

THE RUFFED GROUSE SOCIETY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
December 31, 2018 and 2017

THE RUFFED GROUSE SOCIETY

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 23

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Ruffed Grouse Society

We have audited the accompanying financial statements of The Ruffed Grouse Society (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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

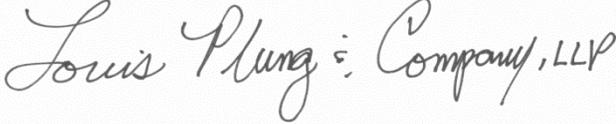
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ruffed Grouse Society as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Louis Plung & Company, LLP

Pittsburgh, Pennsylvania
May 6, 2019

THE RUFFED GROUSE SOCIETY

STATEMENTS OF FINANCIAL POSITION December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 746,673	\$ 1,160,969
Accounts receivable - trade	140,467	182,087
Pledges receivable - net	796,671	1,001,999
Grants receivable	172,974	172,862
Inventory	291,484	299,212
Prepaid expenses	71,781	34,570
Marketable securities	4,806,335	4,995,697
Land held for investment	492,000	492,000
Property and equipment - net	<u>412,334</u>	<u>419,732</u>
TOTAL ASSETS	\$ <u>7,930,719</u>	\$ <u>8,759,128</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Line of credit	\$ 919,488	\$ 1,133,687
Note payable	23,256	-
Accounts payable	234,318	161,773
Accrued retirement	38,574	45,839
Accrued expenses	53,480	81,329
Checks issued but not yet presented	-	21,562
Deferred grant income	34,044	12,184
Other deferred revenue	<u>9,956</u>	<u>2,725</u>
Total liabilities	<u>1,313,116</u>	<u>1,459,099</u>
NET ASSETS		
Without donor restrictions		
Undesignated	(228,149)	262,519
Designated by the Board for quasi-endowment	<u>5,364,579</u>	<u>5,974,135</u>
	5,136,430	6,236,654
With donor restrictions		
Perpetual in nature	124,840	124,590
Purpose restrictions	1,321,776	920,004
Time-restricted for future periods	<u>34,557</u>	<u>18,781</u>
	<u>1,481,173</u>	<u>1,063,375</u>
Total net assets	<u>6,617,603</u>	<u>7,300,029</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>7,930,719</u>	\$ <u>8,759,128</u>

The accompanying notes are an integral part of these financial statements.

THE RUFFED GROUSE SOCIETY

STATEMENT OF ACTIVITIES Year Ended December 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2018</u>
OPERATING REVENUE			
Contributions	\$ 343,630	\$ 670,408	\$ 1,014,038
Grant income	305,624	457,151	762,775
Membership dues	574,204	-	574,204
Corporate sponsors	17,700	-	17,700
Banquet and event revenue	2,231,114	-	2,231,114
Sales of merchandise	75,577	-	75,577
Advertising income	57,816	-	57,816
Fundraising	42,828	-	42,828
Timber sales	70,504	-	70,504
Forestry clearing and consulting	145,972	-	145,972
Miscellaneous income	20,220	-	20,220
	3,885,189	1,127,559	5,012,748
Net assets released from restrictions:			
Restrictions satisfied	695,804	(695,804)	-
Total operating revenue	4,580,993	431,755	5,012,748
OPERATING EXPENSES			
Program services:			
Membership services	723,346	-	723,346
Chapter operations	1,861,779	-	1,861,779
General education and outreach	501,023	-	501,023
Habitat projects	1,272,112	-	1,272,112
Research	199,489	-	199,489
Advocacy	52,184	-	52,184
Supporting services:			
Administration	416,301	-	416,301
Fundraising	189,668	-	189,668
Total operating expenses	5,215,902	-	5,215,902
Change in net assets from operations	(634,909)	431,755	(203,154)
NON-OPERATING INCOME (EXPENSES)			
Net investment return	(389,485)	(13,957)	(403,442)
Gain on disposal of property and equipment	10,634	-	10,634
Gain from uncollectible pledges receivable	100,000	-	100,000
Depreciation expense	(186,464)	-	(186,464)
Total non-operating income (expenses)	(465,315)	(13,957)	(479,272)
Change in net assets	(1,100,224)	417,798	(682,426)
Net assets at beginning of year	6,236,654	1,063,375	7,300,029
NET ASSETS AT END OF YEAR	\$ 5,136,430	\$ 1,481,173	\$ 6,617,603

The accompanying notes are an integral part of these financial statements.

