

**FELLOW MORTALS, INC.**

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**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

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**YEAR ENDED DECEMBER 31, 2018**

**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, 2018, and the related statements of activities and changes in net assets, 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.

### 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 Organization'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 Organization'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, 2018, 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.

To the Board of Directors  
Fellow Mortals, Inc.

**Report on Summarized Comparative Information**

We have previously audited the Fellow Mortals, Inc. 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, 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  
January 30, 2020

FELLOW MORTALS, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017

ASSETS

	2018	2017
<u>ASSETS</u>		
Current:		
Cash and cash equivalents	\$ 217,985	\$ 185,470
Prepaid expenses	-	4,765
Non-current:		
Property and equipment, net	1,502,752	1,156,024
 TOTAL ASSETS	 \$ 1,720,737	 \$ 1,346,259

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>		
Current:		
Accounts payable	\$ 75,582	\$ 64,055
Non-current:		
Lease payable	73,820	68,794
Accrued payroll	133,200	133,200
 TOTAL LIABILITIES	 282,602	 266,049
 <u>NET ASSETS</u>		
Without donor restrictions	1,378,135	966,714
With donor restrictions	60,000	113,496
 TOTAL NET ASSETS	 1,438,135	 1,080,210
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,720,737	 \$ 1,346,259

See accompanying notes.

FELLOW MORTALS, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
<u>REVENUES AND SUPPORT</u>				
Donated materials and services	\$ 366,110	\$ -	\$ 366,110	\$ 229,101
Contributions	458,696	236,953	695,649	412,629
Fundraisers	77,114	-	77,114	68,880
Other	4,357	-	4,357	12,998
Net assets released from donor restrictions	290,449	(290,449)	-	-
TOTAL REVENUES AND SUPPORT	1,196,726	(53,496)	1,143,230	723,608
<u>EXPENSES</u>				
Program services:				
Wildlife rehabilitation	649,701	-	649,701	656,967
Public education	53,090	-	53,090	59,299
Total program services	702,791	-	702,791	716,266
Support services:				
Management and general	41,659	-	41,659	38,595
Fundraising	40,801	-	40,801	58,117
Total support services	82,460	-	82,460	96,712
TOTAL EXPENSES	785,251	-	785,251	812,978
<u>NON-OPERATING GAINS (LOSSES)</u>				
Loss on disposal of property and equipment	(54)	-	(54)	-
CHANGE IN NET ASSETS	411,421	(53,496)	357,925	(89,370)
NET ASSETS - BEGINNING OF YEAR	966,714	113,496	1,080,210	1,169,580
NET ASSETS - END OF YEAR	<u>\$ 1,378,135</u>	<u>\$ 60,000</u>	<u>\$ 1,438,135</u>	<u>\$ 1,080,210</u>

See accompanying notes.

FELLOW MORTALS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017

	2018				2017	
	Program Services		Support Services		Totals	Totals
	Wildlife Rehabilitation	Public Education	Management and General	Fundraising		
Wages and taxes	\$ 118,356	\$ 16,224	\$ 5,408	\$ -	\$ 139,988	\$ 144,923
Employee benefits	51,652	-	-	-	51,652	62,267
Vehicle expense	9,725	-	-	-	9,725	7,222
Volunteer meals and benefits	6,681	-	-	-	6,681	11,277
Feed	79,791	-	-	-	79,791	82,318
Animal care supplies	24,505	-	-	-	24,505	25,452
Veterinary and diagnostic	38,681	-	-	-	38,681	42,197
Off-site rehabilitation	1,063	-	-	-	1,063	978
Intern expense	16,682	-	-	-	16,682	24,886
Cremation	1,856	-	-	-	1,856	2,376
Animal transportation	142	-	-	-	142	60
Specialized services donations	175,396	-	-	-	175,396	150,036
Auction items	-	-	-	36,312	36,312	32,047
Facility rent and maintenance	31,063	-	-	-	31,063	30,214
Equipment repair and rental	1,380	-	-	-	1,380	3,977
Depreciation	62,048	-	3,266	-	65,314	66,321
Utilities	10,822	6,914	1,210	-	18,946	19,069
Insurance	19,858	-	-	-	19,858	16,263
Office supplies	-	2,144	3,455	-	5,599	10,714
Professional services	-	-	19,174	-	19,174	8,069
Bank and credit card fees	-	-	6,903	-	6,903	6,899
Licensing	-	-	552	-	552	1,175
Marketing and public education	-	17,028	-	4,489	21,517	54,372
Print and reference materials	-	1,225	-	-	1,225	1,004
Continuing education	-	7,804	-	-	7,804	4,479
Donor appreciation	-	-	1,084	-	1,084	3,416
Other	-	1,751	607	-	2,358	967
<b>TOTAL EXPENSES</b>	<b>\$ 649,701</b>	<b>\$ 53,090</b>	<b>\$ 41,659</b>	<b>\$ 40,801</b>	<b>\$ 785,251</b>	<b>\$ 812,978</b>

See accompanying notes.

