

**THE TURTLE SURVIVAL
ALLIANCE FOUNDATION**

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2015



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INDEPENDENT AUDITOR'S REPORT

To the Finance Committee
The Turtle Survival Alliance Foundation
Fort Worth, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of The Turtle Survival Alliance Foundation (the "Foundation") 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. 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 Foundation'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 Foundation'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 Foundation 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 Foundation's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2015. 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.

Rylander, Clay + Opetz, LLP

July 7, 2016



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

| | 2015 | 2014 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 361,773 | \$ 244,733 |
| Contributions receivable, net | 1,206,977 | 95,807 |
| Inventory | 7,700 | 6,134 |
| Investments | 26,894 | 24,065 |
| Assets restricted for capital campaign | 128,400 | 122,613 |
| Property and equipment, net | 683,236 | 674,812 |
| Assets restricted for permanent endowment | 134,640 | 155,081 |
| Total assets | \$ 2,549,620 | \$ 1,323,245 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 125,992 | \$ 191,533 |
| Grants payable | 11,329 | 5,568 |
| Total liabilities | 137,321 | 197,101 |
| Net Assets | | |
| Unrestricted | 736,298 | 584,676 |
| Temporarily restricted | 1,541,361 | 386,387 |
| Permanently restricted | 134,640 | 155,081 |
| Total net assets | 2,412,299 | 1,126,144 |
| Total liabilities and net assets | \$ 2,549,620 | \$ 1,323,245 |

See notes to financial statements.



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

STATEMENTS OF ACTIVITIES Year Ended December 31, 2015 with Comparative Total for 2014

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | |
|--|-------------------|---------------------------|---------------------------|--------------------|--------------------|
| | | | | 2015 | 2014 |
| Public support and revenue: | | | | | |
| Contributions and grants (in-kind of \$81,508 in 2015 and \$82,764 in 2014) | \$ 1,124,154 | \$1,262,514 | \$ 2,316 | \$2,388,984 | \$ 525,458 |
| Capital contributions (in-kind of \$20,000 in 2015) | 20,000 | 75,000 | - | 95,000 | 272,026 |
| Government grants | - | - | - | - | 94,578 |
| Inventory sales, net | 8,559 | - | - | 8,559 | 9,586 |
| Tryon book sales | - | - | 2,243 | 2,243 | 2,091 |
| Conference registration fees | 47,918 | - | - | 47,918 | 39,562 |
| Conference fundraising auction | 7,609 | - | - | 7,609 | 16,510 |
| Membership dues | 26,210 | - | - | 26,210 | 27,870 |
| Animal adoption fees | 2,275 | - | - | 2,275 | 2,600 |
| Investment income (loss) | (513) | (1,839) | - | (2,352) | 1,929 |
| Reclassification based on UPMIFA (Note 6) | (6,601) | 6,601 | - | - | - |
| Net assets released from restrictions: | | | | | |
| Satisfaction of program restrictions | 149,178 | (149,178) | - | - | - |
| Release of donor restriction (Note 6) | 25,000 | - | (25,000) | - | - |
| Total public support and revenue | 1,403,789 | 1,193,098 | (20,441) | 2,576,446 | 992,210 |
| Expenses: | | | | | |
| Program services: | | | | | |
| Animal management | 390,904 | - | - | 390,904 | 296,865 |
| Field conservation | 517,075 | - | - | 517,075 | 538,366 |
| Conference | 113,990 | - | - | 113,990 | 90,973 |
| Total program services | 1,021,969 | - | - | 1,021,969 | 926,204 |
| Supporting services: | | | | | |
| Management and general | 124,739 | - | - | 124,739 | 137,848 |
| Fundraising | 102,583 | - | - | 102,583 | 44,036 |
| Total supporting services | 227,322 | - | - | 227,322 | 181,884 |
| Total expenses | 1,249,291 | - | - | 1,249,291 | 1,108,088 |
| Change in net assets before expenses for collection items not capitalized | 154,498 | 1,193,098 | (20,441) | 1,327,155 | (115,878) |
| Collection items purchased but not capitalized | 41,000 | - | - | 41,000 | 13,250 |
| Change in net assets | 113,498 | 1,193,098 | (20,441) | 1,286,155 | (129,128) |
| Net assets at beginning of year, as previously stated | 584,676 | 386,387 | 155,081 | 1,126,144 | 1,255,272 |
| Reclassification of net assets (Note 9) | 38,124 | (38,124) | - | - | - |
| Net assets at beginning of year, as restated | 622,800 | 348,263 | 155,081 | 1,126,144 | 1,255,272 |
| Net assets at end of year | \$ 736,298 | \$1,541,361 | \$ 134,640 | \$2,412,299 | \$1,126,144 |

See notes to financial statements.



