

**FELLOW MORTALS, INC.**

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**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

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**YEAR ENDED DECEMBER 31, 2017**

**FELLOW MORTALS, INC.**

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CPAs and Business Advisors

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Fellow Mortals, Inc.

We have audited the accompanying financial statements of Fellow Mortals, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and 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.

### **Auditors' 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 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 Fellow Mortals, Inc. as of December 31, 2017, 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 Fellow Mortals, Inc. 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sitzberger & Company, S.C.*

Sitzberger & Company, S.C.  
Lake Geneva, Wisconsin  
December 12, 2018

FELLOW MORTALS, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017  
WITH COMPARISON TOTALS FOR DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	2017	2016
<u>ASSETS</u>				
Current assets				
Cash	\$ 71,974	\$ 113,496	\$ 185,470	\$ 305,342
Prepaid expenses	4,765	-	4,765	4,111
Total current assets	<u>76,739</u>	<u>113,496</u>	<u>190,235</u>	<u>309,453</u>
Non-current assets				
Fixed assets, net	<u>1,156,024</u>	<u>-</u>	<u>1,156,024</u>	<u>1,046,306</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,232,763</u></b>	<b><u>\$ 113,496</u></b>	<b><u>\$ 1,346,259</u></b>	<b><u>\$ 1,355,759</u></b>
<u>LIABILITIES</u>				
Current liabilities				
Accounts payable	\$ 64,055	\$ -	\$ 64,055	\$ 3,085
Non-current liabilities				
Lease payable	68,794	-	68,794	49,894
Accrued payroll	<u>133,200</u>	<u>-</u>	<u>133,200</u>	<u>133,200</u>
<b>TOTAL LIABILITIES</b>	<b><u>266,049</u></b>	<b><u>-</u></b>	<b><u>266,049</u></b>	<b><u>186,179</u></b>
<u>NET POSITION</u>				
Unrestricted	966,714	-	966,714	959,192
Temporarily restricted	<u>-</u>	<u>113,496</u>	<u>113,496</u>	<u>210,388</u>
<b>TOTAL NET POSITION</b>	<b><u>966,714</u></b>	<b><u>113,496</u></b>	<b><u>1,080,210</u></b>	<b><u>1,169,580</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 1,232,763</u></b>	<b><u>\$ 113,496</u></b>	<b><u>\$ 1,346,259</u></b>	<b><u>\$ 1,355,759</u></b>

See accompanying notes to basic financial statements.

FELLOW MORTALS, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017  
WITH COMPARISON TOTALS FOR YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	2017	2016
<u>REVENUES AND SUPPORT</u>				
Donated services and materials	\$ 229,101	\$ -	\$ 229,101	\$ 229,242
Contributions	321,879	90,750	412,629	589,830
Fundraisers	68,880	-	68,880	35,800
Other	12,998	-	12,998	8,897
Net assets released from donor restrictions	187,642	-	187,642	206,037
<b>TOTAL REVENUES AND SUPPORT</b>	<b>820,500</b>	<b>90,750</b>	<b>911,250</b>	<b>1,069,806</b>
<u>EXPENSES</u>				
Program expenses:				
Wildlife rehabilitation	535,791	-	535,791	529,014
Vehicle expense	7,222	-	7,222	8,489
Public education	49,005	-	49,005	40,201
Volunteer expense	11,277	-	11,277	754
Reference material	1,004	-	1,004	506
Facility lease and maintenance	30,214	-	30,214	28,385
Depreciation	66,321	-	66,321	60,462
Total program expenses	700,834	-	700,834	667,811
Support services:				
Management and general	54,027	-	54,027	77,577
Fundraising	26,070	-	26,070	11,192
Fundraising - donated goods and services	32,047	-	32,047	28,755
Net assets released from donor restrictions	-	187,642	187,642	206,037
Total support services	112,144	187,642	299,786	323,561
<b>TOTAL EXPENSES</b>	<b>812,978</b>	<b>187,642</b>	<b>1,000,620</b>	<b>991,372</b>
<b>CHANGE IN NET ASSETS</b>	<b>7,522</b>	<b>(96,892)</b>	<b>(89,370)</b>	<b>78,434</b>
<b>NET ASSETS - BEGINNING</b>	<b>959,192</b>	<b>210,388</b>	<b>1,169,580</b>	<b>1,091,146</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 966,714</b>	<b>\$ 113,496</b>	<b>\$ 1,080,210</b>	<b>\$ 1,169,580</b>

See accompanying notes to basic financial statements.

