



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**NEW MEXICO WILDLIFE
FEDERATION, INC.**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2015
With Comparative Totals for 2014**

NEW MEXICO WILDLIFE FEDERATION

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**NEW MEXICO WILDLIFE FEDERATION
For Year Ended December 31, 2015**

Board of Directors

John Crenshaw	Chair
Ben Brown	Vice-Chair
Dr. William Bramble	Treasurer
Michael Murphy	Secretary
Jason Amaro	Member
Steve Henry	Member
Bruce Wilder	Member
Blair Wolf	Member
Jim Bates	Member
Don Faraone	Member

Administrative Personnel

Garrett VeneKlassen	Executive Director
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Independent Auditor's Report

Board of Directors
New Mexico Wildlife Federation
121 Cardenas Dr. NE, Albuquerque
Albuquerque, New Mexico 87108

Report on Financial Statements

We have audited the accompanying financial statements of New Mexico Wildlife Federation (the "Federation"), a non-profit organization which comprise the statement of financial position as of December 31, 2015, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 the Federation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Federation's 2014 financial statements, and our report dated September 21, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016 on our consideration of the Federation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Federation's internal control over financial reporting and compliance.



Hinkle + Landers, P.C.
Albuquerque, NM
March 25, 2016

NEW MEXICO WILDLIFE FEDERATION
STATEMENT OF FINANCIAL POSITION
As of December 31, 2015, With Comparative Totals For 2014

	Notes	2015	2014
ASSETS			
Current Assets:			
Cash and cash equivalents	C	\$ 308,965	284,690
Accounts & other receivables		7,304	14,190
Grants receivable		101,435	-
Note receivable - current portion		6,556	6,170
Total current assets		424,260	305,050
Assets held at the New Mexico Community Foundation	E, J	-	102,455
Other asset		1,000	1,000
Note receivable - noncurrent portion	I	137,889	144,451
Property and equipment, net	H	54,566	41,034
		193,455	288,940
TOTAL ASSETS		\$ 617,715	593,990
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable		\$ 46,396	14,093
Accrued payroll and related liabilities	M	24,296	2,967
Deferred revenue	N	130,368	83,333
Capital lease - current portion	O	3,652	-
Other liabilities		10	-
Total current liabilities		204,722	100,393
Current Liabilities:			
Capital lease - noncurrent portion	O	10,535	-
		10,535	-
Total liabilities		215,257	100,393
Net Assets:			
Unrestricted net assets:			
Undesignated		294,679	311,108
Net investment in property and equipment		40,379	41,034
Temporarily restricted net assets	F	28,400	-
Permanently restricted net assets	G	39,000	141,455
Total net assets		402,458	493,597
TOTAL LIABILITIES AND NET ASSETS		\$ 617,715	593,990

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDLIFE FEDERATION
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015, With Comparative Totals For 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Totals	2014 Totals
Support					
Grants	\$ 402,045	44,400	-	446,445	830,994
Donations	81,409	-	-	81,409	23,438
Total Support	<u>483,454</u>	<u>44,400</u>	<u>-</u>	<u>527,854</u>	<u>854,432</u>
Revenues					
Program service fees	-	-	-	-	60,462
Contracts	128,121	-	-	128,121	101,258
Membership	15,911	-	-	15,911	32,009
Cell tower lease	10,633	-	-	10,633	9,522
Other income	(197)	-	-	(197)	-
Advertising	2,809	-	-	2,809	2,528
Interest - note receivable	8,869	-	-	8,869	8,245
Investment income	(870)	-	-	(870)	1,933
Satisfaction of program restrictions	118,455	(16,000)	(102,455)	-	-
Total Revenue	<u>283,731</u>	<u>(16,000)</u>	<u>(102,455)</u>	<u>165,276</u>	<u>215,957</u>
Total Support, Revenue	<u>767,185</u>	<u>28,400</u>	<u>(102,455)</u>	<u>693,130</u>	<u>1,070,389</u>
Expenses					
Program services	466,814	-	-	466,814	908,796
General & administrative	260,217	-	-	260,217	180,858
Fundraising expense	57,238	-	-	57,238	50,621
Total Expenses	<u>784,269</u>	<u>-</u>	<u>-</u>	<u>784,269</u>	<u>1,140,275</u>
Change in net assets	(17,084)	28,400	(102,455)	(91,139)	(69,886)
Net assets, beginning	352,142	-	141,455	493,597	563,483
Net assets, ending	<u>\$ 335,058</u>	<u>28,400</u>	<u>39,000</u>	<u>402,458</u>	<u>493,597</u>