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 1,286,155 | \$ (129,128) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 35,228 | 27,262 |
| Net unrealized and realized loss on investments | 9,294 | 7,278 |
| (Increase) decrease in operating assets: | | |
| Contributions receivable | (1,111,170) | 771 |
| Inventory | (1,566) | (2,995) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | (65,541) | 176,807 |
| Grants payable | 5,761 | (19,704) |
| Contributions restricted for capital projects | (95,000) | (272,026) |
| Contributions restricted for endowment | (4,559) | (2,091) |
| Net cash provided (used) by operating activities | 58,602 | (213,826) |
| Cash Flows from Investing Activities | | |
| (Increase) decrease in cash restricted for capital campaign | (75,000) | 22,344 |
| Increase in cash restricted for endowment | (6,831) | - |
| Purchase of investments | (69,927) | (29,385) |
| Proceeds from sale of investments | 85,076 | 12,269 |
| Purchase of property and equipment | (23,652) | (151,910) |
| Net cash used by investing activities | (90,334) | (146,682) |
| Cash Flows from Financing Activities | | |
| Proceeds from contributions restricted to endowment | 4,559 | 2,091 |
| Proceeds from contributions restricted for capital projects | 144,213 | 361,352 |
| Net cash provided by financing activities | 148,772 | 363,443 |
| Net increase in cash and cash equivalents | 117,040 | 2,935 |
| Cash and cash equivalents at beginning of year | 244,733 | 241,798 |
| Cash and cash equivalents at end of year | \$ 361,773 | \$ 244,733 |
| Noncash investing activities: | | |
| Donation of equipment | \$ 20,000 | \$ - |

See notes to financial statements.



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015 with Comparative Total for 2014

| | Program Services | | | | Supporting Services | | | Total Program and Supporting Services | |
|---|----------------------|-----------------------|-------------------|------------------------------|---------------------------|-------------------|---------------------------------|--|---------------------|
| | Animal Management | Field Conservation | Conference | Total Program Services | Management and General | Fund- raising | Total Supporting Services | 2015 | 2014 |
| Grants | \$ - | \$ 104,854 | \$ 13,083 | \$ 117,937 | \$ - | \$ - | \$ - | \$ 117,937 | \$ 193,574 |
| Contractual services (in-kind \$79,738 in 2015 and \$80,994 in 2014) | 177,102 | 191,093 | 16,537 | 384,732 | 47,043 | 93,078 | 140,121 | 524,853 | 479,893 |
| Facilities and equipment (in-kind \$1,770 in 2015 and \$1,770 in 2014) | 59,052 | 71,065 | 354 | 130,471 | 1,193 | 354 | 1,547 | 132,018 | 100,496 |
| Depreciation | 35,228 | - | - | 35,228 | - | - | - | 35,228 | 27,262 |
| Books and subscriptions | 351 | - | - | 351 | 1,541 | - | 1,541 | 1,892 | 1,243 |
| Postage and mailings | 1,598 | 103 | 657 | 2,358 | 6,557 | - | 6,557 | 8,915 | 9,758 |
| Printing and copying | 1,810 | 5,284 | 2,174 | 9,268 | 2,494 | - | 2,494 | 11,762 | 12,408 |
| Supplies | 6,158 | 12,786 | 329 | 19,273 | 818 | - | 818 | 20,091 | 22,266 |
| Animal care | 14,221 | 5,940 | - | 20,161 | - | - | - | 20,161 | 12,798 |
| Bank fees | - | - | - | - | 7,808 | - | 7,808 | 7,808 | 4,928 |
| Membership services | - | - | - | - | 3,349 | - | 3,349 | 3,349 | 4,488 |
| Fundraising | - | - | - | - | - | 9,151 | 9,151 | 9,151 | 10,662 |
| Insurance | - | - | - | - | 16,031 | - | 16,031 | 16,031 | 10,700 |
| Payroll expense | 89,010 | 45,000 | - | 134,010 | 18,319 | - | 18,319 | 152,329 | 61,979 |
| Conferences and meetings | 1,895 | 18,237 | 78,160 | 98,292 | 3,214 | - | 3,214 | 101,506 | 61,975 |
| Travel | 4,479 | 62,543 | 2,696 | 69,718 | 11,787 | - | 11,787 | 81,505 | 78,496 |
| Website | - | - | - | - | 3,099 | - | 3,099 | 3,099 | 3,081 |
| Bad debt | - | - | - | - | - | - | - | - | 10,000 |
| Other | - | 170 | - | 170 | 1,486 | - | 1,486 | 1,656 | 2,081 |
| Total expenses | \$ 390,904 | \$ 517,075 | \$ 113,990 | \$ 1,021,969 | \$ 124,739 | \$ 102,583 | \$ 227,322 | \$ 1,249,291 | \$ 1,108,088 |

