



**ACTION
FUND**

**NATIONAL WILDLIFE FEDERATION
ACTION FUND AND AFFILIATE**

**Consolidated Financial Statements and
Supplementary Information**

For the Years Ended August 31, 2019 and 2018



**and
Report Thereon**



NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

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For the Years Ended August 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
National Wildlife Federation Action Fund and Affiliate

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the National Wildlife Federation Action Fund (NWF Action Fund) and its affiliate, National Wildlife Federation Action Fund Political Action Committee (NWF PAC) (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of August 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Wildlife Federation Action Fund and Affiliate as of August 31, 2019 and 2018, 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.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Marcum LLP

Washington, DC
July 15, 2020

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 312,627	\$ 245,967
Short-term investments	16,067	13,590
Grants and contributions receivable	<u>-</u>	<u>51,435</u>
 TOTAL ASSETS	 <u>\$ 328,694</u>	 <u>\$ 310,992</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 81,945	\$ 21,344
Note payable to related party	<u>104,233</u>	<u>118,186</u>
 TOTAL LIABILITIES	 <u>186,178</u>	 <u>139,530</u>
 Net Assets		
Without donor restrictions	114,478	150,343
With donor restrictions	<u>28,038</u>	<u>21,119</u>
 TOTAL NET ASSETS	 <u>142,516</u>	 <u>171,462</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 328,694</u>	 <u>\$ 310,992</u>

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

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

**CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended August 31, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT						
Contributions	\$ 189,810	\$ -	\$ 189,810	\$ 244,234	\$ -	\$ 244,234
Grant revenue	106,808	220,000	326,808	-	211,330	211,330
Net assets released from restrictions:						
Satisfaction of program restrictions	213,081	(213,081)	-	228,607	(228,607)	-
TOTAL OPERATING REVENUE AND SUPPORT	509,699	6,919	516,618	472,841	(17,277)	455,564
OPERATING EXPENSES						
Program Services:						
Advocacy and Public Education	367,362	-	367,362	276,798	-	276,798
Electoral	13,929	-	13,929	1,878	-	1,878
Political Action Committee	6,447	-	6,447	23,634	-	23,634
Total Program Services	387,738	-	387,738	302,310	-	302,310
Supporting Services:						
General and administrative	141,693	-	141,693	119,001	-	119,001
Fundraising	19,053	-	19,053	23,167	-	23,167
Total Supporting Services	160,746	-	160,746	142,168	-	142,168
TOTAL OPERATING EXPENSES	548,484	-	548,484	444,478	-	444,478
Change in net assets from operations	(38,785)	6,919	(31,866)	28,363	(17,277)	11,086
NONOPERATING ACTIVITIES						
Investment income, net	2,781	-	2,781	307	-	307
Other income	139	-	139	-	-	-
CHANGE IN NET ASSETS	(35,865)	6,919	(28,946)	28,670	(17,277)	11,393
NET ASSETS, BEGINNING OF YEAR	150,343	21,119	171,462	121,673	38,396	160,069
NET ASSETS, END OF YEAR	\$ 114,478	\$ 28,038	\$ 142,516	\$ 150,343	\$ 21,119	\$ 171,462

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

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2019

	Program Services				Supporting Services			Total
	Advocacy and Public Education	Electoral	Political Action Committee	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and wages	\$ 196,924	\$ 12,143	\$ -	\$ 209,067	\$ 59,322	\$ 2,833	\$ 62,155	\$ 271,222
Consultants and contractors	75,397	-	-	75,397	-	-	-	75,397
Administrative fee	13,418	-	-	13,418	54,228	-	54,228	67,646
IT expenses	40,467	-	-	40,467	1,148	14,080	15,228	55,695
Professional fees	10,717	-	2,800	13,517	8,151	375	8,526	22,043
Advertising	20,000	-	-	20,000	-	-	-	20,000
Travel	4,940	1,466	813	7,219	6,031	56	6,087	13,306
Meetings and conferences	5,230	-	-	5,230	4,576	20	4,596	9,826
Miscellaneous	269	320	1,090	1,679	906	1,090	1,996	3,675
Insurance	-	-	-	-	3,540	-	3,540	3,540
Telecommunications	-	-	244	244	1,497	599	2,096	2,340
Interest	-	-	-	-	2,294	-	2,294	2,294
Contributions	-	-	1,500	1,500	-	-	-	1,500
TOTAL OPERATING EXPENSES	\$ 367,362	\$ 13,929	\$ 6,447	\$ 387,738	\$ 141,693	\$ 19,053	\$ 160,746	\$ 548,484