FELLOW MORTALS, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017  
WITH COMPARISON TOTALS FOR YEAR ENDED DECEMBER 31, 2016

	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (89,370)	\$ 78,434
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	66,321	60,462
Change in current assets and liabilities:		
Prepaid expenses	(654)	(849)
Accounts payable	60,970	(676)
Lease payable	18,900	16,964
Accrued payroll	-	25,000
	56,167	179,335
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(176,039)	(159,525)
 NET CASH USED FOR INVESTING ACTIVITIES	(176,039)	(159,525)
 NET INCREASE (DECREASE) IN CASH	(119,872)	19,810
 CASH - BEGINNING	305,342	285,532
 CASH - ENDING	\$ 185,470	\$ 305,342

See accompanying notes to basic financial statements.

FELLOW MORTALS, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**Note A – Nature of Activities**

Fellow Mortals, Inc. (the Organization) provides rehabilitation to injured and orphaned wild animals from Southeastern Wisconsin and Northern Illinois communities. The Organization's purpose also involves ongoing research towards preventing and treating these injured and orphaned wild animals, as well as alleviating nuisance problems caused by human interaction, and educating the public on the prevention of cruelty to wild animals.

The Organization relies on contributions from the public, grants, and donated materials and services to maintain its operations.

**Note B – Summary of Significant Accounting Policies**

**a) Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Fellow Mortals and changes therein are classified and reported as follows.

**b) Net Assets** – Net assets consist of the following three categories:

Unrestricted Net Assets

Unrestricted net assets are net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of Fellow Mortals Inc. and/or the passage of time. When a restriction expires, 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 Net Assets

Net assets subject to donor-imposed stipulations are to be maintained permanently by Fellow Mortals, Inc. Generally, the donors of these assets permit Fellow Mortals, Inc. to use all or part of the income earned on any related investments for general or specific purposes. Fellow Mortals does not have any permanently restricted net assets to maintain as of December 31, 2017.

The statements of activities and changes in net assets present net increases (e.g., revenues) and decreases (e.g., expenses) in net assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**c) Cash and Cash Equivalents**

Cash and cash equivalents consist of checking and savings accounts and certificates of deposit which are stated at cost. For purposes of the statement of cash flows, Fellow Mortals, Inc. considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.



FELLOW MORTALS, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**Note B – Summary of Significant Accounting Policies (continued)**

**d) Property and Equipment**

Property and equipment are stated at cost or at the estimated fair market value as of the date of donation if cost is not known. Repairs and maintenance are charged to expense as incurred.

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. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method and the following lives:

Caging and equipment	7 years
Computers, office equipment, and vehicles	3 - 5 years
Leasehold improvements	10 -15 years
Buildings	39 years

**e) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**f) Income Taxes**

The Organization 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 to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

**Note C – Prior Year Summarized 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2016, from which the summarized information was derived.

FELLOW MORTALS, INC.  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

**Note D – Cash and Cash Equivalents**

Cash and cash equivalents at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Chase Bank	\$ 185,470	\$ 305,342

The Federal Depositor’s Insurance Organization insures the deposits of the Fellow Mortals, Inc. in the amount of \$250,000 per banking institution. At December 31, 2017 Fellow Mortals, Inc. had bank balances of \$190,206 resulting in all balances being insured. At December 31, 2016 Fellow Mortals, Inc. had bank balances of \$323,524 and deposits of \$73,524 were uninsured. The difference between the bank and book balances was due to outstanding checks.

