	501,216	-	13,738,845
Restricted investments	-	2,440,663	-	-	2,440,663
Accounts receivable, net	5,514,404	-	-	-	5,514,404
Prepaid merchandise	659,248	-	-	-	659,248
Inventories	627,698	-	-	-	627,698
Other current assets	25,914	-	-	-	25,914
Due from related party	-	3,500	-	(3,500)	-
Total current assets	28,598,557	8,954,718	501,216	(3,500)	38,050,991
Land, building, and equipment, net of accumulated depreciation	11,950,676	-	-	-	11,950,676
Operating lease right of use assets, net of accumulated amortization	590,613	-	-	-	590,613
Total noncurrent assets	12,541,289	-	-	-	12,541,289
Total assets	\$ 41,139,846	\$ 8,954,718	\$ 501,216	\$ (3,500)	\$ 50,592,280
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$ 1,950,924	\$ -	\$ -	\$ -	\$ 1,950,924
Accrued expenses	835,840	24,600	-	-	860,440
Deferred revenues	9,113,540	-	-	-	9,113,540
Operating lease liability	295,319	-	-	-	295,319
Due to related party	3,500	-	-	(3,500)	-
Total current liabilities	12,199,123	24,600	-	(3,500)	12,220,223
Long-Term Liabilities:					
Accrued compensated absences, net of current portion	506,355	-	-	-	506,355
Operating lease liability, net of current portion	295,294	-	-	-	295,294
Total long-term liabilities	801,649	-	-	-	801,649
Total liabilities	13,000,772	24,600	-	(3,500)	13,021,872
Net Assets:					
Without donor restrictions:					
Undesignated	21,525,904	-	-	77,718	21,603,622
Board-designated	-	6,134,304	12,092	(77,718)	6,068,678
With donor restrictions	6,613,170	2,795,814	489,124	-	9,898,108
Total net assets	28,139,074	8,930,118	501,216	-	37,570,408
Total liabilities and net assets	\$ 41,139,846	\$ 8,954,718	\$ 501,216	\$ (3,500)	\$ 50,592,280

See accompanying independent auditor's report.

National Wild Turkey Federation, Inc. and Affiliates
Combining Statement of Activities and Changes in Net Assets
Year Ended August 31, 2023

	Endowment				Total
	NWTF	Foundation	Foundation	Eliminations	
Change in Net Assets Without Donor Restrictions:					
Support and Revenue:					
Membership dues	\$ 13,246,954	\$ -	\$ -	\$ -	\$ 13,246,954
Contributions	1,386,408	-	-	-	1,386,408
Advertising income	762,668	-	-	-	762,668
Federal grants and contracts	3,091,106	-	-	-	3,091,106
Other federal grant revenue	824,684	-	-	-	824,684
Program services	36,126,822	-	-	-	36,126,822
Total Support and Revenue	55,438,642	-	-	-	55,438,642
Net assets released from donor restrictions	2,772,852	198,949	48,889	-	3,020,690
	58,211,494	198,949	48,889	-	58,459,332
Expenses:					
Education	4,133,585	-	419	-	4,134,004
Membership activities	3,293,458	-	419	-	3,293,877
Conservation activities	19,323,171	198,949	10,419	-	19,532,539
General program services	22,985,261	-	37,213	-	23,022,474
Management and general	7,033,517	-	419	-	7,033,936
Fundraising	2,002,711	-	-	-	2,002,711
Total Expenses	58,771,703	198,949	48,889	-	59,019,541
Non-operating revenue and expenses:					
Net gain on sale of assets	4,463,806	-	-	-	4,463,806
Contribution from Federation	-	4,000,000	-	(4,000,000)	-
Contribution to Endowment Foundation	(4,000,000)	-	-	4,000,000	-
	463,806	4,000,000	-	-	4,463,806
Change in Net Assets Without Donor Restrictions	(96,403)	4,000,000	-	-	3,903,597
Change in Net Assets With Donor Restrictions:					
Super fund contributions	4,979,228	-	-	-	4,979,228
Contribution from NWTF, Inc.	-	284,573	-	(284,573)	-
Contribution to Endowment Foundation	(284,573)	-	-	284,573	-
Contribution from Foundation	50,000	-	-	(50,000)	-
Contribution to NWTF, Inc.	-	-	(50,000)	50,000	-
Other contributions	-	666,859	184,423	-	851,282
Interest income	-	32,273	-	-	32,273
Unrealized losses on investments	-	(30,175)	-	-	(30,175)
Net assets released from donor restrictions	(2,772,852)	(198,949)	(48,889)	-	(3,020,690)
Change in Net Assets With Donor Restrictions	1,971,803	754,581	85,534	-	2,811,918
Change in net assets	1,875,400	4,754,581	85,534	-	6,715,515
Net assets, beginning of year	26,263,674	4,175,537	415,682	-	30,854,893
Net assets, end of year	\$ 28,139,074	\$ 8,930,118	\$ 501,216	\$ -	\$ 37,570,408

See accompanying independent auditor's report.