See notes to financial statements.



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Turtle Survival Alliance Foundation (the “Foundation”) is incorporated under the laws of the State of Texas as a non-profit organization and is located in Fort Worth, Texas. The Foundation’s mission is transforming passion for turtles into effective conservation action through a global network of living collections and recovery programs. The Foundation is supported primarily through contributions, conference fees, and membership dues.

The Foundation provides conservation efforts in various countries throughout the world and collaborates with other organizations to provide these services in Myanmar (through the Wildlife Conservation Society, which is authorized to conduct financial transactions in Burma in accordance with the Office of Foreign Assets Control issued by the Department of the Treasury), Bangladesh, India, Madagascar, Vietnam, China, Cambodia, Belize, Brazil, Colombia, and the Philippines.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable represent gifts for which the Foundation has received notice from the donors of an unconditional promise to give, but remain unpaid at the statement of financial position date. After reviewing individual pledges for collectability, management writes off pledges that are believed to be uncollectible or records an allowance to provide for any uncertainty. Management has determined that no allowance is necessary at December 31, 2015 and 2014.

Inventory Held for Resale

Inventory consists of merchandise used for retail sales and is stated at cost. Inventory sales are reflected net of cost of goods sold of \$8,032 and \$9,688 in 2015 and 2014, respectively.

Investments

Investments are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses are included in the statement of activities.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment purchases exceeding \$1,000 are capitalized at cost and depreciated over estimated useful lives using the straight-line method. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Collections

The Foundation's collections of turtles are not capitalized and recognized as assets on the statement of financial position. Any expenditures or receipts related to purchases, program service expense, or animal sales revenue are reported separately in the statement of activities in the period in which they occur. The Foundation holds its collections for public exhibition, education, research, and conservation activities, rather than for financial gain. It is impracticable to attempt to assign values to the collection, because the animals have certain attributes, such as species, sex, age, breeding potential, and relationship to others in the ecosystem that make it difficult to determine an objective basis for valuation.

Revenue Recognition

The Foundation records revenue upon receipt of donations or, in the event of an unconditional promise to give, when the commitment has been made to the Foundation. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. Membership dues range from \$25 to \$200 and are recorded at the time the member joins. Conference registration fees are recognized when received.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Materials and Services

Donated assets are reflected as contributions in the accompanying financial statements at their estimated value at the date of receipt. The Foundation received equipment with an estimated value of \$20,000 in 2015. There were no donated assets in 2014.

Donated materials are reflected in the statement of functional expenses, allocated between program and supporting services, at their estimated values at the date of receipt. The recorded amount of donated materials is \$1,770 for the years ended December 31, 2015 and 2014.



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated services are reflected in the statement of functional expenses, allocated between program and supporting services, at the fair value of the services received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The recorded amount of donated services for the years ended December 31, 2015 and 2014, is \$79,738 and \$80,994, respectively. In addition, a substantial number of volunteers have donated significant amounts of their time to the Foundation's program services and its fundraising efforts. No amounts have been reflected in the statements for volunteer services inasmuch as no objective basis is available to measure the value of such services.

Functional Allocation of Expenses

The costs of providing programming and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programming and supporting services.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a) of the Code. At December 31, 2015 and 2014, management determined that there were no uncertain tax positions that require disclosure in the financial statements.

The Foundation's Forms 990, *Exempt Organization Business Income Tax Return*, for the years ended 2014, 2013, and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Prior-Year Comparative 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2014, from which the summarized information is derived.

