

**Defenders of Wildlife**

Financial Statements  
and Independent Auditors' Report

September 30, 2016 and 2015

# Defenders of Wildlife

Financial Statements  
September 30, 2016 and 2015

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Defenders of Wildlife

We have audited the accompanying financial statements of Defenders of Wildlife ("Defenders"), which comprise the statement of financial position as of September 30, 2016, the related statements of activities 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 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 financial statements are free of 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 Defenders as of September 30, 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 Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on page 29 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Report on Summarized Comparative Information***

We have previously audited Defenders' September 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2016. In our opinion, the summarized comparative information presented herein, as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia  
February 21, 2017

## Defenders of Wildlife

### Statements of Financial Position September 30, 2016 and 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,294,459	\$ 6,487,547
Short-term investments	4,428,923	1,832,059
Investments – annuity reserve fund	3,630,768	3,547,686
Certificates of deposit	-	552,445
Bequests and trusts receivable	2,767,670	1,369,712
Grants and pledges receivable	754,654	615,096
Accounts receivable	272,738	226,013
Prepaid expenses	1,044,967	735,031
Accrued interest and dividends	-	1,642
Inventory	852,096	811,925
Total current assets	15,046,275	16,179,156
Long-term investments	8,245,206	6,522,301
Grants and pledges receivable, long-term	-	30,000
Charitable remainder and other trusts	2,458,393	2,773,626
Property and equipment, net	9,716,626	10,028,056
Deferred compensation	37,520	22,806
Other assets	44,476	56,078
Total assets	\$ 35,548,496	\$ 35,612,023
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,381,029	\$ 1,588,611
Annuity and other split-interest obligations	324,243	326,185
Loan payable	248,009	239,369
Capital lease obligation, net	35,387	27,540
Deferred revenue	10,600	85,030
Total current liabilities	1,999,268	2,266,735
Loan payable, net of current portion	5,344,481	5,592,490
Annuity and other split-interest obligations, long-term	1,974,411	2,013,009
Deferred compensation	37,520	22,806
Capital lease obligation, net of current portion	29,028	64,415
Total liabilities	9,384,708	9,959,455
<b>Net Assets</b>		
Unrestricted	18,596,559	17,693,415
Temporarily restricted	6,119,337	6,573,442
Permanently restricted	1,447,892	1,385,711
Total net assets	26,163,788	25,652,568
Total liabilities and net assets	\$ 35,548,496	\$ 35,612,023

See accompanying notes.

## Defenders of Wildlife

Statement of Activities  
For the Year Ended September 30, 2016  
(With Comparative Totals for the Year Ended September 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Totals
<b>Revenue and Support</b>					
Grants and contributions	\$ 19,322,625	\$ 3,380,703	\$ -	\$ 22,703,328	\$ 22,695,076
Contributed goods and services	3,027,125	-	-	3,027,125	2,857,184
Bequests	4,374,290	479,342	-	4,853,632	6,362,995
Royalties	665,835	-	-	665,835	637,533
Investment income (loss)	580,644	-	2,126	582,770	(300,844)
Split-interest contributions	-	85,276	-	85,276	110,458
Change in value of split interests	38,894	132,479	60,055	231,428	(210,723)
Mailing list royalties	181,647	-	-	181,647	186,930
Rental income	2,156	-	-	2,156	-
Other income	472,847	-	-	472,847	324,798
Released from restrictions	4,531,905	(4,531,905)	-	-	-
<b>Total revenue and support</b>	<b>33,197,968</b>	<b>(454,105)</b>	<b>62,181</b>	<b>32,806,044</b>	<b>32,663,407</b>
<b>Expenses</b>					
Program services:					
ESA	8,298,302	-	-	8,298,302	8,843,259
Key Species	11,032,229	-	-	11,032,229	11,965,608
Habitat	7,511,344	-	-	7,511,344	7,778,929
<b>Total program services</b>	<b>26,841,875</b>	<b>-</b>	<b>-</b>	<b>26,841,875</b>	<b>28,587,796</b>
Supporting services:					
Management and general	4,307,319	-	-	4,307,319	3,666,111
Fundraising	1,145,630	-	-	1,145,630	1,078,048
<b>Total supporting services</b>	<b>5,452,949</b>	<b>-</b>	<b>-</b>	<b>5,452,949</b>	<b>4,744,159</b>
<b>Total expenses</b>	<b>32,294,824</b>	<b>-</b>	<b>-</b>	<b>32,294,824</b>	<b>33,331,955</b>
<b>Change in Net Assets</b>	<b>903,144</b>	<b>(454,105)</b>	<b>62,181</b>	<b>511,220</b>	<b>(668,548)</b>
<b>Net Assets, beginning of year</b>	<b>17,693,415</b>	<b>6,573,442</b>	<b>1,385,711</b>	<b>25,652,568</b>	<b>26,321,116</b>
<b>Net Assets, end of year</b>	<b>\$ 18,596,559</b>	<b>\$ 6,119,337</b>	<b>\$ 1,447,892</b>	<b>\$ 26,163,788</b>	<b>\$ 25,652,568</b>

See accompanying notes.