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

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2018**

	Program Services				Supporting Services			Total
	Advocacy and Public Education	Electoral	Political Action Committee	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and wages	\$ 145,528	\$ 479	\$ -	\$ 146,007	\$ 29,438	\$ 756	\$ 30,194	\$ 176,201
Consultants and contractors	14,875	418	-	15,293	-	-	-	15,293
Administrative fee	-	-	-	-	40,638	-	40,638	40,638
IT expenses	83,757	-	-	83,757	-	-	-	83,757
Professional fees	2,313	-	2,250	4,563	32,874	-	32,874	37,437
Advertising	2,228	-	-	2,228	-	-	-	2,228
Travel	1,692	163	223	2,078	2,341	5,244	7,585	9,663
Meetings and conferences	447	234	-	681	55	549	604	1,285
Miscellaneous	915	584	3,333	4,832	4,763	14,483	19,246	24,078
Insurance	-	-	-	-	3,483	-	3,483	3,483
Telecommunications	43	-	278	321	2,749	2,135	4,884	5,205
Interest	-	-	-	-	2,660	-	2,660	2,660
Contributions	-	-	17,550	17,550	-	-	-	17,550
Dues and subscriptions	25,000	-	-	25,000	-	-	-	25,000
TOTAL OPERATING EXPENSES	\$ 276,798	\$ 1,878	\$ 23,634	\$ 302,310	\$ 119,001	\$ 23,167	\$ 142,168	\$ 444,478

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

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (28,946)	\$ 11,393
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrecognized gain on investments	(2,477)	-
Changes in assets and liabilities:		
Grants and contributions receivable	51,435	1,341
Accounts payable and accrued expenses	<u>60,601</u>	<u>4,430</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>80,613</u>	<u>17,164</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on related party notes payable	<u>(13,953)</u>	<u>(13,678)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(13,953)</u>	<u>(13,678)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	66,660	3,486
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>245,967</u>	<u>242,481</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 312,627</u>	<u>\$ 245,967</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 2,294</u>	<u>\$ 2,660</u>

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

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended August 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies

Organization

National Wildlife Federation Action Fund (NWF Action Fund) is a non-for-profit organization that was formed in Colorado in 1989 as National Wildlife Action for the purpose of conducting conservation advocacy programs. In August 2008, National Wildlife Action was renamed National Wildlife Federation Action Fund. NWF Action Fund advocates for the conservation interests of hunters, anglers and outdoor enthusiasts from all walks of life and political stripes. Through grassroots action and focused legislative campaigns, NWF Action Fund works to give wildlife and wildlife enthusiasts a voice in the democratic process. NWF Action Fund raises the visibility of key conservation issues such as global warming with voters and elected officials. NWF Action Fund serves as a source of information for citizens who are interested in conservation issues concerning wildlife. These activities are funded principally through grants and contributions.

National Wildlife Federation Action Fund Political Action Committee (NWF PAC) is a separate legal entity. NWF PAC's purpose is to support candidates who share the policy goals of NWF Action Fund. NWF PAC is registered with the Federal Election Commission (the FEC) and is governed by the Federal Election Campaign Act of 1971, as amended, as it relates to federal elections.

Principles of Consolidation

The accompanying consolidated financial statements as of and for the years ended August 31, 2019 and 2018, include the activities of NWF Action Fund, as well as the activities of NWF PAC. Collectively, these entities are referred to as the Organization. All material intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Organization considers all money market funds to be cash equivalents.

Grants and Contribution Receivables

Grants and contribution receivables are recorded at their net realizable value. The Organization utilizes the allowance method to account for potentially uncollectible accounts receivable. The allowance for doubtful accounts is based on management's evaluation of the outstanding accounts receivable balance.