THE RUFFED GROUSE SOCIETY

STATEMENT OF ACTIVITIES Year Ended December 31, 2017

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2017</u>
OPERATING REVENUE			
Contributions	\$ 1,058,520	\$ 800,614	\$ 1,859,134
Grant income	432,245	-	432,245
Membership dues	601,250	-	601,250
Corporate sponsors	18,000	-	18,000
Banquet and event revenue	2,483,931	-	2,483,931
Sales of merchandise	93,043	-	93,043
Advertising income	65,992	-	65,992
Fundraising	50,622	-	50,622
Timber sales	39,585	-	39,585
Forestry clearing and consulting	97,576	-	97,576
Miscellaneous income	20,554	-	20,554
	4,961,318	800,614	5,761,932
Net assets released from restriction:			
Restriction satisfied	523,920	(523,920)	-
Total operating revenue	5,485,238	276,694	5,761,932
OPERATING EXPENSES			
Program services:			
Membership services	802,217	-	802,217
Chapter operations	1,960,308	-	1,960,308
General education and outreach	566,469	-	566,469
Habitat projects	963,326	-	963,326
Research	227,394	-	227,394
Advocacy	51,017	-	51,017
Supporting services:			
Administration	428,107	-	428,107
Fundraising	188,312	-	188,312
Total operating expenses	5,187,150	-	5,187,150
Change in net assets from operations	298,088	276,694	574,782
NON-OPERATING INCOME (EXPENSES)			
Net investment return	774,499	29,239	803,738
Loss on disposal of property and equipment	(10,329)	-	(10,329)
Loss from uncollectible pledge receivables	(196,195)	-	(196,195)
Depreciation expense	(198,770)	-	(198,770)
Total non-operating income (expenses)	369,205	29,239	398,444
Change in net assets	667,293	305,933	973,226
Net assets at beginning of year	5,569,361	757,442	6,326,803
NET ASSETS AT END OF YEAR	\$ 6,236,654	\$ 1,063,375	\$ 7,300,029

The accompanying notes are an integral part of these financial statements.

THE RUFFED GROUSE SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES Year Ended December 31, 2018

	Membership Services	Chapter Operations	General Education & Outreach	Habitat Projects	Research	Advocacy	Administration	Fundraising	Totals
Advertising	\$ -	\$ -	\$ 41,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,574
Bank charges	-	-	-	-	-	-	8,437	-	8,437
Banquet expenses	179,613	700,489	-	-	-	-	-	17,962	898,064
Chapter activities expenses	4,830	103,401	-	-	128,703	-	25,792	16,744	279,470
Cost of sales - merchandise	33,521	-	-	-	-	-	-	-	33,521
Cost of sales - timber and forestry	-	-	-	10,575	-	-	-	-	10,575
Data processing	584	1,922	798	767	117	117	370	347	5,022
Dues and subscriptions	-	28,658	-	-	-	23	1,558	-	30,239
Educational programs	-	-	52,047	325	-	-	-	-	52,372
General support	8,067	26,544	11,021	10,598	1,616	1,616	5,105	4,793	69,360
Habitat workshops	-	-	-	859,453	-	-	-	-	859,453
Insurance	813	2,675	1,111	1,068	163	163	515	483	6,991
Interest	-	-	-	-	-	-	38,738	-	38,738
Legal and accounting	-	-	-	-	-	-	25,607	-	25,607
Meetings and conferences	-	-	-	-	-	-	2,810	-	2,810
Membership expenses	36,358	-	-	-	-	-	-	-	36,358
Miscellaneous	5,641	-	-	-	-	-	75,530	-	81,171
Postage and delivery	17,637	19,278	-	-	-	-	6,419	-	43,334
Rent, utilities and cleaning	14,699	48,369	20,083	19,312	2,945	2,945	9,303	8,733	126,389
Research projects	-	-	51,680	-	2,033	-	-	-	53,713
RGS publications	128,715	-	-	-	-	-	-	-	128,715
Salaries and benefits	226,709	746,015	309,751	297,860	62,012	45,420	143,472	134,700	1,965,939
Supplies and equipment rental	61,950	34,948	7,208	6,931	1,057	1,057	35,068	3,405	151,624
Telephone	4,209	13,849	5,750	5,529	843	843	2,664	2,501	36,188
Travel and auto	-	135,631	-	59,694	-	-	34,913	-	230,238
Total	\$ 723,346	\$ 1,861,779	\$ 501,023	\$1,272,112	\$ 199,489	\$ 52,184	\$ 416,301	\$ 189,668	\$ 5,215,902

The accompanying notes are an integral part of these financial statements.