## Defenders of Wildlife

### Statements of Cash Flows For the Years Ended September 30, 2016 and 2015

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 511,220	\$ (668,548)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	632,907	645,716
Equipment acquired under capital lease	-	55,222
Discount on grants and pledges receivable	-	(2,429)
Amortization of cost of issuing debt	11,602	11,603
Net realized and unrealized (gain) loss on investments	(376,137)	471,240
Change in annuity reserve fund	(83,082)	115,460
Change in value of charitable remainder and other trusts	315,233	38,016
Change in operating assets and liabilities:		
(Increase) decrease in:		
Bequests and trusts receivable	(1,397,958)	(239,806)
Grants and pledges receivable	(109,558)	1,544,443
Accounts receivable	(46,725)	22,539
Prepaid expenses	(309,936)	30,195
Accrued interest and dividends	1,642	1,512
Inventory	(40,171)	(223,794)
Deferred compensation	(14,714)	(22,806)
Increase (decrease) in:		
Accounts payable and accrued expenses	(207,582)	(828,191)
Annuity and other split-interest obligations	(40,540)	(18,838)
Deferred revenue	(74,430)	85,030
Deferred compensation	14,714	22,806
	(1,213,515)	1,039,370
<b>Net cash (used in) provided by operating activities</b>		
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	9,475,875	5,815,822
Proceeds from maturity/sale of certificates of deposit	552,445	332,418
Purchase of investments	(13,419,507)	(6,367,646)
Purchase of property and equipment	(321,477)	(418,227)
	(3,712,664)	(637,633)
<b>Net cash used in investing activities</b>		
<b>Cash Flows from Financing Activities</b>		
Payments on loan principal	(239,369)	(231,583)
Principal payments under capital lease	(27,540)	(20,047)
	(266,909)	(251,630)
<b>Net cash used in financing activities</b>		
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(5,193,088)	150,107
<b>Cash and Cash Equivalents, beginning of year</b>	6,487,547	6,337,440
<b>Cash and Cash Equivalents, end of year</b>	\$ 1,294,459	\$ 6,487,547

See accompanying notes.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 1. Nature of Operations

Defenders of Wildlife (“Defenders”) is a District of Columbia nonprofit corporation founded in 1947. Its mission is to conserve the natural abundance and diversity of native wild animals and plants, and the habitats on which they depend. As one of the country’s leaders in science-based, results-oriented wildlife conservation, Defenders works to educate and mobilize the public to protect and restore America’s native wildlife. Programs are primarily funded through grants and contributions.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting and Presentation

Defenders’ financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions in the following classes:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of Defenders’ operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of Defenders or the passage of time.
- *Permanently restricted net assets* represent funds in which the principal must be held in perpetuity, while the earnings may be available for general operations or a restricted purpose imposed by the donors.

#### Cash Equivalents

Cash equivalents consist of interest-earning checking accounts, as well as highly liquid investments with original maturities of three months or less. Temporary cash investments are placed with creditworthy, high-quality financial institutions. These banking arrangements preclude any significant concentration of uninsured cash. The carrying amounts on the statements of financial position approximate fair value because of the short-term maturities of the instruments.



## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 2. Summary of Significant Accounting Policies (continued)

#### Investments

Investments are recorded at fair value based on quoted market prices. Certain investments are recorded as long-term, as Defenders has the intent and ability to hold them for more than one year. Short-term investments are included with current assets, since the intent is for them to be available for working capital purposes.

#### Certificates of Deposit

At September 30, 2015, Defenders held certificates of deposit with original maturity dates greater than a period of ninety days that are carried at amortized cost. Interest earned on the certificates of deposit is included in investment income in the accompanying statement of activities. These certificates of deposit do not qualify as securities, as defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments – Debt and Equity Securities*. Therefore, these investments are not included in the fair value disclosures required by FASB ASC 820, *Fair Value Measurements and Disclosures*.

#### Grants and Pledges Receivable

All grants and pledges receivable are deemed to be fully collectible and are reflected at either net realizable value or at net present value based on projected cash flows. No discount was recorded on grants and pledges receivable during the year ended September 30, 2015 due to immateriality. At September 30, 2016, all grants and pledges receivable were due within one year.

#### Accounts Receivable

Accounts receivable consist of royalty and other receivables, and are recorded at net realizable value. Defenders' policy is to charge off uncollectible accounts receivable when management determines the receivable will not be collected. No allowance for uncollectible accounts has been established at September 30, 2016 and 2015, as all amounts are deemed fully collectible.

#### Inventory

Inventory includes membership items, such as bags and jackets, which are branded with Defenders' logo, as well as items related to Defenders' adoption program. Inventory is recorded at cost (using specific identification), and is expensed when used.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 2. Summary of Significant Accounting Policies (continued)

#### Property and Equipment

Property and equipment purchased at a cost of \$1,000 or more are capitalized and recorded at acquisition cost. The building is depreciated over an estimated useful life of 25 years. Furniture, equipment, and improvements are depreciated over estimated useful lives of 5 to 25 years, with no salvage value. All depreciation is computed using the straight-line method. Donated items are recorded at fair market value.

#### Revenue Recognition

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Defenders reports grants and contributions as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted contributions are invested in perpetuity by or on Defenders' behalf. The principal of the gift is never expended, while the investment income is spent on current temporarily restricted or unrestricted programs as specified by the donor.