Furniture and Equipment

Furniture and equipment with an acquisition value of \$1,000 or greater are stated at cost. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to seven years. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. As of August 31, 2019 and 2018, all furniture and equipment had been fully depreciated.

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended August 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments consist of common stock and are reported at fair value based on quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in common stock are stated at quoted market values. Investment returns reported in the accompanying consolidated statements of activities include unrealized gains resulting from changes in fair values of the investments.

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

As of and for the years ended August 31, 2019 and 2018, only the Organization's investments, as described in Note 2 of these consolidated financial statements, were measured at fair value on a recurring basis.

Classification of Net Assets

The Organization's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Organization's operations.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of August 31, 2019 and 2018, the Organization had no net assets with donor restrictions that are required to be maintained in perpetuity.

Continued

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended August 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions received without conditions are recorded as revenue with or without donor restrictions, depending on the existence and/or nature of any donor stipulations. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the stipulation. When a restriction expires (that is, when a stipulated time restriction ends or purpose of a restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Revenue recognized on promises to give for which payment has not been received at year-end are reported as grants and contributions receivable in the accompanying consolidated statements of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Expenses directly attributed to specific functional areas of the Organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Salaries and wages are allocated based on an analysis of personnel time and effort.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Measure of Operations

Operating revenue and expenses generally reflect those revenues and expenses that management can influence. The Organization considers other income and investment income or loss, including interest and realized and unrealized gains and losses, to be nonoperating activities.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

2. Fair Value Disclosure of Financial Instruments

The following tables set forth the fair values of financial assets that are measured at fair value on a recurring basis by their fair value hierarchy classification as of August 31:

<u>2019</u>	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equity – common stock	\$ 16,067	\$ 16,067	\$ -	\$ -
Total Investments	<u>\$ 16,067</u>	<u>\$ 16,067</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2018</u>	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equity – common stock	\$ 13,590	\$ 13,590	\$ -	\$ -
Total Investments	<u>\$ 13,590</u>	<u>\$ 13,590</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization used the following method to estimate fair value for assets recorded at fair value:

Equity – common stock – Valued at quoted market price for identical assets in active markets and classified within Level 1 of the valuation hierarchy.

3. Related Party Transactions

The National Wildlife Federation (NWF) is a not-for-profit organization that was formed in the District of Columbia for the purpose of promoting the wise use and proper management of our natural resources. Founded in 1936, NWF works with its member supporters and a national network of affiliated organizations to unite all Americans to ensure wildlife thrive in a rapidly changing world.

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

3. Related Party Transactions (continued)

Note Payable

NWF Action Fund received and deposited into its account a total of \$320,345 which had been donated to NWF, but was mistakenly directed to NWF Action Fund's bank accounts due to a technical error. NWF Action Fund was able to be forgiven \$160,345 and entered a repayment plan agreement in November 2015 with NWF to pay off the remaining \$160,000 in five years plus accrued interest at the rate of 2%. The first installment was paid in December 2015 in the amount of \$8,124. The remaining installments will be paid every March and September until 2020.

As of August 31, 2019, the future minimum principal payments on this note payable were \$104,233. NWF communicated their intent to forgive the remaining balance of \$90,000 during 2020.

For the years ended August 31, 2019 and 2018, the Organization recorded interest expense of \$2,294 and \$2,660, respectively.

Other Related Party Transactions

NWF provided approximately \$220,000 and \$211,330 in grants and contributions to NWF Action Fund in the years ended August 31, 2019 and 2018, respectively. In addition, NWF Action Fund reimburses NWF for certain costs such as leased staff, benefits, miscellaneous expenses and overhead costs. As of August 31, 2019 and 2018, NWF Action Fund incurred approximately \$425,899 and \$341,884, respectively, in such costs. In addition, NWF Action Fund owed NWF approximately \$79,910 and \$17,385, as of August 31, 2019 and 2018, respectively, for such costs; these amounts are included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions of the Organization were available with the following purpose as of August 31:

	<u>2019</u>	<u>2018</u>
Advocacy and public education activities	\$ 28,038	\$ 21,119
Total Net Assets With Donor Restrictions	<u>\$ 28,038</u>	<u>\$ 21,119</u>

