



FINANCIAL STATEMENTS

For the Years Ended

MARCH 31, 2017 and 2016

GRACE CPAs, LLP
Certified Public Accountants & Consultants

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VENTANA WILDLIFE SOCIETY
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GRACE CPAs, LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ventana Wildlife Society

Report on the Financial Statements

We have audited the accompanying financial statements of Ventana Wildlife Society (a nonprofit organization), which comprise the statement of financial position as of March 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and for the March 31, 2017 audit, also the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ventana Wildlife Society as of March 31, 2017 and 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of Ventana Wildlife Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ventana Wildlife Society's internal control over financial reporting and compliance.

Grace CPAs, LLP

Monterey, California
November 13, 2017

VENTANA WILDLIFE SOCIETY
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 207,908	\$ 103,973
Board designated cash reserves	115,281	115,246
Pledges receivable	40,000	5,000
Grants receivable	63,609	47,651
Deposits and prepaid expenses	12,768	13,027
Restricted cash	65,302	123,338
Trust receivable	1,090,864	-
Property and equipment (net)	1,632,935	1,562,368
 Total assets	 \$ 3,228,667	 \$ 1,970,603
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 28,951	\$ 5,587
Accrued liabilities	24,947	23,085
Deposits	3,849	2,665
 Total liabilities	 57,747	 31,337
 Net Assets		
Unrestricted		
Undesignated	161,356	124,601
Board designated-cash reserves	115,281	115,246
Board designated land purchase	390,500	390,500
Total unrestricted net assets	667,137	630,347
Temporarily restricted	1,456,783	261,919
Permanently restricted	1,047,000	1,047,000
		-
 Total net assets	 3,170,920	 1,939,266
 Total liabilities and net assets	 \$ 3,228,667	 \$ 1,970,603

See accompanying notes and independent auditor's report.

VENTANA WILDLIFE SOCIETY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2017 and 2016

	2017			2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Support and Other Income							
Public support							
Charitable trusts and bequests	\$ -	\$ 1,284,938	\$ -	\$ 20,203	\$ -	\$ -	\$ 20,203
Grants	456,386	112,500	-	294,286	150,000	-	444,286
Contributions	168,063	-	-	201,861	-	-	201,861
Government contracts	138,519	-	-	185,519	-	-	185,519
In-kind contributions	89,751	-	-	34,991	-	-	34,991
Total public support	852,719	1,397,438	-	736,666	150,000	-	886,666
Program service revenue							
Fees for services	167,718	-	-	84,209	-	-	84,209
Total program service revenue	167,718	-	-	84,209	-	-	84,209
Other income							
Special events (net of expense)	45,434	-	-	58,207	-	-	58,207
Gain on sale of assets	2,710	-	-	4,500	-	-	4,500
Interest income	1,499	-	-	1,893	-	-	1,893
Total other income	49,643	-	-	64,600	-	-	64,600
Net assets released from restrictions	202,574	(202,574)	-	258,656	(258,656)	-	-
Total revenues and other support	1,272,654	1,194,864	-	1,144,131	(108,656)	-	1,035,475
Expenses							
Program services	1,065,471	-	-	931,365	-	-	931,365
Support services							
Management and general	115,944	-	-	116,330	-	-	116,330
Fundraising	54,449	-	-	57,072	-	-	57,072
Total expenses	1,235,864	-	-	1,104,767	-	-	1,104,767
Change in net assets	36,790	1,194,864	-	39,364	(108,656)	-	(69,292)
Net assets, beginning of year	630,347	261,919	1,047,000	590,983	370,575	1,047,000	2,008,558
Net assets, end of year	\$ 667,137	\$ 1,456,783	\$ 1,047,000	\$ 630,347	\$ 261,919	\$ 1,047,000	\$ 1,939,266

See accompanying notes and independent auditor's report.