THE RUFFED GROUSE SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES Year Ended December 31, 2017

	<u>Membership Services</u>	<u>Chapter Operations</u>	<u>General Education & Outreach</u>	<u>Habitat Projects</u>	<u>Research</u>	<u>Advocacy</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Totals</u>
Advertising	\$ -	\$ -	\$ 50,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,338
Bank charges	-	-	-	-	-	-	8,366	-	8,366
Banquet and event expenses	208,116	811,652	-	-	-	-	-	20,812	1,040,580
Chapter activities expenses	4,533	120,414	-	-	42,332	-	25,546	16,011	208,836
Cost of sales - merchandise	42,979	-	-	-	-	-	-	-	42,979
Cost of sales - timber and forestry	-	-	-	3,861	-	-	-	-	3,861
Data processing	664	2,186	908	873	133	133	421	395	5,713
Dues and subscriptions	-	612	-	-	-	23	3,340	-	3,975
Educational programs	-	-	89,381	1,050	-	-	-	-	90,431
General support	3,224	10,608	4,404	4,235	646	646	2,039	1,915	27,717
Habitat workshops	-	-	-	556,288	-	-	-	-	556,288
Insurance	843	2,774	1,152	1,107	169	169	534	501	7,249
Interest	-	-	-	-	-	-	40,385	-	40,385
Legal and accounting	-	-	-	-	-	-	16,996	-	16,996
Membership expenses	65,685	-	-	-	-	-	-	-	65,685
Meetings and conferences	-	-	-	-	-	-	3,334	-	3,334
Miscellaneous	3,542	-	-	-	-	-	73,443	-	76,985
Postage and delivery	14,215	15,537	-	-	-	-	6,155	-	35,907
Rent, utilities and cleaning	14,526	47,800	19,846	19,085	2,910	2,915	9,192	8,631	124,905
Research projects	-	-	79,027	-	140	-	-	-	79,167
RGS publications	137,045	-	-	-	-	-	-	-	137,045
Salaries and benefits	225,536	742,154	308,148	296,319	179,118	45,185	143,586	134,002	2,074,048
Supplies and equipment rental	77,298	35,885	7,785	7,486	1,142	1,142	42,770	3,662	177,170
Telephone	4,011	13,199	5,480	5,270	804	804	2,538	2,383	34,489
Travel and auto	-	157,487	-	67,752	-	-	49,462	-	274,701
Total	<u>\$ 802,217</u>	<u>\$ 1,960,308</u>	<u>\$ 566,469</u>	<u>\$ 963,326</u>	<u>\$ 227,394</u>	<u>\$ 51,017</u>	<u>\$ 428,107</u>	<u>\$ 188,312</u>	<u>\$ 5,187,150</u>

The accompanying notes are an integral part of these financial statements.

THE RUFFED GROUSE SOCIETY

STATEMENT OF CASH FLOWS Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors and sponsors	\$ 1,310,253	\$ 885,124
Cash received from grants	784,523	331,167
Cash received from membership dues	608,248	643,703
Cash received from banquets	2,283,744	2,483,931
Miscellaneous receipts	525,496	367,372
Cash paid to employees	(1,961,943)	(2,078,491)
Cash paid to suppliers	(3,228,835)	(2,985,656)
Interest paid	<u>(38,738)</u>	<u>(40,385)</u>
Net cash provided by (used in) operating activities	<u>282,748</u>	<u>(393,235)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of marketable securities	4,594,113	2,095,416
Purchases of marketable securities	(4,867,396)	(1,928,059)
Purchase of property and equipment	(156,186)	(124,576)
Investment fees paid	(53,376)	(53,170)
Proceeds on disposal of property and equipment	<u>-</u>	<u>89,608</u>
Net cash provided by (used in) investing activities	<u>(482,845)</u>	<u>79,219</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (payments) on line of credit	<u>(214,199)</u>	<u>249,616</u>
Net cash provided by (used in) financing activities	<u>(214,199)</u>	<u>249,616</u>
Net decrease in cash and cash equivalents	(414,296)	(64,400)
Cash and cash equivalents at beginning of year	<u>1,160,969</u>	<u>1,225,369</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>746,673</u>	\$ <u>1,160,969</u>

The accompanying notes are an integral part of these financial statements.

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Ruffed Grouse Society (the "Society") is a not-for-profit entity dedicated to improving the environment for the ruffed grouse, the American woodcock, and many other species of forest wildlife. The accompanying financial statements include the accounts of the Society's headquarters operations only and do not include the accounts and operations of the Society's various chapters. Commencing in 2014, the Society created the American Woodcock Society which is operating as an assumed name business in accordance with Virginia law. All of the transactions of the American Woodcock Society are included in these financial statements.

Basis of Accounting - The Society's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Expenses are recognized in the period in which the related liability is incurred.

Cash and Cash Equivalents - The Society considers all short-term instruments purchased with maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to specific projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Marketable securities - The Society records investment purchases at cost, or if donated, fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Allowance for Doubtful Accounts - The management of the Society considers whether receivable balances are fully collectible. If any amounts become uncollectible, they will be charged to bad debts in the statement of activities when that determination is made. No allowance has been provided for accounts receivable or grants receivable as of December 31, 2018 and 2017. For pledges receivable, an allowance for doubtful accounts has been provided for as of December 31, 2018 and 2017 in the amount of \$6,000 and \$106,000, respectively.