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDLIFE FEDERATION
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2015, With Comparative Totals For 2014

	2015				2014
	Program Services	General & Administrative	Fundraising	Total	
Personnel expenses:					
Salaries	\$ 265,901	36,285	36,930	339,116	313,905
Payroll taxes	32,604	4,449	4,528	41,581	26,618
Employee Benefits	9,998	1,364	1,389	12,751	-
Retirement	2,054	280	285	2,620	-
Total personnel	310,557	42,379	43,132	396,068	340,523
General expenses:					
Professional services	36,830	200,227	-	237,057	156,146
Travel and transportation	48,442	1,632	1,144	51,218	43,608
Occupancy	12,862	4,288	4,288	21,438	21,734
Advertising	19,947	-	-	19,947	21,507
Printing and reproduction	8,249	3,490	903	12,642	14,367
Membership	9,409	1,284	1,307	12,000	6,351
Telephone	6,746	920	937	8,604	4,566
Insurance	6,533	893	908	8,333	3,195
Postage & delivery	1,436	183	3,425	5,044	6,821
Other	3,204	437	445	4,086	4,665
Materials and supplies	-	3,421	-	3,421	138
Licenses and fees	781	107	108	996	2,439
Interest Expense	-	536	-	536	-
Meetings and conferences	387	53	54	494	412
Subscriptions and Publications	137	19	19	175	216
Website	27	-	-	27	47
Grants to others	-	-	-	-	512,850
Total general expenses	154,991	217,488	13,539	386,018	799,062
Depreciation expense	1,266	349	568	2,183	690
Total expenses	\$ 466,814	260,217	57,238	784,269	1,140,275

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDLIFE FEDERATION
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2015, With Comparative Totals For 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	2015	2014
Cash received from support	\$ 426,419	894,432
Cash received from fees and other revenues	213,187	338,105
Interest received	8,869	8,245
Cash payments to employees and suppliers	(727,907)	(1,160,842)
Interest paid	(536)	-
Net cash provided (used) by operating activities	(79,968)	79,940
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments on capital leases	(1,529)	-
Proceeds from sale of investments	99,596	1,597
Principal paid on note receivable	6,176	6,800
Net cash provided (used) by investing activities	104,243	8,397
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided (used) by financing activities	-	-
Net increase (decrease) in cash	24,275	88,337
Cash & cash equivalents, beginning of year	284,690	196,353
Cash & cash equivalents, end of year	\$ 308,965	284,690
 CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (91,139)	(69,885)
 Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities		
Depreciation expense	\$ 2,183	690
Unrealized (gain) loss on investments	2,859	(1,492)
(Increase) decrease in:		
Grant receivables	(101,435)	40,000
Contract and other receivable	6,886	48,552
Increase (decrease) in:		
Accounts payable	32,304	(23,465)
Accrued liabilities	21,329	2,207
Deferred revenue	47,035	83,333
Other liabilities	10	-
Net cash provided (used) by operating activities	\$ (79,968)	79,940
 Supplementary Information		
Property and equipment financed with debt	\$ 15,716	-

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014

NOTE A—NATURE OF OPERATIONS

The New Mexico Wildlife Federation, Inc. (the “Federation”) is a nonprofit organization formed to protect New Mexico wildlife, public lands, and public waters, as well as to protect the opportunity for sportsmen of New Mexico to pursue outdoor traditions. The Federation’s programs work to protect and improve access to public lands, prevent loss of public lands, increase hunting opportunities for New Mexicans, ensure future generations have quality places and opportunities to hunt and fish, and keep New Mexico sportsmen informed about issues affecting their hunting and fishing rights. The Federation’s main sources of support and revenue are grants, contributions, and contracts.