VENTANA WILDLIFE SOCIETY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2017 and 2016

	2017			2016			
	Program Services	Supporting Services		Program Services	Supporting Services		Total
		General and Administrative	Fundraising		General and Administrative	Fundraising	
Personnel costs	\$ 590,809	\$ 82,381	\$ 34,375	\$ 553,484	\$ 82,381	\$ 34,375	\$ 670,240
Supplies	58,413	2,229	-	67,651	2,155	-	69,806
Occupancy costs	64,250	8,094	-	59,537	7,627	-	67,164
Staff travel and vehicle maintenance	53,709	-	-	49,833	-	-	49,833
Depreciation	51,279	-	-	46,735	-	-	46,735
Nonlead bullets	30,635	-	-	32,608	-	-	32,608
Insurance	29,281	-	-	28,148	-	-	28,148
Contract services	5,915	-	16,038	11,753	-	15,960	27,713
Miscellaneous	71,274	3,382	-	18,754	4,045	-	22,799
Equipment rent and maintenance	36,203	3,969	-	17,057	3,551	-	20,608
Accounting and legal fees	12,542	15,889	-	-	16,571	-	16,571
Volunteer travel	15,818	-	-	16,233	-	-	16,233
Transmitter equipment	18,438	-	-	10,248	-	-	10,248
Dues and memberships	10,197	-	-	7,200	-	-	7,200
Printing	12,844	-	-	6,859	-	-	6,859
Membership/donor expenses	-	-	4,036	-	-	6,737	6,737
Postage and shipping	3,864	-	-	5,265	-	-	5,265
Interest	-	-	-	-	-	-	-
Total	\$ 1,065,471	\$ 115,944	\$ 54,449	\$ 931,365	\$ 116,330	\$ 57,072	\$ 1,104,767

See accompanying notes and independent auditor's report.

VENTANA WILDLIFE SOCIETY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 1,231,654	\$ (69,292)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	51,279	46,735
Gain on sales of assets	(2,710)	(4,500)
(Increase) decrease in operating assets		
Pledges receivable	(35,000)	(5,000)
Grants receivable	(15,958)	(12,338)
Deposits and prepaid expenses	259	(2,370)
Trust receivable	(1,090,864)	-
Increase (decrease) in operating liabilities		
Accounts payable	23,364	(573)
Accrued liabilities	1,862	(2,757)
Deposits	1,184	(140)
Net cash provided (used) by operating activities:	165,070	(50,235)
 Cash flows from investing activities:		
Reinvested interest income	-	(1,858)
Sales/disposal of fixed assets	19,629	4,500
Purchases/sales of fixed assets	(138,765)	(84,452)
Net cash used in investing activities	(119,136)	(81,810)
 Cash flows from financing activities:		
Transfer to board designated fund	(35)	(35)
Donor restricted cash	58,036	57,400
Net cash provided by financing activities	58,001	57,365
 Net increase (decrease) in cash and cash equivalents	103,935	(74,680)
 Cash and cash equivalents, beginning of year	103,973	178,653
 Cash and cash equivalents, end of year	\$ 207,908	\$ 103,973
 Supplemental cash flow disclosure:		
In-kind revenue and expenses:		
Rent, services and goods	\$ 89,751	\$ 34,991

See accompanying notes and independent auditor's report.

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 and 2016

1. NATURE OF ACTIVITIES

Ventana Wildlife Society (the Society) is a California non-profit corporation. The Society was formed in 1977 for the purpose of conserving native wildlife and their habitats. The programs of the Society include species recovery, ecosystem services, and education and outreach. The Society maintains a rearing and release facility as well as numerous feeding sites for endangered California Condors. In Big Sur, California the Society operates their Discovery Center in collaboration with California State Parks at Andrew Molera State Park. Revenues are primarily derived from charitable grants, individual contributions, and service fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—Ventana Wildlife Society uses the accrual basis of accounting under which revenues are recognized when they are earned and expenses are recognized when the related liability is incurred.