Revenues and Pledges - All contributions are considered to be available without restriction unless specifically restricted by the donor. Pledges are recorded as receivables at the time the pledges are made and allowances are provided for pledges estimated to be uncollectible. Pledges due in the next year are recorded at their net realizable value. Pledges due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are to be received to discount the amounts.

The Society records donated land and equipment used in its operations as contribution income at estimated fair values as of the date of receipt. Donated goods and prizes for banquets, which are held at the chapter level, are not recorded and are not reflected in inventory or in cost of sales in the statement of activities.

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

Inventory - Inventory is valued using the average cost method. Inventory consists of various items that the members of the Society can purchase online, at banquets and other events that are held to promote the Society. The merchandise includes guns, artwork, outdoor apparel, binoculars and other items.

Property and Equipment - Purchased property and equipment are stated at cost or, if donated, at fair market value as determined by the donor at the date of donation. Additions of leasehold improvements, vehicles, forestry equipment and office furniture and equipment, in excess of \$1,000, are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statement of activities. Repair and maintenance charges which do not increase the useful lives of the assets are charged to expense as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

	<u>Years</u>
Leasehold Improvements	8
Vehicles	5
Forestry Equipment	5 - 10
Office Furniture and Equipment	3 - 5

Impairment of Long-lived Assets - Management of the Society considers the valuation and depreciation of property and equipment and the valuation of the land held for investment to be reasonable. Management considers both the current and future levels of undiscounted cash flows generated by the Society and the continuing value of property and equipment and land held for investment to determine when and if an impairment has occurred. Any write-downs due to impairment are charged to expense at the time the impairment is identified. No such write-downs due to impairment have been recorded in 2018 and 2017.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board of directors has designated, from net assets without donor restrictions, net assets for a board designated quasi-endowment.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Society reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Advertising - The Society expenses advertising costs as they are incurred. Advertising costs include indirect advertising. Advertising costs incurred during the years ended December 31, 2018 and 2017 were \$19,826 and \$19,746, respectively.

Functional Expenses - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Every five years the Society performs a time study to provide a reasonable allocation of expenses that are not directly related to programs. Salaries, wages, and related costs are allocated directly to programs, supporting services, and fundraising based on the results of the time study. Certain expenses including legal and accounting and interest are allocated entirely to administration services. Habitat workshops are allocated entirely to habitat projects. Occupancy expenses including rent and utilities are allocated based on time incurred on a particular function by the staff in that office. Other expenses such as depreciation and professional fees are allocated based on the actual nature of the expense.

Income Taxes - The Society is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Society's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) as it has been classified as an organization that is not a private foundation under Section 509(a)(2).

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Society has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Society believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Society's financial condition, results of operations or cash flows. Accordingly, the Society has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2018 and 2017. The Society's policy is to classify any income tax related interest and penalties to interest expense and other expenses, respectively.

The Society is subject to routine audits by taxing jurisdictions: however, there are currently no audits for any tax periods in progress.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences - Employees of the Society are entitled to paid vacation depending on length of service and other factors in accordance with a written policy. Vacation may be accrued up to four weeks for each employee and would be paid upon termination of employment. The liability for accrued compensated absences as of December 31, 2018 and 2017 is \$49,355 and \$38,094, respectively, and is included in accrued expenses in the accompanying statements of financial position.

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

Concentration of Credit Risk - The Society maintains its cash and cash equivalents with two financial institutions as of December 31, 2018 and 2017. Its accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The FDIC provides each depositor up to \$250,000 in coverage at each separately chartered insured depository institution. The Society has not experienced any losses on the deposits and management believes the Society is not exposed to any significant credit risk related to cash. At December 31, 2018 and 2017, the uninsured balances totaled \$286,364 and \$910,969, respectively.

In 2018, the Society had no contribution revenue concentrations. In 2017, the Society received approximately 74% of contribution revenue from two contributors. One of these contributors has a pledge receivable balance at December 31, 2017 of \$1,000,000.

Recent Accounting Standards Updates - The Financial Accounting Standards Board issued new Accounting Standards Updates (ASUs) addressing various accounting and reporting standards. Management has determined based on their review that the following ASUs issued recently may be applicable to the Society. As new ASUs are released, management will assess if they are applicable and if they are applicable, their affect will be included in the notes to the financial statements.

In June 2018, the FASB issued ASU 2018-08 that was intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The two main provisions are as follows:

- 1) Characterizing grants and similar contracts as reciprocal exchanges or contributions.
 - A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. A benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.
 - Execution of a resource provider's mission does not constitute commensurate value received by a resource provider for determining whether a transfer of assets is a contribution or exchange.

- 2) Determining whether a contribution is conditional or unconditional.

A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the resources and a right of return for the assets transferred.