Defenders will receive communications indicating that it has been named as a beneficiary in an individual's will. These promises to give are recognized at the time the probate court declares the will valid and the proceeds are reasonably measurable. It is Defenders' practice to reduce these amounts by approximately 10% before recording the receivable, for estimated administration costs associated with the estates.

Deferred revenue consists of payments received in advance for rent and events held in subsequent fiscal periods. Deferred revenue is recognized as earned in the period corresponding to the services performed or activity conducted. All other revenues are recognized when earned.

#### Split-Interest Agreements

Defenders receives certain planned gift donations that benefit not only Defenders, but also another beneficiary designated by the donor. These contributions are termed split-interest agreements, which include perpetual trusts, charitable remainder trusts, charitable gift annuities, and a pooled income fund.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 2. Summary of Significant Accounting Policies (continued)

#### Split-Interest Agreements (continued)

##### *Beneficial Interests in Perpetual Trusts*

Defenders was named a beneficiary of several perpetual trusts held by a third party trustee. The beneficial interests are recorded at fair value, which is measured using the fair value of the assets contributed to the trust. Distributions of the trusts' annual earnings are recorded as unrestricted income and any changes in the market value of the original gifts are reported as permanently restricted gains and losses in the accompanying statements of activities.

##### *Charitable Remainder Trusts*

Defenders is a remainderman to certain charitable remainder trusts. Upon termination of the trusts, the assets remaining in the trusts will revert to Defenders to be used according to the donors' wishes. Assets held in trust by and for Defenders are valued at either fair value or at the discounted present value of the estimated future receipts from the trusts. Where applicable, estimated future payments are discounted at a risk-free rate of return based on the expected term of the split-interest agreements at the time the agreements are created, ranging from 3% to 6%.

##### *Gift Annuities*

Defenders has entered into irrevocable agreements with donors whereby in exchange for the gift from the donor, Defenders is obligated to provide an annuity to the donor or other designated beneficiary over the life of the annuitant. A liability is recognized for the estimated present value of the annuity obligation, and the assets are recorded at their fair value. The discount rate and actuarial assumptions used in calculating the annuity are those provided in the Internal Revenue Service guidelines and actuarial tables.

In accordance with certain state laws, the charitable gift annuity reserve fund is invested primarily in money market funds, bonds, mutual funds, and equities, and reserves for California donors are segregated.

##### *Pooled Income Fund*

In 1980, Defenders established a pooled income fund. The fund is divided into units, and contributions of many donors' life-income gifts are pooled and invested as a group. Upon the donor's death, the value of these assigned units reverts to Defenders.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 2. Summary of Significant Accounting Policies (continued)

#### Contributed Services

Donated services meeting the criteria for recognition under FASB ASC 958, *Revenue Recognition – Contributions Received*, are recognized at fair value at the time of receipt. These services benefit the general programs and consist primarily of advertising, and legal and professional services. The value of these donated services is included in the financial statements as both revenue and expense in the amounts of \$3,027,125 and \$2,852,172 for the years ended September 30, 2016 and 2015, respectively.

#### Donated Goods

Defenders receives contributions in the form of donated items, which are reflected in the accompanying statement of activities at estimated fair market value at the time of the donation. These items consist of commemorative coins celebrating the 20<sup>th</sup> anniversary of the re-introduction of gray wolves back into Yellowstone National Park. During the year ended September 30, 2015, Defenders received donated items valued at \$5,012. There were no donated items during the year ended September 30, 2016.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the split-interest agreements; carrying value of land, buildings, and equipment; and bequests and trusts receivable.

#### Prior Year Information

The statement of activities 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Defenders' financial statements for the year ended September 30, 2015, from which the summarized information was derived.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 2. Summary of Significant Accounting Policies (continued)

#### Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09 – *Revenue from Contracts with Customers* (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries including those that previously followed industry-specific guidance. The update requires that revenue should be recognized to depict the transfer of promised goods and services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for these goods and services. The original effective date of ASU would have required Defenders to adopt an update in fiscal year 2019. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers* (Topic 606) – *Deferral of the Effective Date*, which deferred the effective date for one year. Accordingly, the guidance is now effective for Defenders' fiscal year 2020. Since the issue of ASU 2015-14, the FASB has issued several updates intended to improve an organization's understanding and application of the revenue recognition guidance contained with ASU 2014-09. Management continues to evaluate the potential impact of these updates on Defenders' financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective for Defenders' fiscal year 2021. Management continues to evaluate the potential impact of this update on Defenders' financial statements.

In August 2016, FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The update changes the manner by which nonprofit organizations classify net assets as well as improves information presented in financial statements and notes about nonprofit organization liquidity, financial performance, and cash flows. The guidance is effective for Defenders' fiscal year 2019. Although management continues to evaluate the potential impact of this update on Defenders' financial statements, management believes the impact of this update will be insignificant.