The New Mexico Wildlife Federation is registered in New Mexico and federally as a charitable/non-profit organization and is led by a volunteer governing Board of Directors.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed are described below:

Accounting Method

The accompanying financial statements of the Federation have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Basis of Presentation

The Federation prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-210-45-9, the Federation 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. In addition, the Federation is required to present a statement of cash flows.

Unrestricted Net Assets

Undesignated unrestricted net assets are used to account for all resources over which the Board of Directors has discretionary control. Unrestricted net assets are not subject to donor-imposed restriction.

Temporarily Restricted Net Assets

Temporarily restricted net assets result from contributions and other inflows of assets whose use by the Federation is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of the Federation pursuant to those stipulations.

Permanently Restricted Net Assets

Permanently restricted net assets result from contributions and other inflows of assets whose use by the Federation is limited by donor-imposed stipulations that cannot be removed by actions of the Federation.

Support

The Federation reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Accounting for Uncertainty in Tax Provisions

The Federation files Federal Form 990 and Form 990-T, tax returns in the U.S. federal jurisdiction. The

NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014

990 is also filed online with charitable registration in the Office of the Attorney General for the State of New Mexico. The Federation is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2012. The organization is not currently under audit nor has the organization been contacted by any of these jurisdictions. Management believes that they are operating within their tax-exempt purpose.

Management of the Federation believes the only activity subject to unrelated business income tax is advertising. The Federation generated a loss from advertising during the years ended December 31, 2015 and 2014, and, accordingly, paid no income tax related to the unrelated business activity. The Federation files federal its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3).

The Federation recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses, when applicable. No provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2015 or 2014.

Impairment of Long-Lived Assets

The Federation accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators are present as of December 31, 2015.

Advertising

The cost of advertising is expensed when incurred.

Contributed (Donated) Services

Contributions of services are recognized in the accompanying financial statements in accordance with FASB ASC 958-605-25-16; if the services received:

- enhance or create non-financial assets,
- require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Contributed (Donated) Assets

The Federation may receive contributions of non-cash assets. Donated marketable securities and other non-cash donations are recorded as in-kind contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, the Federation reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Federation reclassifies restricted net assets to unrestricted net assets at that time unless the donor has restricted the donated asset to a specific purpose.

Use of Estimates

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

NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Federation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities are carried at readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Assets held by a community foundation are measured at the fair value of the underlying assets as reported by the foundation holding the funds. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Realized and unrealized gains and losses on investments are included in the accompanying statements of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in unrestricted net assets unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

Fair Value Measurements

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.

The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ than the amounts reported in these combined financial statements. Fair value estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect the Federation's financial condition and results of operations in the future.

Contract and Grant Receivables

Contract and grant receivables are stated at unpaid balances, less an allowance for doubtful accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables. Receivables are charged off in the period in which management determines the receivable is uncollectible.

Pledged Receivables

Unconditional pledges to give are recognized as contribution revenues and receivables in the period the pledge is made. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. As of December 31, 2015 and 2014, the Federation had no conditional pledges outstanding.

Loan Receivable

The loan receivable is carried at the unpaid principal balance, less an allowance for loan loss, if applicable. Management's periodic evaluation of the adequacy of the allowance is based on the past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, and current economic conditions. Past due status is determined based on contractual terms. A loan is considered impaired if the full principal or interest payments are not anticipated in accordance with the contractual terms. The Federation's practice is to charge off any loan or portion of loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, or for other reasons. Interest on the loan is recognized over the term of the loan and is calculated using the compounding-interest method on principal amounts outstanding.

As of December 31, 2015 and 2014, management estimates all receivables to be fully collectible, therefore, no provision for an allowance for uncollectible receivables has been recorded.

NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Depreciation is computed using the straight-line method. As of July 2015, the Federation capitalizes all expenditures for property and equipment with a cost of \$5,000 or more. Items with a cost of less than \$5,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Type</u>	<u>Useful Lives</u>
Furniture & equipment	2-10 years

Functional Classification of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited based on measures such as management's estimates of time spent.

Income Taxes

The Federation is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as an organization that is not a private foundation.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with the Federation's audited financial statements for the year ended December 31, 2014, from which the summarized information was derived.

NOTE C—CASH AND CASH EQUIVALENTS

Cash consisted of the following as of December 31:

<u>Type</u>	<u>2015</u>	<u>2014</u>
Cash in bank	\$ 111,490	67,399
Money market	197,475	217,291
Total cash and cash equivalents	\$ <u>308,965</u>	<u>284,690</u>

NOTE D—FAIR VALUES MEASURED ON RECURRING BASIS

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Federation's financial statements as reflected herein. The Federation measures certain financial assets and liabilities at fair value on a recurring basis, including its derivative liabilities. The Federation's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

**NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014**

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of investments securities is the market value based on the quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses, and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt, if any, is the carrying value due to the adjustable market rate if interest.

The following methods and assumptions were used by the Federation in estimating the fair value of its financial instruments:

NMCF assets – valued at quoted prices for similar asses in active markets.

The following table summarizes the valuation of the Federation’s financial instruments by the above FASB ASC 820-10 categories as of December 31:

Type	2015	2014
	Level 2	Level 2
NMCF assets	\$ -	102,455
Total assets at fair value	\$ -	102,455

NOTE E—INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION

In November 2015, the Federation closed their account with the New Mexico Community Foundation and was successful in collecting a majority of the balance in their account.

The amounts reported in the statements of financial position as interest in assets held at the New Mexico Community Foundation (NMCF) represent the net cumulative transfers by the Federation to the NMCF, as well as earnings thereon. The NMCF invest the funds on behalf of the Federation. The amounts transferred by the Federation present assets of the endowment fund of the Federation (Note I). The assets at the NMCF

NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014

are to be used for the benefit of the Federation and the NMCF was not granted variance power to redirect the use of the assets to another beneficiary.

NOTE F—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of donor-restricted contributions, which are restricted for the purpose or having implied time restrictions. Temporarily restricted net assets as of December 31, are as follows:

<u>Type</u>	<u>2014</u>	<u>Additions</u>	<u>Released</u>	<u>2015</u>
Western Conservation Foundation	\$ -	44,400	(16,000)	28,400
Total temporarily restricted net assets	\$ -	44,400	(16,000)	28,400

NOTE G—PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following as of December 31:

<u>Type</u>	<u>2014</u>	<u>Additions</u>	<u>Released</u>	<u>2015</u>
Endowment - Note I	\$ 102,455	-	(102,455)	-
The Mary Sprague Game Refuge Land	39,000	-	-	39,000
Total permanently restricted net assets	\$ 141,455	-	(102,455)	39,000

NOTE H—PROPERTY, EQUIPMENT AND DEPRECIATION

Property, equipment, and accumulated depreciation are as follows as of December 31:

<u>Type</u>	<u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>2015</u>
Land- M. Sprague Game Refuge	\$ 39,000	15,716	-	54,716
Equipment	3,449	-	-	3,449
Total property and equipment	42,449	-	-	58,165
Less: accumulated depreciation	(1,415)	(2,183)	-	(3,598)
Total property and equipment, net	\$ 41,034	(2,183)	-	54,567

Depreciation expense for the years ended December 31, 2015 and 2014 was \$2,183 and \$690, respectively.

NOTE I—NOTE RECEIVABLE

In April 2010, the Federation sold land that had been donated to the Federation in 1996. The Federation entered into a real estate contract with the buyer for a sales price of \$215,000. The sales price was paid with a \$40,000 down payment and an agreement to pay the remaining \$175,000 to the Federation in monthly principal and interest payments of \$1,254 through April 2017, at which time the unpaid amount is due. The interest rate is 6%. If the buyer of the land defaults on the note payments, the Federation may either declare the outstanding balance due and proceed with actions to force payment of all outstanding amounts or terminate the buyer's right to the property and retain all amounts paid as liquidated damages for the use of the property. As of December 31, 2015, the buyer was current on all note payments.

NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014

Future principal payments on this note receivable are as follows as of December 31, 2015:

Year Ended December 31	Amount
2016 \$	6,556
2017	137,889
Total	144,445
Less current portion	(6,556)
Non-current portion \$	137,889

NOTE J—ENDOWMENT

In 2014, the assets of the endowment were held at the New Mexico Community Foundation (Note E). Net assets associated with the endowment fund, including amounts designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment of the Federation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Management has not adopted spending or investment policies for the endowment; however, management has interpreted UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted net assets.

- a) The original value of gifts donated to the permanent endowment,
- b) The original value of subsequent gifts to the permanent endowment, and
- c) Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until amounts are appropriated for expenditure by the Federation. FASB ASC 958-205-50-1A and 50-1B, *Not-for Profit Entities, Disclosure*, requires disclosure of the investment and spending policies adopted by management for endowment funds. As mentioned above, these disclosures cannot be made as these policies have not been adopted by management of the Federation.

The endowment was closed in November 2015. Bellow details the endowment's net asset composition and changes in endowment net assets as December 31:

	Permanently Restricted	
	2015	2014
Fair value at beginning of year	\$ 102,455	\$ 102,560
Contributions	-	-
Interest and dividends	43	129
Net realized/unrealized gains (loss)	(2,902)	1,363
Total additions	(2,859)	1,492
Fees	-	(1,597)
Distributions	(99,596)	-
Total withdrawals	(99,596)	(1,597)
Net change	(102,455)	(105)
Fair value at end of year	\$ -	\$ 102,455
Cost basis	\$ -	\$ 95,941

Management represented all funds held at the New Mexico Community Foundation were assets of the endowment and that the amount was permanently restricted.

NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014

NOTE K—MEDICAL BENEFITS AND RETIREMENT PLAN

The Federation began offering medical benefits in fiscal year 2015. The benefits are through NM Health Connections, and the employee is required to be full-time and have been with the Federation for 30 days. The Federation pays \$400 of the benefits the employee has elected to participate in, and the employee pays the remaining difference.

In fiscal year 2015, the Federation offered a Simple IRA plan through American Funds that employees could contribute to as a retirement plan. The requirement for an employee to join, is that they are full-time. The Federation matches up to 3% of the employee's contribution to the plan.

Total expenses related to medical and retirement plan benefits were as follows:

	2015	2014
Medical benefits \$	12,751	-
Retirement	2,620	-
	\$ 15,371	-

NOTE L—COMPENSATED ABSENCES

The Federation does not pay for accrued vacation hours upon separation from service. Therefore, there are no outstanding liabilities related to compensated absences for employees.

NOTE M—ACCRUED LIABILITIES

The Federation had the following accrued liabilities as of December 31:

	2015	2014
Accrued payroll salaries & taxes \$	20,215	-
Other accrued liabilities	4,081	2,967
	\$ 24,296	2,967

NOTE N—DEFERRED REVENUE

The Federation's deferred revenue consist of amount collected from certain grants and contracts that have not yet been earned by the organization. Deferred revenue as of December 31, is as follows:

	2015	2014
Grant \$	83,333	83,333
Contract	47,035	-
To deferred revenue \$	130,368	83,333

NOTE O—LEASE COMMITMENTS

The Federation entered into an office lease in June 2010. The original lease expired in June 2013 at which time it was renewed through June 2016. The lease requires monthly payments of \$700 to \$812.

NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014

Future minimum lease payments under this lease are as follows as of December 31, 2015.

<u>Year Ended</u>	<u>Amount</u>
2016	\$ 4,872
2017	-
2018	-
2019	-
2020	-
Total	\$ <u>4,872</u>

Lease expenses related to the office space lease and other short term expenses are as follows:

	<u>2015</u>	<u>2014</u>
Rent, Parking and Utilities	\$ <u>21,438</u>	<u>21,734</u>

Capital Lease Commitment

The Federation entered into a 48 month Finance Agreement dated June 15, 2015 with a buyout purchase option. Interest on the agreement is estimated at 12.95%. Principal and interest of \$327 are due monthly. A computer server and the associated debt of the capital lease will be added to the Federation's books in 2015.