To assess whether an agreement contains a barrier, the organization would consider the following indicators:

- A measure performance-related barrier such as a specific level of service, output or outcome.
- Limits on the recipient's discretion over the conduct of an activity - specific protocol to follow such as guidelines, qualifying expenses or hiring (more specific than a donor restriction).
- Whether a stipulation is related to the purpose of the agreement and not administrative or trivial.

For a barrier to exist, it must be determinable from the agreement or a document referenced in an agreement that the recipient is only entitled to the transferred assets if it overcomes the barrier.

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

The effective date of the ASU is for fiscal years beginning after December 15, 2017, and for interim financial statements for periods following December 15, 2018. Management will determine the impact of the adoption of this guidance to the financial statements and notes thereto the year it becomes effective.

In August 2016, the FASB issued ASU No. 2016-14, "Not-for-Profit Entities" which contains the following:

- Current breakout of net assets into three classes will be reduced to two classes: with and without donor restrictions. The previous temporarily restricted and permanently restricted classes will be combined.
- Underwater portion of donor restricted endowments will be categorized as with donor restrictions.
- Qualitative description of how a not-for-profit organization manages "liquid available resources" in order to meet cash requirements for the next year.
- Quantitative information about the availability of financial assets within one year of the balance sheet date. Financial assets may have limited availability due to their nature, external limits (by donors, laws, contracts), or internal limits (generated by board decisions).
- All not-for-profit organizations must present expenses in a natural classification and by functional allocation. Previously this was only required by voluntary health and welfare organizations. The information may be presented within the statement of activities, a separate schedule, or in the notes to the financial statements.
- Enhanced disclosures are required to describe allocation methodology among program and support functions.
- Investment returns will be presented "net of all related external and direct internal expenses." The previous requirement to disclose the amount of expenses netted against investment income has been removed.
- Either the direct or indirect method for cash flow statement is allowed. If presented on the direct method, the indirect method reconciliation is no longer required.

Management has determined that this ASU will impact the Society and has adopted it thereto.

In January 2016, the FASB issued ASU 2016-02, "Leases", which significantly changes the accounting for a lessee. Under previous guidance, lessees did not have to record a lease it designated as operating on its balance sheet. Under the new guidance, a lessee must record the following items for all leases, regardless of whether they are designated as finance or operating leases:

- A liability for lease payments (referred to as the lease liability); and
- An asset for the right to use the leased asset during the lease term (referred to as the right of use asset).

If a lessee has a lease with a term of 12 months or less, it may make an accounting policy election (by leased asset class) not to recognize lease assets or lease liabilities. This election generally requires the lessee to recognize lease expense on a straight-line basis over the lease term.

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018 for any of the following:

- A public business entity;
- A not-for-profit entity that has issued (including conduit bond obligors) securities that are traded, listed, or quoted on an exchange or an over-the-counter market; and
- An employee benefit plan that files financial statements with the US Securities and Exchange Commission (SEC).

All other entities must apply the guidance in ASU 2016-02 for annual periods beginning after December 15, 2019, and interim periods beginning after December 15, 2020. Any entity may early adopt the amendments in ASU 2016-02. Management has determined that the adoption of this guidance will impact the Society, and be adopted upon the effective date, to the financial statements and notes thereto.

Reclassifications - Certain 2017 amounts have been reclassified to conform with the 2018 financial statement presentation.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Financial assets at year-end	
Cash and cash equivalents	\$ 746,673
Accounts receivable - trade	140,467
Pledges receivable - net	796,671
Grants receivable	172,974
Marketable securities	4,806,335
Total financial assets at year-end	<u>6,663,120</u>
Less amounts not available to be used within one year:	
Board designated for quasi-endowment	(5,364,579)
Amounts designated for disbursement	
from board designated quasi-endowment for 2019	276,000
Land held for investment included	
in board designated quasi-endowment	492,000
With donor restrictions	
Perpetual in nature	(124,840)
Purpose restrictions	(1,321,776)
Time-restricted for future periods	(34,557)
Total financial assets not available to be used within one year	<u>(6,077,752)</u>
Financial Assets available to meet general expenditures within one year	<u>585,368</u>
Addback of board designated for quasi-endowment	
(excluding 2019 disbursements and land held for investment)	<u>4,596,579</u>
Adjusted total financial assets available to meet general expenditures within one year	<u>\$ 5,181,947</u>

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

The Society is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Society must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Society does not intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation); the Board adopted a resolution that funds from the board designated quasi-endowment may be used to resolve any financial liquidity issues that may arise. In the event of an unanticipated liquidity need, the Society could also draw upon its available borrowings under \$1,250,000 line of credit, as further discussed in Note 8.