#### Subsequent Events

In preparing these financial statements, Defenders has evaluated events and transactions for potential recognition or disclosure through February 21, 2017, the date the financial statements were available to be issued.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 3. Concentration of Credit Risk

Financial instruments that potentially subject Defenders to significant concentrations of credit risk consist of cash and cash equivalents, investments, and certificates of deposit. Defenders maintains cash deposits and investments with various financial institutions that may, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). Defenders has not experienced any losses on its cash and cash equivalents, investments, and certificates of deposit to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

### 4. Investments and Fair Value Measurements

Investment income (loss) consists of the following for the years ended September 30:

	2016	2015
Net realized and unrealized gain (loss)	\$ 376,137	\$ (471,240)
Interest and dividends	206,633	170,396
Total investment income (loss)	<u>\$ 582,770</u>	<u>\$ (300,844)</u>

Defenders follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

In addition, Defenders follows FASB ASC 2009-12, *Investments in Certain Entities That Calculate Net Assets Value per Share (or its Equivalent)*, which has amended the existing guidance in FASB ASC 820. This guidance permits, as a practical expedient, the fair value of investments that do not have a quoted market price to be estimated using net asset value (NAV) per share or its equivalent. At September 30, 2016 and 2015, Defenders' investments in pooled income funds were valued based on the NAV of each investment position, as provided by the respective fund manager.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 4. Investments and Fair Value Measurements (continued)

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period.

In general, and where applicable, Defenders uses quoted prices in active markets for identical assets and quoted market prices for similar assets in markets that are not active to determine fair value. This pricing methodology applies to Level 1 and Level 2 investments.

The following table presents Defenders' fair value hierarchy for those assets measured on a recurring basis as of September 30, 2016:

	Level 1	Level 2	Level 3	Total fair value
Investments:				
Money market funds	\$ 415,199	\$ -	\$ -	\$ 415,199
Short-term bonds	99,266	-	-	99,266
Mutual funds:				
Equity	4,738,839	-	-	4,738,839
Fixed income	6,200,724	-	-	6,200,724
Hedge funds	-	795,392	-	795,392
Real estate funds	-	330,479	-	330,479
Tangible assets	94,230	-	-	94,230
Annuity reserve fund	3,630,768	-	-	3,630,768
Charitable remainder and other trusts:				
Charitable remainder trusts and pooled income fund	250,994	-	947,214	1,198,208
Interest in perpetual trusts	-	-	1,260,185	1,260,185
Deferred compensation:				
Mutual funds	37,520	-	-	37,520
Total assets at fair value	\$ 15,467,540	\$ 1,125,871	\$ 2,207,399	\$ 18,800,810

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 4. Investments and Fair Value Measurements (continued)

The following table presents Defenders' fair value hierarchy for those assets measured on a recurring basis as of September 30, 2015:

	Level 1	Level 2	Level 3	Total fair value
Investments:				
Money market funds	\$ 2,257,957	\$ -	\$ -	\$ 2,257,957
Mutual funds:				
Equity	3,725,421	-	-	3,725,421
Fixed income	1,205,491	-	-	1,205,491
Hedge funds	-	829,668	-	829,668
Real estate funds	-	335,823	-	335,823
Annuity reserve fund	3,547,686	-	-	3,547,686
Charitable remainder and other trusts:				
Charitable remainder trusts and pooled income fund	236,176	-	1,337,320	1,573,496
Interest in perpetual trusts	-	-	1,200,130	1,200,130
Deferred compensation:				
Mutual funds	22,806	-	-	22,806
Total assets at fair value	<u>\$ 10,995,537</u>	<u>\$ 1,165,491</u>	<u>\$ 2,537,450</u>	<u>\$ 14,698,478</u>

Defenders used the following methods and significant assumptions to estimate fair value of assets and liabilities recorded at fair value:

#### Investments and Annuity Reserve Fund

##### *Level 1 Assets*

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 includes money market funds, mutual funds, corporate bonds, stocks, and fixed income securities held as investments and within the annuity reserve fund.



## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 4. Investments and Fair Value Measurements (continued)

#### Investments and Annuity Reserve Fund (continued)

##### *Level 2 Assets*

When quoted market prices for similar assets are available in markets that are not active, securities are classified within Level 2 of the valuation hierarchy. Level 2 includes hedge funds and real estate funds held as investments. The hedge funds are comprised of tracker funds, debt funds, global credit securities, and research funds. The real estate funds are comprised of securities of real estate and real estate-related funds. The hedge funds and real estate funds are measured in quantifiable units at quoted market prices on a monthly basis by the broker, and the broker's pricing methodology is assessed when determining the fair value hierarchy. Due to the frequency of the availability of market quotations, the hedge funds and real estate funds are categorized as Level 2 in the valuation hierarchy.

#### Charitable Remainder, Perpetual Trusts, and Pooled Income Fund

##### *Level 1 Assets*

Charitable remainder trust assets for which Defenders is a trustee are invested in a diversified portfolio of mutual funds and marketable securities, which are valued at fair value based on quoted market prices of the underlying investments, and are therefore classified within Level 1.

##### *Level 3 Assets*

Charitable trust assets also include the fair value of Defenders' interest in charitable remainder trusts receivable where Defenders is not a trustee. The fair value is measured upon the estimated net present value of amounts to be received. Distributions are to be made to the donor's designee (remainder trusts) during the terms of the agreements. At the end of the remainder trust terms, a portion of the remaining trust assets, as defined in the trust agreements, is to be distributed to Defenders. The expected future cash inflows from the trusts are based on the fair value of the investments, future expected investment returns, and life expectancy of the donor or donor's designee, and have been recorded at present value.