The schedule payments of principal and interest are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,652	520	4,172
2017	3,811	361	4,172
2018	3,977	195	4,172
2019	1,992	34	2,026
Total	\$ <u>13,432</u>	<u>1,110</u>	<u>14,542</u>

NOTE P—LEASE OF EASEMENT

The Federation owns an easement for access to a cell tower which was constructed by an outside party. The Federation has no cost basis in the easement. The Federation entered into a site ground lease which provided the lessee with access to the cell tower. The lease began in August 1999 with an initial 5 year term and included 4 successive 5 year options to renew the lease. The lease agreement provides that the lease will automatically be extended for each successive renewal terms unless the lessee notifies the Federation of its intention not to renew at least 90 days prior to the expiration of the then existing renewal term.

The Federation has not received any notification from the lessee of its intention not to renew the lease. Lease payments were initially \$600 per month and the lease agreement provides for 15% increases in the lease payments each renewal term. Lease payments to be received are as follows:

<u>Year Ended</u>	<u>Amount</u>
2016	\$ 10,950
2017	10,950
2018	10,950
2019	11,635
2020	12,593
Total	\$ <u>57,079</u>

NEW MEXICO WILDLIFE FEDERATION
NOTES TO FINANCIAL STATEMENTS
For Year Ended December 31, 2015, With Comparative Totals For 2014

NOTE Q—JOINT COSTS

The Federation incurred joint costs related to its publication of The Outdoor Reporter. The allocation of incurred joint costs to program service expenses, management and administration expenses and fundraising expenses is as follows for the year ended December 31:

Type	2015	2014
Program Services	\$ 9,369	11,110
General and Administrative	661	784
Fundraising	992	1,176
Total Joint Costs	\$ 11,022	13,070

NOTE R—CERTAIN SIGNIFICANT RISKS AND UNCERTAINTIES

The Federation maintains its cash balances in two financial institutions. At December 31, 2015 the FDIC insured balances up to \$250,000 per depositor, per institution. The Federation's cash balances were in excess of insured balances as of December 31, 2015 were \$69,961.

NOTE S—ECONOMIC DEPENDENCY

The Federation receives a significant portion of its revenue in the form of grants, contracts and program fees from various funding sources that are generally diversified. The Federation expects these revenue streams to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, The Federation's ability to continue all programs would be diminished. The following is a summary of concentrations from the significant funding sources as of December 31:

Funding Source	2015		2014	
	Amount	%	Amount	%
Grants	\$ 446,445	64%	830,994	78%
Contracts	128,121	18%	101,258	9%
Program service fees	-	0%	60,462	6%
	\$ 574,566	83%	992,714	93%
Total Support and Revenue	\$ 693,130		1,070,389	

NOTE T—SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Federation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Federation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The Federation has evaluated subsequent events through March 25, 2016, which is the date the financial statements were available to be issued.

**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**

Board of Directors
New Mexico Wildlife Federation
121 Cardenas Dr. NE, Albuquerque
Albuquerque, New Mexico 87108

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 New Mexico Wildlife Federation, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. 2012-005

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. We consider the deficiency described in the accompany schedule of findings and responses costs to be a significant deficiency. 2012-007

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Federation'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.