Subsequent Events

Management evaluated subsequent events through July 7, 2016, which is the date the financial statements were available to be issued.



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CONTRIBUTIONS RECEIVABLE

Promises to give are scheduled to be paid at various times in the future and, accordingly, have been discounted to the present value of the future cash flows using an effective rate of 1.71%.

Estimated annual collections on contributions receivable at December 31, 2015 follow:

| | | |
|----------------------------|----|------------------|
| 2016 | \$ | 604,028 |
| 2017 | | 217,000 |
| 2018 | | 207,000 |
| 2019 | | 200,000 |
| | | <u>1,228,028</u> |
| Less: Unamortized Discount | | (21,051) |
| | \$ | <u>1,206,977</u> |

NOTE 3. FAIR VALUE OF ASSETS AND LIABILITIES

The *Fair Value Measurements and Disclosures Topic* of the Accounting Standards Codification defines fair value as 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 Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include publicly traded stocks, government and corporate bonds, and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. At December 31, 2015 and 2014, all investments are classified as Level 1 and consist of the following:



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

| | 2015 | | 2014 | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Cash and cash equivalents | \$ 347 | \$ 347 | \$ 154 | \$ 154 |
| Equity securities | 11,085 | 5,692 | 6,611 | 700 |
| Mutual funds | 143,271 | 153,543 | 172,381 | 176,230 |
| | <u>\$ 154,703</u> | <u>\$ 159,582</u> | <u>\$ 179,146</u> | <u>\$ 177,084</u> |

Reconciliation to Statement of Financial Position:

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Investments | \$ 26,894 | \$ 24,065 |
| Assets restricted for permanent endowment | 134,640 | 155,081 |
| Less cash restricted for permanent endowment | (6,831) | - |
| | <u>\$ 154,703</u> | <u>\$ 179,146</u> |

Other Financial Instruments

The recorded values of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximates fair value due to their short-term nature. The recorded value of contributions receivable approximates fair value as the discount rate approximates market rates.

NOTE 4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2015 and 2014 follows:

| | 2015 | 2014 |
|-------------------------------|-------------------|-------------------|
| Land and improvements | \$ 116,780 | \$ 116,780 |
| Buildings | 533,005 | 531,869 |
| Furniture and fixtures | 1,630 | 1,630 |
| Machinery and equipment | 72,765 | 39,727 |
| Animal enclosures | 41,066 | 31,588 |
| | <u>765,246</u> | <u>721,594</u> |
| Less accumulated depreciation | (82,010) | (46,782) |
| | <u>\$ 683,236</u> | <u>\$ 674,812</u> |

NOTE 5. ASSETS RESTRICTED FOR CAPITAL CAMPAIGN

The Foundation started a capital campaign in 2012 to construct the Turtle Survival Center and raise funds required to operate the center for five years. Assets restricted to the campaign consist of the following:

| | 2015 | 2014 |
|--------------------------|-------------------|-------------------|
| Cash | \$ 75,000 | \$ - |
| Contributions receivable | 53,400 | 122,613 |
| | <u>\$ 128,400</u> | <u>\$ 122,613</u> |



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 5. ASSETS RESTRICTED FOR CAPITAL CAMPAIGN (Continued)

Contributors to the campaign have made unconditional promises to give of \$53,400 at December 31, 2015. Management has determined that no allowance for uncollectible contributions is necessary. Collection of the receivable is expected through 2018 as follows:

| | |
|--------------------------|------------------|
| Due in one year | \$ 49,400 |
| Due in two to five years | 4,000 |
| | <u>\$ 53,400</u> |

NOTE 6. ASSETS RESTRICTED FOR PERMANENT ENDOWMENT

During 2011, the Foundation received a bequest of the Bern Tryon Library. The bequest contains various herpetological books and papers which the Foundation is selling. All proceeds are permanently restricted by the donor and the earnings are available to be used for the preservation of the bog turtle. The donated books and papers have questionable or uncertain value and no alternative use adds value to the Foundation. Therefore, the donated books have not been recognized in the financial statements.