Basis of Presentation—The Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents—For purposes of the statement of financial position and statement of cash flows, the Society considers all unrestricted demand deposit accounts, money market accounts and cash on hand which are not managed as part of long-term investments to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts, Pledges and Grants Receivable—Accounts, pledges and grants receivable are stated at unpaid balances, which the Society believes is fully collectible, therefore no allowance for uncollectible receivables has been recorded. All receivables are due within one year. It is the society's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Contributions Receivable under Split-Interest Agreement—During the year ended March 31, 2017, a donor established a trust (the Trust) with The Community Foundation for Monterey County naming the Society as a 50% income beneficiary of a charitable lead trust split-interest agreement. Under the terms of the Trust, the Society is to receive one-half of the greater of (a) the net income of the trust for the prior year, or b) 5% of the average fair market value of the fund assets to be used to purchase capital assets. Distributions are to be made through March 6, 2035. Any remaining funds at the end of the distribution period are to be paid to The Nature Conservancy. The receivable for the Trust is carried at fair value, which the Society has estimated based on the present value of its expected future cash inflows. The Society uses an interest rate commensurate with the expected earnings to discount the contribution receivable, which was 5.0% for the year ended March 31, 2017. The Society has estimated the fair value of its interest in the Trust to be \$1,090,864, which was recorded in the fiscal year ended March 31, 2017 as a temporarily restricted contribution and as contribution receivable-split-interest agreement. The Organization received \$194,074 from the Trust in the year ended March 31, 2017, which was recorded as temporarily restricted contribution revenue. On an annual basis, the Society will review the contribution receivable based on current market conditions and the value of the underlying funds.

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Property and Equipment—Property and equipment are stated at cost or fair value at the date of donation. The Society capitalizes property and equipment with a value greater than \$3,000 and a useful life of more than one year. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, which ranges from five to twenty years.

Restricted and Unrestricted Revenue and Support—Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with temporary restrictions that are met in the same reporting period may be reported as unrestricted support and increase unrestricted net assets.

Fair Value Measurements—The Society classifies its financial assets and liabilities based on a valuation method using three levels:

- Level 1 values are based on quoted prices in active markets for identical securities.
- Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets.
- Level 3 values are based on significant unobservable inputs that reflect the Society's determination of assumptions that market participants might reasonably use in valuing the securities.

The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

The valuation methodologies used to measure the fair value of the Society's assets, liabilities, and instruments classified in net assets are described as follows:

- The carrying amounts of cash, cash reserves, grants receivable, deposits and prepaid expenses, current and accrued liabilities approximate fair value because of the short maturity of these instruments.
- Contributions receivable under split interest agreements are valued using unobservable inputs and are therefore classified using Level 3 measurements.

While the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets and liabilities existed, or had such assets and liabilities been liquidated, and these differences could be material to the financial statements.

Contributed Goods and Services—Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. No contributed services have been recorded in the financial statements as there were none that met the criteria for recognition. The Society received in-kind contributions of rent and advertising which are recorded as in-kind revenue and expensed in the appropriate expense account.

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Income Taxes—The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision in the California tax codes. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Society that is not a private foundation under Section 170(a)(2). The Society's management has considered its tax positions and believes that all of the positions taken by the Society in its federal and state tax returns are more likely than not to be sustained on examination by taxing authorities. The Society's Federal and California tax exempt returns for 2014 through 2016 are subject to examination by the federal and state taxing authorities, generally for three years after they are filed.

Expense Allocation—The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and the statements of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates—Financial statements prepared in accordance with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications—Certain reclassifications have been made to the 2016 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications

Date of Management's Review for Subsequent Events—In preparing the financial statements, the Society's management has evaluated events and transactions for potential recognition and disclosure through November 13, 2017, which is the date the financial statements were available to be issued.

3. CASH/CASH EQUIVALENTS, BOARD DESIGNATED AND RESTRICTED CASH

Cash and cash equivalents—Cash and cash equivalents as of March 31 consisted of the following:

	2017	2016
Demand deposits	\$ 206,600	\$ 102,665
Certificate of deposit	1,308	1,308
	\$ 207,908	\$ 103,973

Board designated cash reserves—The Society's Board of Directors has a policy of maintaining board designated reserve funds. These funds are available for use at the discretion of the Board. The Society invests cash and cash equivalents at well capitalized financial institutions in demand deposits or money market accounts that are insured up to \$250,000 by either the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC).

Board designated cash reserves as of March 31 consisted of the following:

	2017	2016
Demand deposits	\$ 115,281	\$ 115,246

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 and 2016

3. CASH/CASH EQUIVALENTS, BOARD DESIGNATED AND RESTRICTED CASH, continued

Restricted cash—The Society received a \$250,000 contribution in the year ended March 31, 2015 which requires a separate bank account and is restricted in use and time of use. For the years ended March 31, 2017 and 2016, \$58,036 and \$57,880 was available for use.