Expected future cash flows for a beneficial interest in a perpetual trust are estimated by fair valuing the underlying assets contributed to the trust.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 4. Investments and Fair Value Measurements (continued)

#### *Level 3 Assets (continued)*

Investments in the pooled income fund are valued based on the NAV of each investment position, as provided by the respective fund manager. The value of these assets is based on unobservable inputs and Defenders' own assumptions and are therefore classified within Level 3.

The following table is a rollforward of the fair value measurements using unobservable inputs (Level 3):

	CRT/Pooled Income Fund	Perpetual Trust	Total Assets
Value at September 30, 2014	\$ 1,249,536	\$ 1,313,912	\$ 2,563,448
Change in value	87,784	(113,782)	(25,998)
Value at September 30, 2015	1,337,320	1,200,130	2,537,450
Change in value	(390,106)	60,055	(330,051)
Value at September 30, 2016	\$ 947,214	\$ 1,260,185	\$ 2,207,399

### 5. Grants and Pledges Receivable

Grants and pledges receivable are promised as follows at September 30:

	2016	2015
Due in less than one year	\$ 754,654	\$ 615,096
Due in one to five years	-	30,000
Total grants and pledges receivable	\$ 754,654	\$ 645,096

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 6. Split-Interest Agreements

Assets held under split-interest agreements in the accompanying statements of financial position were comprised of the following at September 30:

	2016	2015
Investments – annuity reserve fund	\$ 3,630,768	\$ 3,547,686
Charitable remainder and other trusts:		
Charitable remainder trusts	250,994	236,176
Receivables from charitable remainder and charitable lead trusts	867,084	1,259,827
Beneficial interest in perpetual trusts	1,260,185	1,200,130
Pooled income fund	80,130	77,493
Total charitable remainder and other trusts	2,458,393	2,773,626
Total split-interest agreements	\$ 6,089,161	\$ 6,321,312

Liabilities under split-interest agreements included in the accompanying statements of financial position were \$2,298,654 and \$2,339,194 at September 30, 2016 and 2015, respectively. Net contributions under split-interest agreements were approximately \$85,276 and \$110,458 for the years ended September 30, 2016 and 2015, respectively.

### 7. Property and Equipment

Defenders held the following property and equipment at September 30:

	2016	2015
Land	\$ 4,585,586	\$ 4,585,586
Buildings and improvements	8,829,953	8,688,289
Computer equipment	2,158,622	1,984,267
Furniture and equipment	1,044,553	1,039,095
Website	863,229	863,229
Total property and equipment	17,481,943	17,160,466
Less: accumulated depreciation	(7,765,317)	(7,132,410)
Property and equipment, net	\$ 9,716,626	\$ 10,028,056

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 8. Loan Payable

Defenders refinanced the mortgage on the building, executing a loan agreement in the amount of \$6,306,672, which included redemption of the outstanding bond balance of \$5,505,000 at the date of refinance of August 1, 2013. The new loan expires on August 1, 2020, and requires monthly payments of \$35,898 with an interest rate of 3.29%. The outstanding principal balances on the loan at September 30, 2016 and 2015 were \$5,592,490 and \$5,831,859, respectively.

Principal payments on the loan obligation are as follows for the years ending September 30:

2017	\$	248,009
2018		256,410
2019		265,095
2020		<u>4,822,976</u>
Total principal payments	\$	<u><u>5,592,490</u></u>

There are a number of financial and operating covenants associated with the loan and with the Bank's participation in the project, including a requirement for maintaining \$2,000,000 in unsecured liquid assets. Defenders was in compliance with all terms and conditions of the debt instruments at September 30, 2016 and 2015. Interest expense on the loan for the years ended September 30, 2016 and 2015 was \$190,746 and \$213,285, respectively.

### 9. Line of Credit Payable

In 2004, Defenders arranged a line of credit with the Bank for cash flow management purposes. The total amount available was \$1,000,000, with interest at the LIBOR daily floating rate and a fee of 0.4% applied quarterly to the unused loan amount. The line of credit was closed during the year ended September 30, 2015.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 10. Net Assets

At September 30, 2016, the unrestricted, temporarily restricted, and permanently restricted net assets are dedicated to the following purposes:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Undesignated	\$ 14,472,423	\$ -	\$ -	\$ 14,472,423
Land and building	3,401,019	-	-	3,401,019
Property and equipment	723,117	-	-	723,117
Program grants	-	3,426,502	-	3,426,502
Charitable remainder and other trusts	-	1,001,126	-	1,001,126
Charitable gift annuities	-	1,449,067	-	1,449,067
Beneficial interest in perpetual trusts	-	-	1,260,185	1,260,185
Pooled income fund	-	80,130	-	80,130
Lloyd Symington Memorial Fund for Wildlife Education	-	162,512	37,916	200,428
Harding educational and charitable	-	-	149,791	149,791
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total net assets	<u>\$ 18,596,559</u>	<u>\$ 6,119,337</u>	<u>\$ 1,447,892</u>	<u>\$ 26,163,788</u>