FELLOW MORTALS, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018  
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017

	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 357,925	\$ (89,370)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	65,314	66,321
Loss on disposal of property and equipment	54	-
Change in current assets and liabilities:		
Decrease (increase) in prepaid expenses	4,765	(654)
Increase in accounts payable	11,527	60,970
Increase in lease payable	5,026	18,900
	444,611	56,167
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(412,096)	(176,039)
 NET INCREASE (DECREASE) IN CASH	32,515	(119,872)
 CASH - BEGINNING OF YEAR	185,470	305,342
 CASH - END OF YEAR	\$ 217,985	\$ 185,470
 <u>SUPPLEMENTAL CASH FLOW DISCLOSURE</u>		
Interest paid	\$ -	\$ -

See accompanying notes.



FELLOW MORTALS, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note A - Nature of Activities**

Fellow Mortals, Inc. (the "Organization") is a not-for-profit organization that focuses on providing 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**

**Basis of Presentation**

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

*Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

*With Donor Restrictions* - Net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time, these restrictions are temporary in nature. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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.

**Support and Contributions**

Support and contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support or contribution is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

**Functional Allocation of Expenses**

The Organization allocated expenses on a functional basis among the various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or support service, requiring allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as occupancy, which is allocated on a square footage basis.

FELLOW MORTALS, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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

**Cash and Cash Equivalents**

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

**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 net assets with donor restrictions to net assets without donor restrictions 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

**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.

**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. The Organization does not consider any of its support to be unrelated business income and, accordingly, no provision for income taxes have been provided in the accompanying financial statements.

**Reclassifications**

Certain accounts in the prior-year comparative financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. There was no impact on previously reported change in net assets.

FELLOW MORTALS, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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

**Concentration of Credit Risk**

The Organization maintains cash balances at one Wisconsin financial institution and at times the balance may exceed federally insured limits. The Organization has never experienced any losses related to those balances.

At December 31, 2018 the carrying amount of the Organization's deposits was \$217,985 and the bank balance was \$239,469; no deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC). The Organization did not hold any investments during 2018 or at year end.

**New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense classification. 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, 2017, from which the summarized information was derived.

**Note C - Liquidity and Availability**

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2018</u>
Financial assets at year end:	
Cash and cash equivalents	<u>\$ 217,985</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(60,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 157,985</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures come due. The Organization transfers excess cash to short-term investments, including money market accounts.

FELLOW MORTALS, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note D - Property and Equipment**

A summary of property and equipment at December 31, 2018 follows:

	<u>Balances</u>			<u>Balances</u>	Estimated
	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>	Useful Life
					(Years)
Assets not being depreciated:					
Land	\$ 248,400	\$ -	\$ -	\$ 248,400	N/A
Artwork	800	-	-	800	N/A
Construction in progress	<u>282,789</u>	<u>-</u>	<u>(282,789)</u>	<u>-</u>	N/A
Total assets not being depreciated	<u>531,989</u>	<u>-</u>	<u>(282,789)</u>	<u>249,200</u>	
Assets being depreciated:					
Buildings	204,000	694,885	-	898,885	39
Flight cage	270,086	-	-	270,086	15
Leasehold improvements	690,977	-	-	690,977	10-15
Caging	60,317	-	(10,269)	50,048	7
Equipment	162,397	-	(34,968)	127,429	5
Computers and office equipment	29,990	-	(22,646)	7,344	5
Vehicles	<u>52,257</u>	<u>-</u>	<u>(12,460)</u>	<u>39,797</u>	5
Total assets being depreciated	1,470,024	694,885	(80,343)	2,084,566	
Less: accumulated depreciation	<u>(845,989)</u>	<u>(65,314)</u>	<u>80,289</u>	<u>(831,014)</u>	
Net assets being depreciated	<u>624,035</u>	<u>629,571</u>	<u>(54)</u>	<u>1,253,552</u>	
Property and equipment, net	<u>\$ 1,156,024</u>			<u>\$ 1,502,752</u>	

Total property and equipment includes donated assets valued at \$689,604 as of the original dates of donation. Depreciation expense for 2018 was \$65,314.

**Note E - Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or periods for the year ended December 31, 2018:

	<u>2018</u>
Subject to program expenditure for a specified purpose:	
Construction of facilities	<u>\$ 60,000</u>
Total net assets with donor restrictions	<u>\$ 60,000</u>

During the year ended December 31, 2018, net assets with donor restrictions were released for the following purposes:

	<u>2018</u>
Satisfaction of purpose restrictions:	
Construction of facilities	\$ 223,496
Staff salaries	50,000
Intern stipends	<u>16,953</u>
Total net assets released from donor restrictions	<u>\$ 290,449</u>

FELLOW MORTALS, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note F - Donated Materials, Services, and Property and Equipment**

Donated materials, services requiring specialized skills, and property and equipment 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.

	2018
Donations received to be used for wildlife rehabilitation consist of the following:	
Services requiring specialized skills	\$ 214,896
Feed and materials	4,670
	\$ 219,566
Donations received to be used for fundraising consist of the following:	
Silent auction items	\$ 25,912
Goods and services for dinner event	10,400
	\$ 36,312
Donations received to be used in the acquisition and construction of property and equipment consist of the following:	
Services requiring specialized skills	\$ 59,990
Materials	50,242
	\$ 110,232

**Note G - 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. At December 31, 2018 the Organization is carrying a non-current liability of \$73,820 for this lease payable. Rent expense for the year ended December 31, 2018 was \$24,000; management 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 Organization's 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 and buildings have been valued at \$452,400, based on fair market 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, 2018.

**Note H - Subsequent Events**

Subsequent events have been evaluated through January 30, 2020, 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.