Restricted cash as of March 31 consisted of the following:

	2017	2016
Certificate of deposit	\$ 65,302	\$ 123,338

The cash may be used for various educational and operational purposes in the following years:

2018	\$ 65,302
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4. PROPERTY AND EQUIPMENT (net of depreciation)

The following is a summary of fixed assets as of March 31:

	2017	2016
Land	\$ 1,437,500	\$ 1,437,500
Buildings	160,146	160,146
Equipment	120,616	131,040
Vehicles	183,226	107,079
	1,901,488	1,835,765
Less: accumulated depreciation	(268,553)	(273,397)
	\$ 1,632,935	\$ 1,562,368

Included in land is a parcel of unimproved land which was recorded at fair market value of \$570,000 in 2006. This property was purchased with a restricted contribution. Under the terms of the contribution agreement, the property is to remain in a relatively natural state so as to not disturb nesting bald eagles, or other programs consistent with the Society's mission, "conserving native wildlife and their habitat." In the event of dissolution, the Society will transfer said property to another qualifying non-profit organization chartered with similar charitable purposes. Consequently, it is reported as permanently restricted. A 20% interest was initially acquired as a gift valued at \$277,500 and in 2011 the remaining 80% of the property was obtained. The society paid \$250,000 cash and received a \$340,000 in kind donation as the value of the remaining interest in this parcel was determined to be \$590,000. The society obtained title to the property on November 17, 2011. A portion of the cash purchase in the amount of \$137,000 was permanently restricted and \$113,000 was board designated from unrestricted funds.

Depreciation expense totaled \$51,279 and \$46,735, respectively for the years ended March 31, 2017 and 2016.

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 and 2016

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of assets measured on a recurring basis at March 31, 2017 are as follows:

	Fair Value	(Level 3)
Contributions receivable under split-interest agreements	\$ 1,090,864	\$ 1,090,864

The following is a summary of activity for the year ended March 31, 2017 for assets measured at fair value based on Level 3 inputs:

Contributions receivable under split-interest agreements:

Beginning balance	\$ -
Contributions- present value of future cash flows	1,090,864
Ending balance	\$ 1,090,864

6. COMMITMENTS AND CONTINGENCIES

Credit Cards—The Society has established credit limits up to \$7,500 for credit cards to be used by authorized officers or representatives of the Society. The balance due on these cards at March 31, 2017 and 2016 totaled \$8,998 and \$1,669, respectively, and is included in accounts payable.

Revolving Line of Credit—The Society maintains a \$62,000 revolving line of credit for use in organizational activities. Advances on the credit line are payable upon demand and carry an interest rate of 11.0% as of March 31, 2017 and 2016. During the years ended March 31, 2017 and 2016 there were advances of \$9,357 and \$150, respectively, taken on the line of credit, which were paid in full prior to year-end each year.

7. CONCENTRATION OF CREDIT RISK

The Society maintains cash balances at a number of financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Society manages its cash accounts in an effort to not exceed FDIC limits, however, from time to time the accounts may exceed insured limits. The Society has not experienced any loss in such accounts, and as such the Organization believes it is not exposed to any significant credit risk on its cash balances.

8. LEASE OBLIGATIONS

The Society leases two properties - administrative offices and a residence for interns under month-to-month leases. Total rent paid on these leases for the years ending March 31, 2017 and 2016 was \$34,930 and \$30,509, respectively.

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 and 2016

9. PENSION PLAN

The Society maintains a 403(b) tax shelter annuity plan for the benefit of its eligible employees. Under the terms of the Plan, each participant may elect to defer a portion of compensation and the Society matches the deferrals up to a maximum of \$112.50 per pay period. The Society's portion of the pension expense for the years ended March 31, 2017 and 2016 was \$16,305 and \$12,763, respectively.