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 10. Net Assets (continued)

At September 30, 2015, the unrestricted, temporarily restricted, and permanently restricted net assets are dedicated to the following purposes:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Undesignated	\$ 13,497,217	\$ -	\$ -	\$ 13,497,217
Land and building	3,367,309	-	-	3,367,309
Property and equipment	828,889	-	-	828,889
Program grants	-	3,628,941	-	3,628,941
Charitable remainder and other trusts	-	1,370,922	-	1,370,922
Charitable gift annuities	-	1,333,574	-	1,333,574
Beneficial interest in perpetual trusts	-	-	1,200,130	1,200,130
Pooled income fund	-	77,493	-	77,493
Lloyd Symington Memorial Fund for Wildlife Education	-	162,512	37,487	199,999
Harding educational and charitable	-	-	148,094	148,094
	<u>\$ 17,693,415</u>	<u>\$ 6,573,442</u>	<u>\$ 1,385,711</u>	<u>\$ 25,652,568</u>

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 10. Net Assets (continued)

#### Program Grants

Defenders receives a number of program-specific grants that are often expended over more than one fiscal year. The unused grant funds that are not expended at the end of the fiscal year are carried over to the next fiscal year, and are classified as temporarily restricted net assets until appropriate expenses are incurred in accordance with the program restrictions.

#### Split-Interest Agreements

As discussed in Note 2 above, Defenders is party to various split-interest agreements with donors, including irrevocable charitable remainder trusts, charitable gift annuities, perpetual trusts, pooled income funds, and similar arrangements. Certain revenues from these arrangements are restricted for the purposes or time periods specified in the arrangements.

#### Lloyd Symington Memorial Fund for Wildlife Education

The Board of Directors designated this separate fund to strengthen Defenders' ability to respond to requests for wildlife information from school children, teachers, and the general public, and to enable Defenders to expand its other educational activities. The balance was \$200,428 at September 30, 2016, which included both temporarily and permanently restricted amounts of \$162,512 and \$37,916, respectively. The balance was \$199,999 at September 30, 2015, which included both temporarily and permanently restricted amounts of \$162,512 and \$37,487, respectively.

#### Unrestricted Funds

Unrestricted funds represent amounts that have not been specifically set aside by the Board for an internally-designated purpose. These amounts are available for general operations. Certain amounts included in undesignated funds are tracked separately for purposes of future property and equipment needs.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 11. Endowment

Defenders' endowment (permanently restricted net assets) has been funded by donor-restricted contributions to be held in perpetuity, the earnings of which can be used to fund either specific programs or general operations. In addition, Defenders maintained a Board-designated endowment fund prior to 2014 to provide for the long-term needs of the organization. During 2014, the Board of Directors resolved to discontinue the Board-designated endowment. Under accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Board of Directors of Defenders has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Defenders classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Defenders in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Defenders considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) duration and preservation of the fund; (2) purposes of Defenders and the donor-restricted endowment fund; (3) general economic conditions; (4) possible effect of inflation and deflation; (5) expected total return from income and the appreciation or depreciation of investments; (6) other resources of Defenders; and (7) investment policies of Defenders.



## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 11. Endowment (continued)

#### Return Objectives, Risk Parameters, and Strategies

Defenders follows a conservative investment policy for endowment assets that attempts to preserve fully the original corpus and optimize returns. Should significant, new donations be made to the endowment assets, Defenders' investment policy would permit a strategy of long term growth of the endowment assets. Under such a policy, the endowment assets would be invested in a manner that is intended to produce results exceeding major investment benchmarks while assuming a moderate level of risk.

#### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature would be reported by Defenders in unrestricted net assets. There were no fund deficiencies for the years ended September 30, 2016 and 2015.

#### Composition of Endowment Net Assets

Endowment net asset composition was as follows at September 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,447,892	\$ 1,447,892
Total endowment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,447,892</u>	<u>\$ 1,447,892</u>

Endowment net asset composition was as follows at September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,385,711	\$ 1,385,711
Total endowment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,385,711</u>	<u>\$ 1,385,711</u>

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 11. Endowment (continued)

#### Changes in Endowment Net Assets

Changes in endowment net assets were as follows for the years ended September 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>2016:</u>				
Endowment net assets, beginning	\$ -	\$ -	\$ 1,385,711	\$ 1,385,711
Investment return:				
Net appreciation	-	-	2,126	2,126
Change in value in split interest agreements	-	-	60,055	60,055
Total investment return	-	-	62,181	62,181
Endowment net assets, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,447,892</u>	<u>\$ 1,447,892</u>
<u>2015:</u>				
Endowment net assets, beginning	\$ -	\$ -	\$ 1,497,708	\$ 1,497,708
Investment return:				
Net appreciation	-	-	1,785	1,785
Change in value in split interest agreements	-	-	(113,782)	(113,782)
Total investment return	-	-	(111,997)	(111,997)
Endowment net assets, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,385,711</u>	<u>\$ 1,385,711</u>

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 12. Related Parties

Defenders of Wildlife Action Fund (DAF) was a related 501(c)(4) organization. DAF was also a District of Columbia nonprofit and was incorporated in 2001 to carry on public policy, social welfare, and advocacy work. Its mission was to educate people of all ages about wildlife, habitats, and other environmental activities. Defenders and DAF had common staff, facilities, and overhead costs, with the appropriate shares of these expenses assigned to each organization under a formal cost-sharing agreement. The Board of Directors of DAF approved dissolution of the organization as of May 13, 2015, and DAF was dissolved on November 20, 2015. DAF transferred its remaining assets, totaling \$52,271, to Defenders on November 20, 2015.