**Note E – Donated Materials, Services, and Fixed Assets**

Donated materials, equipment, and services requiring specialized skills are reflected in the accompanying statements at their estimated fair market values at the date of receipt. Estimated fair market values were provided by management.

Donations received in 2017 to be used for wildlife rehabilitation consist of the following:

Services requiring specialized skills	\$ 194,536
Feed and materials	2,518
	\$ 197,054

Donations received in 2017 to be used for fund-raising consist of the following:

Silent auction donations	\$ 22,647
Goods and services for dinner event	9,400
	\$ 32,047

FELLOW MORTALS, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**Note F – Fixed Assets and Depreciation**

A summary of fixed assets at December 31, 2017 follows:

	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017	Estimated Useful Life (Years)
Fixed assets not being depreciated					
Land	\$ 248,400	\$ -	\$ -	\$ 248,400	NA
Artwork	800	-	-	800	NA
Construction in progress	129,139	153,650	-	282,789	NA
Total fixed assets not being depreciated	<u>378,339</u>	<u>153,650</u>	<u>-</u>	<u>531,989</u>	
Fixed assets being depreciated					
Buildings	204,000	-	-	204,000	39
Flight Cage	260,786	9,300	-	270,086	15
Leasehold improvements	690,977	-	-	690,977	10-15
Caging	60,317	-	-	60,317	7
Equipment	161,421	976	-	162,397	5
Computers and office equipment	29,990	-	-	29,990	5
Vehicles	40,144	12,113	-	52,257	5
Total fixed assets being depreciated	<u>1,447,635</u>	<u>22,389</u>	<u>-</u>	<u>1,470,024</u>	
Total fixed assets	<u>1,825,974</u>	<u>176,039</u>	<u>-</u>	<u>2,002,013</u>	
Less: accumulated depreciation	<u>(779,668)</u>	<u>(66,321)</u>	<u>-</u>	<u>(845,989)</u>	
Fixed assets, net	<u>\$ 1,046,306</u>			<u>\$ 1,156,024</u>	

Total property and equipment includes donated assets valued at \$579,372 as of the original dates of donation. Depreciation expense for 2017 was \$66,321.

**Note G – Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2017 consisted of the following:

Critical care wing	\$ 48,496
Annie Marra	50,000
John & Joanne Anderson Fund	3,000
Mary Carson Bumann	12,000
Total Restricted Net Assets	<u>\$ 113,496</u>

FELLOW MORTALS, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**Note H – Related Party Transactions**

The Organization has entered into an agreement with the two founding board members to lease the property and structures where it operates. In addition to rental terms, the lease provides that the organization be responsible for liability and business insurance and repairs and maintenance to the structures which were improved solely for the use of the Organization. Property taxes and a portion of the insurance are paid by the board members. The Organization is named as sole beneficiary of the property in the wills of the founding board.

Rent expense for 2017 and 2016 amounted to \$24,000 and \$24,000, respectively. At December 31, 2017 the Organization is carrying a noncurrent liability of \$68,794 for this lease payable. The Organization believes this rent is fair based on similar properties in the area.

In 2011 the Organization received donated property in the form of 52 acres of land, improvements, residence and other structures from an individual related to one of the Organizations board members. This property was received quit claim deed. This site is exempt from property tax to the Organization and is used as a release site for certain species of rehabilitated wildlife and is also used to provide education programs to the general public. The property has been valued at \$452,400 based on the value at the time of receipt.

The Organization is carrying a liability for accrued payroll to a board member on staff who is a licensed wildlife rehabilitator as well as serving as facilities manager. The payroll has accrued over multiple years. The accrued payroll had a balance of \$133,200 at December 31, 2017.

**Note I – Subsequent Events**

Subsequent events have been evaluated through December 12, 2018, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. There were no subsequent events to disclose.

**Note J – Tax Status**

The Organization is exempt from income taxes under Federal Revenue Code Section 501(c)(3) except for amounts representing unrelated business income. The Organization did not recognize any income on unrelated business activity for the year ended December 31, 2017.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the tax years 2012 and beyond remain subject to examination by the Internal Revenue Service.