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018**

5. Availability and Liquidity

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditures at August 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 312,627	\$ 245,967
Grants and contributions receivable	-	51,435
Short-term Investments	<u>16,067</u>	<u>13,596</u>
Total Financial Assets		
Available Within One Year	328,694	310,998
Less:		
Amounts unavailable for general expenditures		
within one year due to donor's restriction		
with purpose restriction	<u>(28,038)</u>	<u>(21,119)</u>
Financial Assets Available to Meet		
General Expenditures Within One Year	<u>\$ 300,656</u>	<u>\$ 289,879</u>

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and short-term investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. The Organization can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

6. Income Taxes

NWF Action Fund is exempt from the payment of income taxes under Section 501(c)(4) of the Internal Revenue Code (the IRC), except for tax on any income that may be a result of unrelated business transactions and taxes on their interest income, which is taxed at 21% tax rate. The income tax expense related to NWF Action Fund for the years ended August 31, 2019 and 2018 was \$63 and \$51, respectively. NWF PAC is a separate segregated fund as defined under Section 527(f) of the IRC that was created pursuant to the Federal Election Campaign Act and is regulated by the FEC. No provision for income taxes is required for the years ended August 31, 2019 and 2018 for NWF PAC. Neither organizations had any significant net unrelated business income for the years ended August 31, 2019 and 2018.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

Continued

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018**

6. Income Taxes (continued)

The Organization performed an evaluation of uncertainty in income taxes for the years ended August 31, 2019 and 2018, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. U.S. Federal jurisdiction and/or the various states and local jurisdictions local in which the Organization files tax returns are open for examination; however, there are currently no examinations pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense. As of August 31, 2019 and 2018, the Organization had no accruals for interest and or/penalties.

7. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 15, 2020, the date the consolidated financial statements were available to be issued. Except as disclosed below and note 3, there were no other subsequent events that require recognition or disclosure in these consolidated financial statements.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Organization has been able to continue all its operations in a remote environment; however, at this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

SUPPLEMENTARY INFORMATION

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

August 31, 2019

	<u>NWF Action Fund</u>	<u>NWF PAC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 310,368	\$ 2,259	\$ -	\$ 312,627
Short-term investments	<u>16,067</u>	<u>-</u>	<u>-</u>	<u>16,067</u>
TOTAL ASSETS	<u><u>\$ 326,435</u></u>	<u><u>\$ 2,259</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 328,694</u></u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 81,945	\$ -	\$ -	\$ 81,945
Note payable to related party	<u>104,233</u>	<u>-</u>	<u>-</u>	<u>104,233</u>
TOTAL LIABILITIES	<u>186,178</u>	<u>-</u>	<u>-</u>	<u>186,178</u>
Net Assets				
Without donor restrictions	112,219	2,259	-	114,478
With donor restrictions	<u>28,038</u>	<u>-</u>	<u>-</u>	<u>28,038</u>
TOTAL NET ASSETS	<u>140,257</u>	<u>2,259</u>	<u>-</u>	<u>142,516</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 326,435</u></u>	<u><u>\$ 2,259</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 328,694</u></u>

See independent auditors' report on supplementary information.

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

August 31, 2018

	<u>NWF Action Fund</u>	<u>NWF PAC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 240,246	\$ 5,721	\$ -	\$ 245,967
Short-term investments	13,590	-	-	13,590
Grants and contributions receivable	<u>51,435</u>	<u>-</u>	<u>-</u>	<u>51,435</u>
TOTAL ASSETS	<u><u>\$ 305,271</u></u>	<u><u>\$ 5,721</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 310,992</u></u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 21,344	\$ -	\$ -	\$ 21,344
Note payable to related party	<u>118,186</u>	<u>-</u>	<u>-</u>	<u>118,186</u>
TOTAL LIABILITIES	<u>139,530</u>	<u>-</u>	<u>-</u>	<u>139,530</u>
Net Assets				
Without donor restrictions	144,622	5,721	-	150,343
With donor restrictions	<u>21,119</u>	<u>-</u>	<u>-</u>	<u>21,119</u>
TOTAL NET ASSETS	<u>165,741</u>	<u>5,721</u>	<u>-</u>	<u>171,462</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 305,271</u></u>	<u><u>\$ 5,721</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 310,992</u></u>

See independent auditors' report on supplementary information.