DAF rented Defenders' membership list for educational and fundraising purposes. There was no income to Defenders for these rentals for the years ended September 30, 2016 and 2015. In addition, Defenders rented DAF's e-subscriber list for education, advocacy, and fundraising purposes. There was no income to DAF for these rentals for the years ended September 30, 2016 and 2015. Included in accounts receivable is \$12,952 due from DAF at September 30, 2015, and these payments were received during the year ended September 30, 2016.

During the years ended September 30, 2016 and 2015, Defenders retained a public-service law firm affiliated with a member of Defenders' Board of Directors. The firm specializes in endangered species litigation and provides legal services at significantly discounted rates. The value of the work performed for Defenders in fiscal years 2016 and 2015 amounted to \$105,046 and \$91,666, respectively, of which \$92,600 and \$61,622 are represented as contributed services for the years then ended.

### 13. Deferred Compensation Plan

Defenders maintains a non-qualified deferred compensation 457(b) plan for the President as a means of providing a supplemental benefit. Defenders contributes 7% in the aggregate of the President's compensation to both the money purchase pension plan and the 457(b) plan. The applicable statutory maximum is contributed initially to the money purchase pension plan, and the remaining amount is contributed to the 457(b) plan. Deferred compensation and investments designated for the deferrals are only available and taxable upon termination of employment, retirement, death or an unforeseeable emergency. Until paid or made available to the participant or beneficiary, all deferred amounts, and investment earnings related thereto, are solely the property and rights of Defenders. At September 30, 2016 and 2015, the deferred compensation assets and a corresponding liability were \$37,520 and \$22,806, respectively.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 14. Retirement Plan

A money purchase pension plan was established by Defenders under Section 401(a) of the Internal Revenue Code (IRC), covering substantially all employees. Employees are eligible for participation after one year of service and are vested ratably over five years of service. Defenders' required contribution to the plan is 7% of each participant's aggregate compensation. Employee contributions are not permissible under the plan. Current pension costs are funded as they accrue. Total pension expense was \$507,755 and \$527,809 for the years ended September 30, 2016 and 2015, respectively.

### 15. Commitments

#### Operating Leases

Defenders is obligated under the terms of noncancellable operating leases for the rental of office and storage space for several of its field locations. Rental expense for all leases for the years ended September 30, 2016 and 2015, using the straight-line method, amounted to \$313,473 and \$348,680, respectively.

Future minimum lease payments are as follows for the years ending September 30:

2017	\$	264,524
2018		250,193
2019		194,695
2020		71,574
2021		44,208
		<hr/>
Total future minimum lease payments	\$	<u>825,194</u>

#### Capital Leases

Defenders leases office equipment under capital leases, which extend through 2018. The assets and liabilities under capital leases were recorded at the lower of their present value of the minimum lease payments or the fair value of the asset. The assets are being depreciated over the related lease terms. This leased equipment is included in property and equipment in the accompanying statements of financial position at a capitalized cost of \$126,222 at both September 30, 2016 and 2015, net of accumulated depreciation of \$73,104 and \$47,859 as of September 30, 2016 and 2015, respectively.

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 15. Commitments (continued)

#### Capital Leases (continued)

The interest expense associated with these leases for the years ended September 30, 2016 and 2015 was \$20,244 and \$26,352, respectively. Payments under the capital leases are due as follows for the years ending September 30:

2017	\$	47,784
2018		<u>31,856</u>
Total		79,640
Less: amounts representing interest		<u>(15,225)</u>
Total capital lease obligations	\$	<u><u>64,415</u></u>

### 16. Allocation of Joint Costs

Defenders achieves some of its programmatic, management, and general goals through direct response and similar campaigns that include requests for contributions. In the years ended September 30, 2016 and 2015, Defenders incurred joint costs for its direct response programs of \$5,072,587 and \$5,152,288, respectively, including information materials and fundraising appeals. These joint costs were allocated as follows for the years ended September 30:

	<u>2016</u>	<u>2015</u>
ESA	\$ 254,739	\$ 298,499
Key Species	2,864,738	2,868,246
Habitat	176,430	288,894
Management and general	868,606	832,788
Fundraising	<u>908,074</u>	<u>863,861</u>
Total allocated joint costs	<u><u>\$ 5,072,587</u></u>	<u><u>\$ 5,152,288</u></u>

## Defenders of Wildlife

Notes to Financial Statements  
September 30, 2016 and 2015

### 17. Supplementary Disclosure of Cash Flow Information

Total cash payments for interest were \$210,990 and \$244,090 for the years ended September 30, 2016 and 2015, respectively.