3. MARKETABLE SECURITIES

Marketable securities as of December 31, 2018 and 2017 are summarized as follows:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Common Stock	\$ 3,685,062	\$ 3,681,350	\$ 4,051,611	\$ 4,902,642
Exchange-Traded & Closed-End Funds	10,468	10,398	10,236	10,048
Government	1,004,858	1,011,162	-	-
Mutual Funds	82,774	80,944	58,457	59,656
Preferred Stock	27,814	22,481	27,814	23,351
	<u>\$ 4,810,976</u>	<u>\$ 4,806,335</u>	<u>\$ 4,148,118</u>	<u>\$ 4,995,697</u>

Investment return is comprised of the following for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 112,579	\$ 87,175
Realized gain or (loss) on marketable securities	381,160	(4,787)
Unrealized gain or (loss) on marketable securities	(843,805)	774,520
Investment fees	(53,376)	(53,170)
	<u>\$ (403,442)</u>	<u>\$ 803,738</u>

4. FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

Topic 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 Inputs to the valuation methodology include:

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

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Society uses appropriate valuation techniques, based on the inputs available to measure the fair value of its investments. There have been no changes in the methodologies used at December 31, 2018 and 2017.

The Society's investments at fair value, within the fair value hierarchy, are as follows as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<u>Level 1</u>		
Common Stock	\$ 3,681,350	\$ 4,902,642
Exchange-Traded & Closed-End Funds	10,398	10,048
Government Securities	1,011,162	-
Mutual Funds	80,944	59,656
Preferred Stock	<u>22,481</u>	<u>23,351</u>
Total Level 1	4,806,335	4,995,697
<u>Level 3</u>		
Land held for investment	<u>492,000</u>	<u>492,000</u>
Total investments	<u>\$ 5,298,335</u>	<u>\$ 5,487,697</u>

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

Fair values for marketable securities are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of the land held for investment is recorded at the fair market value as of the date of donation.

Assets measured at fair value on a non-recurring basis using significant unobservable inputs (Level 3):

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 492,000	\$ 492,000
Unrealized gain (loss) on land held for investment	-	-
Balance at end of year	<u>\$ 492,000</u>	<u>\$ 492,000</u>

5. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Advancement Campaign	\$ 150,000	\$ -
Life Sponsors	45,081	79,125
Other Contributions	30,000	30,000
Estate Contribution	580,200	1,000,000
	<u>805,281</u>	<u>1,109,125</u>
Less: unamortized discount	(2,610)	(1,126)
Less: allowance for uncollectible accounts	(6,000)	(6,000)
Less: allowance for estate contribution	-	(100,000)
Net pledges receivable	<u>\$ 796,671</u>	<u>\$ 1,001,999</u>
Amounts due in:		
Less than one year	\$ 770,724	
One to five years	34,557	
	<u>\$ 805,281</u>	

In August 2017, the Society received notice that they were bequeathed a “good-faith estimate” of \$1,000,000 from an estate to the Society. In 2017 an allowance was established for 10% or \$100,000 of the total estate contribution, however, in 2018 the Society became aware that the estate would be able to provide substantially all of the estimate. The Society received approximately \$430,000 during 2018 and received the remaining balance in February 2019.

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates of 5.5% and 4.5% for the years ending December 31, 2018 and 2017, respectively.

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

6. LAND HELD FOR INVESTMENT

In October 2016, the Society received a donation of 240 acres of wooded land, located in New Auburn, Wisconsin. The land is recorded at the fair market value, as of the date of the contribution, in the amount of \$492,000. The fair market value has not changed significantly on the land from the date of donation. The donors transferred title to the property pursuant to a Life Estate, whereby they retain the right to utilize and manage the property as they wish during their lifetimes. Following their deaths, the Life Estate interest will terminate, and the property will be owned outright by the Society.

7. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 11,809	\$ 11,809
Vehicles	629,195	560,718
Forestry equipment	487,905	403,057
Office furniture and equipment	201,341	212,090
	1,330,250	1,187,674
Less: accumulated depreciation	(917,916)	(767,942)
	\$ 412,334	\$ 419,732

Depreciation expense for the years ended December 31, 2018 and 2017 was \$186,464 and \$198,770, respectively.

8. LINE OF CREDIT

In September 2015, the Society entered into a line of credit agreement with Huntington National Bank. The agreement allows for maximum borrowings of \$1,250,000 with a maturity date through August 31, 2019. The line of credit bears interest at the banks' prime rate which was 5.50% and 4.50% at December 31, 2018 and 2017, respectively. The line of credit is secured by one of the Society's investment accounts. At December 31, 2018 and 2017, the outstanding balance was \$919,488 and \$1,133,687, respectively.

9. NOTE PAYABLE

In December 2018 the Society entered in to a note payable with a financial institution in the amount of \$23,256; collateralized by the vehicle being financed; bearing interest at 4.66%; payable in monthly installments of principal and interest of \$436 through maturity in December 2023, at which the unpaid principal becomes due.