10. RESTRICTIONS/DESIGNATIONS ON NET ASSETS

Temporarily Restricted Net Assets—Temporarily restricted net assets at March 31, 2016 and 2017 are available for the following purposes:

	Balance 3/31/16	Additions	Released	Balance 3/31/17
Split-interest agreements	\$ -	\$1,090,864	\$ -	\$ 1,090,864
Capital asset acquisition	-	194,074	-	194,074
Youth education and internships	261,919	112,500	(202,574)	171,845
Total temporarily restricted net assets	\$ 261,919	\$1,397,438	(202,574)	\$ 1,456,783

Permanently Restricted/Board Designated Net Assets—Permanently restricted and board designated net assets were as follows at March 31, 2017 and 2016:

Wildlife Sanctuaries Land:

Permanently restricted:

Lake Nacimiento	\$ 570,000
Big Sur	477,000
Total permanently restricted net assets	1,047,000

Board designated land purchase:

Big Sur	390,500
Total Wildlife Sanctuaries land	\$1,437,500

11. IN-KIND CONTRIBUTIONS AND CONTRIBUTED SERVICES

The Society received various types of in-kind contributions during the years ended March 31, 2017 and 2016. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses, or fixed assets.

The Society received in-kind contributions and recognized in-kind rent expense for use of a portion of Andrew Molera State Park of \$24,000 each year, as well as in-kind goods of \$29,045 and \$2,536, and in-kind advertising of \$36,706 and \$8,455 for the years ended March 31, 2017 and 2016, respectively.

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 and 2016

12. CONCENTRATION OF CREDIT RISK

The Society maintains cash balances at a number of financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Society manages its cash accounts in an effort to not exceed FDIC limits, however, from time to time the accounts may exceed insured limits. The Society has not experienced any loss in such accounts, and as such the Organization believes it is not exposed to any significant credit risk on its cash balances.

13. FUNDS HELD AT COMMUNITY FOUNDATION

The Community Foundation for Monterey County (CFMC) holds endowment funds for the Society. Under the terms of the restricted endowments fund agreement, the Board of Governors of the CFMC has full authority as to the investment and reinvestment of the fund assets. The Society or other donors may add additional gifts to the fund at any time.

The earnings payout of the fund is evaluated at least annually by CFMC taking into account the total return from investments, fees, expenses and the effects of inflation. The market value of the Society's share of the pooled investments as of March 31, 2017 and 2016 was \$29,341 and \$26,545, respectively, with no distributions received from the endowment funds in either year.

The balances are not reflected in the accompanying financial statements as the funds do not fall under the recognition requirements of the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification relating to *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*.

14. SPECIAL EVENTS

Special events results for the fiscal years ended March 31 were as follows:

	2017	2016
Feathers in Flight		
Revenue	\$ 62,887	\$ 70,731
Expense	(15,431)	(14,657)
Net income	47,456	56,074
Merchandise		
Revenue	4,926	5,589
Expense	(6,948)	(6,176)
Net income	\$ 45,434	(587)
Henry Miller Library		
Revenue		3,785
Expense		(1,065)
Net income		2,720
Total special event income		\$ 58,207

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 and 2016

15. GOVERNMENT CONTRACTS

The Society has been awarded a number of federal, state and local government contracts. Funds were distributed to the various programs according to the scope of the contract awards. The contracts are considered exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Contract activity for the year ended March 31, 2017 was as follows:

	CFDA #	Federal Awards/ Expenditures	State Awards/ Expenditures	Project Income	Organization Match	Total Expenditures Claimed
DFW Cooperative	15.615	\$ 78,057	\$ -	\$ -	\$ 36,886	\$ 114,943
NOAA Watershed	11.429	3,536	29,773	-	-	33,309
USFWS-ESF	15.608	8,410	-	-	-	8,410
USFWS-SOB	15.657	5,179	-	-	-	5,179
Dept. Parks/Rec.	N/A	-	9,564	-	-	9,564
Monterey Co-FGC	N/A	-	4,000	-	-	4,000
		<u>\$ 95,182</u>	<u>\$ 43,337</u>	<u>\$ -</u>	<u>\$ 36,886</u>	<u>\$ 175,405</u>

Claimed expenses listed above include expenses that are allocated to management and general in the accompanying statements of functional expenses. The organization match above includes \$36,886 in matching cash.

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Society for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the Society's management is monitoring grant expenses to ensure compliance requirements are met.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Director of
Ventana Wildlife Society

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ventana Wildlife Society (a nonprofit organization), which comprise the statement of financial position as of March 31, 2017 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Grace CPAs, LLP

Monterey, California
November 13, 2017