Noncash investing and financing transactions were as follows for the years ended September 30:

	<u>2016</u>	<u>2015</u>
Lease of equipment:		
Equipment acquired	<u>\$ -</u>	<u>\$ 55,222</u>
Capital lease obligation	<u>\$ 64,415</u>	<u>\$ 91,955</u>

### 18. Income Taxes

Under IRC §501(c)(3), Defenders is exempt from the payment of taxes on income other than net unrelated business income. Defenders was granted nonprivate foundation status under IRC §509(a)(1) and IRC §170(b)(1)(A)(vi). No provision for taxes has been made as there were no significant taxes resulting from unrelated business activities during fiscal years 2016 and 2015. Defenders has elected to be subject to the lobbying limitations under IRC §501(h). Management has evaluated the Defenders' tax positions and concluded that Defenders had no significant uncertain tax positions at September 30, 2016 and 2015.

**SUPPLEMENTARY INFORMATION**

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**Defenders of Wildlife**

Schedule of Functional Expenses  
For the Year Ended September 30, 2016  
(With Comparative Totals for the Year Ended September 30, 2015)

	Program Services				Supporting Services			2016 Total	2015 Total
	ESA	Key Species	Habitat	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and wages	\$ 3,079,694	\$ 2,462,524	\$ 2,716,265	\$ 8,258,483	\$ 1,487,784	\$ 226,624	\$ 1,714,408	\$ 9,972,891	\$ 9,742,059
Payroll taxes and benefits	843,422	674,074	743,864	2,261,360	405,365	61,914	467,279	2,728,639	2,580,478
Professional fundraising fees	132,662	484,212	132,002	748,876	86,028	61,659	147,687	896,563	1,733,644
Other professional fees	398,336	501,715	367,138	1,267,189	248,407	42,380	290,787	1,557,976	1,535,289
Grants and contributions	141,802	91,610	124,050	357,462	-	-	-	357,462	823,739
Computer services	213,088	454,018	204,847	871,953	272,978	52,190	325,168	1,197,121	1,092,546
Conference fees	10,854	8,652	9,582	29,088	1,530	670	2,200	31,288	26,571
Advertising	113,987	252,598	106,879	473,464	50,269	27,568	77,837	551,301	544,343
Membership incentives and fulfillment	98,879	373,139	98,877	570,895	66,916	47,923	114,839	685,734	871,452
Supplies	21,288	14,634	18,676	54,598	5,295	473	5,768	60,366	127,307
Telephone	49,757	37,463	43,859	131,079	79,958	2,671	82,629	213,708	215,068
Postage and shipping	604,147	2,194,791	601,240	3,400,178	415,976	286,428	702,404	4,102,582	4,153,197
Occupancy and other	239,613	171,910	210,659	622,182	160,366	8,082	168,448	790,630	799,866
Equipment rental and maintenance	10,280	7,956	9,073	27,309	5,743	629	6,372	33,681	35,258
Printing and publications	401,540	1,363,002	395,446	2,159,988	263,063	180,233	443,296	2,603,284	2,513,435
Travel	124,512	86,932	109,231	320,675	38,606	6,953	45,559	366,234	467,110
Conferences, conventions, and meetings	66,760	43,358	58,420	168,538	60,714	16,206	76,920	245,458	203,137
Training	1,370	885	1,199	3,454	249	-	249	3,703	15,091
Bond interest	64,308	49,847	56,763	170,918	36,151	3,921	40,072	210,990	244,090
Depreciation	192,905	149,526	170,274	512,705	108,441	11,761	120,202	632,907	645,716
Amortization of cost of issuing debt	3,536	2,741	3,121	9,398	1,988	216	2,204	11,602	11,603
Honoraria	-	-	-	-	-	-	-	-	732
Miscellaneous	2,999	9,714	2,936	15,649	63,984	1,246	65,230	80,879	105,833
List rentals	91,972	355,117	92,292	539,381	63,407	45,552	108,959	648,340	701,839
Insurance	28,024	21,718	24,736	74,478	15,744	1,709	17,453	91,931	84,229
Royalties	4,828	14,726	4,688	24,242	2,646	1,862	4,508	28,750	42,229
Taxes, fees, and licenses	103,659	80,326	91,497	275,482	84,191	6,363	90,554	366,036	295,021
Dues and subscriptions	40,331	27,908	35,358	103,597	5,602	951	6,553	110,150	100,318
Proactive projects	12,627	8,157	11,046	31,830	-	-	-	31,830	52,451
Compensation payments	3,031	1,958	2,653	7,642	-	-	-	7,642	-
DR transaction fees/bank fees	99,963	223,133	97,833	420,929	201,699	25,393	227,092	648,021	648,060
Temporary help	-	-	-	-	-	-	-	-	68,072
Contributed services	1,098,128	863,885	966,840	2,928,853	74,219	24,053	98,272	3,027,125	2,852,172
<b>Total Expenses</b>	<b>\$ 8,298,302</b>	<b>\$ 11,032,229</b>	<b>\$ 7,511,344</b>	<b>\$ 26,841,875</b>	<b>\$ 4,307,319</b>	<b>\$ 1,145,630</b>	<b>\$ 5,452,949</b>	<b>\$ 32,294,824</b>	<b>\$ 33,331,955</b>