	\$ 23,256
Total	23,256
Less current portion	4,222
Long-term portion	\$ 19,034

THE RUFFED GROUSE SOCIETY
NOTES TO FINANCIAL STATEMENTS

Total maturities for the note payable as of December 31, 2018 are as follows:

<u>Year Ending December 31</u>	<u>Amount Due</u>
2019	\$ 4,222
2020	4,426
2021	4,641
2022	4,866
2023	5,101
	<u>\$ 23,256</u>

10. BOARD-DESIGNATED QUASI-ENDOWMENT FUNDS

The composition of board designated net assets as of December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 234,000	\$ 1,163,901
Marketable securities	4,638,579	4,810,234
Land held for investment	492,000	-
Total board designated endowment funds	<u>\$ 5,364,579</u>	<u>\$ 5,974,135</u>

Endowment - The Society established a Quasi-Endowment Fund (the "Endowment"), which was set up so that all proceeds generated from the Endowment would be used to fund certain field biologists' salaries and benefits. As well as to resolve any financial liquidity needs of the Society, if needed. Net assets associated with the Endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the years ended December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Endowment net assets, beginning of the year	\$ 5,974,135	\$ 5,460,906
Investment income net of direct external and internal expenses	59,203	33,700
Net appreciation (depreciation)	(448,688)	746,301
Total investment return	<u>(389,485)</u>	<u>780,001</u>
Contributions	59,929	19,418
Land held for investment designated for Board authorized transfers from investments	492,000	-
	<u>(772,000)</u>	<u>(286,190)</u>
Endowment net assets, end of the year	<u>\$ 5,364,579</u>	<u>\$ 5,974,135</u>

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

Interpretation of the Endowment - Contributions to the Endowment are designated by the Board of Directors. Distribution of any gift, bequest or fund is governed by the Society's governing documents and donor agreements. All Society endowment funds make available the use of principal which are able to be utilized for the intended purpose of the Endowment. Board-designated endowments do not possess external spending restrictions and therefore are classified as net assets without restriction.

Return Objectives and Risk Parameters - The Society has adopted investment and spending policies for endowment assets that seek to provide a predictable stream of revenue while seeking to maintain and expand the principal. The Society's quasi-endowment assets are board-designated.

Under the Society's policy, endowment assets are invested in a diversified portfolio to manage risk and protect assets while providing a moderate rate of return. The funds are managed by an outside investment advisory firm. The investment results of the investment advisory firm are compared, at least annually, to mutually agreed upon and nationally recognized benchmarks of performance.

Strategies Employed for Achieving Objectives - To satisfy its long-term, rate of return objectives, the Society relied on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Society targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Finance Committee of the Society Board meet at least quarterly in person (and telephonically when necessary) to review performance with investments and recommend investment allocations subject to board approval.

Spending Policy and How the Investment Objectives Relate to Spending Policy - Endowment Fund Revenue will be calculated annually, in December, for budgetary and spending purposes for the coming year at a percentage of all endowment assets not otherwise restricted. The percentage available to be spent will be recommended to the Board of Directors by the President/Chief Executive Officer, or his designate. The value of the assets against which the percentage will be levied will be the average value of all assets over the preceding three-year period, determined on a quarterly basis. The annual valuation will, therefore, be the average of twelve (12) quarterly valuations concluding with that of the September 30th quarter most recently preceding the date of the Board Meeting. It is anticipated that the amount expended from the investment balance for operating needs will be in the range of two (2%) percent to seven (7%) percent, as determined by the Board of Directors. The Board has adopted a resolution that they would provide for additional releases from the endowment when needed by the Society to help fund liquidity.

It is also anticipated that the annual fund revenue will be withdrawn on a semi-annual basis so as to correspond with the Society's seasonal low cash-flow points – normally December-January and June-July.

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Habitat and other projects	\$ 1,189,533	\$ 731,645
Long-term pledges receivable	34,557	18,781
State drummer funds	89,327	127,486
Dessecker Scholarship Fund	14,417	15,629
Dew Scholarship Fund	153,339	169,834
	<u>\$ 1,481,173</u>	<u>\$ 1,063,375</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Expiration of time restrictions	\$ 9,224	\$ 41,133
Satisfaction of purpose restrictions		
Habitat and other projects	577,730	432,122
State drummer funds	104,850	46,665
Dew Scholarship	4,000	4,000
	<u>\$ 695,804</u>	<u>\$ 523,920</u>

12. EMPLOYEE BENEFIT PLANS

The Society maintains a defined contribution pension plan in which all full-time employees are eligible to participate. Employer contributions to the plan are discretionary and are based upon a percentage of gross salary. This percentage varies from 0% to 4.5% and is determined by a participant's length of service. In addition, the Society allows qualified employees to make a voluntary contribution to the plan. The employer contributions to the plan for the years ended December 31, 2018 and 2017 were \$38,364 and \$45,839, respectively, and are included in salaries and benefits in the statements of functional expenses.