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended August 31, 2019

	<u>NWF Action Fund</u>	<u>NWF PAC</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUE AND SUPPORT				
Contributions	\$ 186,830	\$ 2,980	\$ -	\$ 189,810
Grant revenue	<u>326,808</u>	<u>-</u>	<u>-</u>	<u>326,808</u>
TOTAL OPERATING REVENUE AND SUPPORT	<u>513,638</u>	<u>2,980</u>	<u>-</u>	<u>516,618</u>
OPERATING EXPENSES				
Program Services:				
Advocacy and Public Education	367,362	-	-	367,362
Electoral	13,929	-	-	13,929
Political Action Committee	<u>-</u>	<u>6,447</u>	<u>-</u>	<u>6,447</u>
Total Program Services	<u>381,291</u>	<u>6,447</u>	<u>-</u>	<u>387,738</u>
Supporting Services:				
General and administrative	141,693	-	-	141,693
Fundraising	<u>19,053</u>	<u>-</u>	<u>-</u>	<u>19,053</u>
Total Supporting Services	<u>160,746</u>	<u>-</u>	<u>-</u>	<u>160,746</u>
TOTAL OPERATING EXPENSES	<u>542,037</u>	<u>6,447</u>	<u>-</u>	<u>548,484</u>
Change in net assets from operations	(28,399)	(3,467)	-	(31,866)
NONOPERATING ACTIVITIES				
Interest income, net	2,776	5	-	2,781
Other income	<u>139</u>	<u>-</u>	<u>-</u>	<u>139</u>
CHANGE IN NET ASSETS	(25,484)	(3,462)	-	(28,946)
NET ASSETS, BEGINNING OF YEAR	<u>165,741</u>	<u>5,721</u>	<u>-</u>	<u>171,462</u>
NET ASSETS, END OF YEAR	<u><u>\$ 140,257</u></u>	<u><u>\$ 2,259</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 142,516</u></u>

See independent auditors' report on supplementary information.

NATIONAL WILDLIFE FEDERATION ACTION FUND AND AFFILIATE

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended August 31, 2018

	<u>NWF Action Fund</u>	<u>NWF PAC</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUE AND SUPPORT				
Contributions	\$ 236,709	\$ 7,525	\$ -	\$ 244,234
Grant revenue	<u>211,330</u>	<u>-</u>	<u>-</u>	<u>211,330</u>
TOTAL OPERATING REVENUE AND SUPPORT	<u>448,039</u>	<u>7,525</u>	<u>-</u>	<u>455,564</u>
OPERATING EXPENSES				
Program Services:				
Advocacy and Public Education	276,798	-	-	276,798
Electoral	1,878	-	-	1,878
Political Action Committee	<u>-</u>	<u>23,634</u>	<u>-</u>	<u>23,634</u>
Total Program Services	<u>278,676</u>	<u>23,634</u>	<u>-</u>	<u>302,310</u>
Supporting Services:				
General and administrative	119,001	-	-	119,001
Fundraising	<u>23,167</u>	<u>-</u>	<u>-</u>	<u>23,167</u>
Total Supporting Services	<u>142,168</u>	<u>-</u>	<u>-</u>	<u>142,168</u>
TOTAL OPERATING EXPENSES	<u>420,844</u>	<u>23,634</u>	<u>-</u>	<u>444,478</u>
Change in net assets from operations	27,195	(16,109)	-	11,086
NONOPERATING ACTIVITIES				
Interest income, net	<u>297</u>	<u>10</u>	<u>-</u>	<u>307</u>
CHANGE IN NET ASSETS	27,492	(16,099)	-	11,393
NET ASSETS, BEGINNING OF YEAR	<u>138,249</u>	<u>21,820</u>	<u>-</u>	<u>160,069</u>
NET ASSETS, END OF YEAR	<u>\$ 165,741</u>	<u>\$ 5,721</u>	<u>\$ -</u>	<u>\$ 171,462</u>

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