Composition and Activity of Endowment Funds

Long-term investment composition by type of funds for the years ended December 31, 2015 and 2014:

| | 2015 | | | |
|------------------|--------------|---------------------------|---------------------------|------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor restricted | \$ (6,601) | \$ - | \$ 134,640 | \$ 128,039 |

| | 2014 | | | |
|------------------|--------------|---------------------------|---------------------------|------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor restricted | \$ - | \$ 1,819 | \$ 155,081 | \$ 156,900 |

The changes in the endowment net assets for the years ended December 31, 2015 and 2014 follow:

| | 2015 | | | |
|----------------------------------|-------------------|---------------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Balance at beginning of period | \$ - | \$ 1,819 | \$ 155,081 | \$ 156,900 |
| Contributions | - | - | 4,559 | 4,559 |
| Interest and dividends | - | 5,296 | - | 5,296 |
| Realized and unrealized losses | - | (7,135) | - | (7,135) |
| Fees | - | (2,081) | - | (2,081) |
| Appropriation for expenditures | - | (4,500) | - | (4,500) |
| Release of donor restriction | - | - | (25,000) | (25,000) |
| Reclassification based on UPMIFA | (6,601) | 6,601 | - | - |
| Balance at end of period | <u>\$ (6,601)</u> | <u>\$ -</u> | <u>\$ 134,640</u> | <u>\$ 128,039</u> |



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 6. ASSETS RESTRICTED FOR PERMANENT ENDOWMENT (Continued)

| | 2014 | | | Total |
|--------------------------------|--------------|------------------------|------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Balance at beginning of period | \$ - | \$ 9,715 | \$ 152,990 | \$ 162,705 |
| Contributions | - | - | 2,091 | 2,091 |
| Interest and dividends | - | 7,177 | - | 7,177 |
| Realized and unrealized losses | - | (4,933) | - | (4,933) |
| Fees | - | (140) | - | (140) |
| Appropriation for expenditures | - | (10,000) | - | (10,000) |
| Balance at end of period | <u>\$ -</u> | <u>\$ 1,819</u> | <u>\$ 155,081</u> | <u>\$ 156,900</u> |

Interpretation of Relevant Law

The Foundation's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the State of Texas requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Therefore, the Foundation will classify as permanently restricted net assets:

- The original value of gifts donated to the permanent endowment,
- The original value of subsequent gifts to the permanent endowment, and
- 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.

Release of donor restriction

During 2015, the Foundation received approval from a donor to release \$25,000 of assets for operating purposes that had previously been permanently restricted by the donor.

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 Foundation to retain as funds of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are required to be reported in unrestricted net assets. At December 31, 2015, the fair value of the funds had fallen below the original contribution amount by \$6,601. There were no such deficiencies at December 31, 2014. This deficiency resulted from unfavorable market conditions and continued appropriations for operations that were deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Endowment's overall return objective is to earn an acceptable rate of earnings while maintaining security of the principal. Since the Endowment has a long-term investment horizon it is in a position to include equities in the asset mix to provide for long-term capital appreciation and hedge against inflation. The benchmark allocation to equities is set at 55%. Fixed income investments are restricted to those with relatively high credit ratings.



THE TURTLE SURVIVAL ALLIANCE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 6. ASSETS RESTRICTED FOR PERMANENT ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives

The Endowment fund maintains a diversified investment portfolio to mitigate market risk. The Foundation's Board of Directors determines the investment policies and objectives and evaluates performance.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Earnings of the Endowment are available to be used for the preservation of the bog turtle.

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets relate to contributions restricted by the donor for a specific purpose.

Restrictions are classified as follows:

| | 2015 | 2014 |
|------------------|---------------------|-------------------|
| Programs | \$ 586,747 | \$ 263,774 |
| Capital campaign | 128,400 | 122,613 |
| Time restriction | 826,214 | - |
| | <u>\$ 1,541,361</u> | <u>\$ 386,387</u> |

NOTE 8. CONCENTRATIONS

The Foundation receives a substantial amount of its support from private foundations and individual donors. During 2015, the Foundation received approximately \$1,460,000 in donations from three donors representing approximately 57% of the Foundation's total revenue.

These donations were made as pledges and have balances of approximately \$1,095,000, which represents 87% of the Foundation's contributions receivable on the statement of financial position.

In 2014, The Foundation received donations of \$175,000 from one donor representing approximately 18% of the Foundation's total revenue.

NOTE 9. RECLASSIFICATION OF NET ASSETS

Previously reported temporarily restricted net assets of \$38,124 have been reclassified as unrestricted net assets. Unrestricted funds were incorrectly included as temporarily restricted contributions. The reclassification had no effect on the total change in net assets.