March 25, 2016

**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**

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Federation's Response to Findings

The Federation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Federation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Hinkle + Landers, P.C.
Albuquerque, NM
March 25, 2016

**NEW MEXICO WILDLIFE FEDERATION
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ending December 31, 2015**

SUMMARY OF FINDINGS

Findings	Status of Current and Prior Year Findings	Type of Finding*
Prior Year Findings		
2012-001 METHOD OF ACCOUNTING	Resolved	A
2012-002 SEGREGATION OF DUTIES AND BANK AND INVESTMENT CONTROLS	Resolved	A
2012-003 FINANCIAL STATEMENT MONITORING AND BUDGET	Resolved	A
2012-004 PAY ROLL AND EXPENSE ALLOCATIONS	Resolved	A
2012-005 SAS 115-MATERIAL ADJUSTMENTS	Modified	A
2012-007 TRAVEL AND REIMBURSEMENTS	Modified	B
2012-008 PAY ROLL CONTROLS AND RECONCILIATION OF WAGES PER THE G/L TO 941 REPORTS	Resolved	A

Current Year Findings

None

*** Legend for Type of Findings**

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting

2012-005—SAS 115—MATERIAL ADJUSTMENTS

Type of Finding: A

Statement of Condition

During our audit, we received adjustments provided by the organization and we made several additional adjustments to the Federation’s books. The adjustments were in the area of:

- Adjust program and Western Conservation revenue, in order to apply to outstanding receivable.
- Adjust capital lease in order to record interest, due to whole payment being applied to principal.
- Record revenue and receivable for income due from Sprint related to cell tower revenue.
- Re-class salary expenses to payroll taxes.
- Re-class revenue recorded in incorrect revenue accounts.
- Adjustment to accrue payroll liabilities for last pay period in FY15.
- Adjustment to note receivable and related revenue.
- Adjustment to medical insurance liability and benefit expense account, to apply employee paid portion to Federation’s expense account.
- Adjustment to record retirement expenses.

Criteria

SAS 115 requires that if material adjustments are required to be recorded to present the financial statements accurately, then a finding should be reported to the governing board of the organization.

**NEW MEXICO WILDLIFE FEDERATION
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ending December 31, 2015**

Some of the key underlying concepts of Statement of Auditing Standards (SAS) 115 are:

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the preparation of the financial statements.

Recording these adjustments is considered a key process that the client needs to maintain.

Effect

Because the adjustments provided by the client were given well after a typical financial close and the others were identified by the auditor, it identifies an internal control weakness in maintaining the general ledger and potentially extends to the audit report. This significantly increases the potential for misstated financial statements.

Cause

The Federation's personnel and internal control procedures were not effective in timely identifying and correcting material errors to the general ledger that would have resulted in material misstatement of the financial statements had they not been corrected during the audit process by the organization or by the auditor.

Recommendation

We recommend that the Federation make adjustments to their general ledger in a timely manner. Asking for technical advice from the auditor or from someone else when these adjustments are needed is not considered a control deficiency as long as the staff of the Federation initiates/makes the adjustment and understands how and why the adjustments were made.

Management Response

Management hired an accountant in FY15, and just completed 3 audits in the same fiscal year. Management believes that since they are now caught up, these adjustments will be made timely throughout the fiscal year, and that this finding will be resolved in FY16.

2012-007—TRAVEL AND REIMBURSEMENTS

Type of Finding: B

Statement of Condition

During our test of travel and reimbursement testing, we noted that:

- 1) A travel request form was not completed, only receipts were provided,
- 2) Approval was not documented and in one instance approval of travel was approved by employee traveling,

**NEW MEXICO WILDLIFE FEDERATION
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ending December 31, 2015**

Criteria

All travel requests should be completed with a business purpose, include supporting documentation, and the signature of approval by a member of senior management, other than the employee requesting the reimbursement.

Effect

When employees can approve their own reimbursement requests, they could approve a reimbursement that is not related to the Federation. Additionally, if not all travel reimbursement forms are completed and turned in with support, there could be additional reimbursements that the employee is owed.

Cause

This appears to be an issued identified by recent audits and had not previously been considered as something that needed to be addressed in prior years.

Recommendation

The Federation implemented updated travel reimbursement processes/procedures at the end of FY15, beginning FY16, that require electronic submission of receipts, travel reimbursement form, and approvals. We believe if this new process is followed, it will resolve this finding in the next fiscal year. As a result, we recommend the Federation follow their current travel process/procedure.

Management Response

Management has implemented a travel reimbursement process using electronic approvals and forms. This process was reviewed with the auditor, and management believes this finding will be resolved in FY16.