13. LEASE COMMITMENTS

The Society leases its office space in Coraopolis, Pennsylvania. The lease has a term of five years through April 2019 and requires monthly rental payments of \$8,900. In March 2019, the Society extended the lease agreement through April 2022 with monthly rental payments of \$10,542 beginning in May 2019.

The Society also leases office equipment under operating leases that range between 48 to 63 months through December 2021. These leases require monthly payments ranging from \$159 to \$1,089.

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

Future minimum lease payments as of December 31, 2018 are as follows:

	<u>Office Space</u>	<u>Office Equipment</u>	<u>Vehicle</u>	<u>Total</u>
2019	\$ 35,600	\$ 35,212	\$ 5,979	\$ 76,791
2020	-	11,405	5,979	17,384
2021	-	5,107	3,986	9,093
	<u>\$ 35,600</u>	<u>\$ 51,724</u>	<u>\$ 15,944</u>	<u>\$ 103,268</u>

Total expense under operating leases was \$143,232 and \$138,435 for the years ended December 31, 2018 and 2017, respectively. These amounts are included in rent, utilities, and cleaning expense and supplies and equipment rental in the statements of functional expenses.

14. RISKS AND UNCERTAINTIES

The Society invests in various marketable securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values of marketable securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

15. COMMITMENTS AND CONTINGENCIES

The Society entered into an agreement with the Western Pennsylvania Conservancy (the "Conservancy") effective January 31, 2008. The Conservancy granted the Society timber rights on approximately 2,363 acres of real estate located in Somerset County. The conveyances of the rights are in effect from January 31, 2008 through January 31, 2023. During this 15-year period, the Society is to harvest the full 2,363 acres. The Society is entitled to be paid \$3.00 per ton of pulpwood or firewood harvested and sold from the timber sale.

In February 2013, the Society entered into an agreement with an independent third party to harvest and sell timber and related by-products on a 170-acre tract that is part of the 2,363 acres of real estate located in Somerset County. The independent third party agreed to pay \$2.00 per ton of pulpwood or firewood harvested and sold from the timber sale. This agreement expired on October 1, 2015 without renewal. This agreement was renewed again in September of 2017.

During the years ended December 31, 2018 and 2017, the Society received payments of \$70,504 and \$39,585, respectively, related to the timber sale agreements referred to above. These amounts are classified as timber sales in the statements of activities.

The Society entered into a Timber Lease and Related Services Agreement ("the Agreement"), effective June 2010 and amended at various times through 2014, with CONSOL Energy ("CONSOL"), which is a corporate sponsor of the Society. The Agreement provides for a pilot project between the parties which involves the leasing of CONSOL property located in Greene, Indiana and Washington Counties in Pennsylvania and Grant and Monongalia Counties in West Virginia. The Society oversees all aspects of the harvesting of wood fiber, including the creation of ecologically sound clear cuts on

THE RUFFED GROUSE SOCIETY

NOTES TO FINANCIAL STATEMENTS

CONSOL's timber holdings in these counties. The Society generates revenue from this process and enhances the habitat for wildlife dependent upon early successional or young forests for their survival. The agreement also permits the parties, from time to time, to add additional timber and land to the lease.

The Society retains fifty percent of the revenue it earns from the sale of wood products including the cost of obtaining a consulting forester to oversee all aspects of the harvests.

The Society did not receive any net income from CONSOL during the years ended December 31, 2018 and 2017. The initial term of the Agreement expired in October 2015, at which time a renewal option for an additional five-year period went into effect, which extended the term through October 2020.

16. CONTRIBUTED SERVICES

The Society recognized no contribution revenue related to contributed services for the year ended December 31, 2018. For the year ended December 31, 2017 the Society recognized contribution revenue of \$3,015 for legal services. The legal services were valued based on the fair value of the services provided to the Society by the attorney.

The Society receives minimal, if any, donated services from unpaid volunteers. No amounts have been recognized in the statements of activities because the criteria for recognition under accounting principles generally accepted in the United States of America have not been satisfied. The contributed legal services revenue is included in contributions on the statement of activities. The offsetting expense is recorded in legal and accounting in the accompanying statements of functional expenses.

17. RELATED PARTY TRANSACTIONS

The Society received contributions from its Board of Directors. Contributions totaled \$167,055 and \$65,437 for the years ended December 31, 2018 and 2017, respectively. Pledges receivable from the Board of Directors totaled \$150,000 and \$5,000 for the years ended December 31, 2018 and 2017, respectively.

18. SUBSEQUENT EVENTS

The Society has evaluated subsequent events in accordance with FASB ASC Topic 855, Subsequent Events, through May 6, 2019, which is the date the financial statements were available to be issued. During their evaluation, the following subsequent event item was identified:

As disclosed in Note 13, the Society extended their lease agreement for the Coraopolis, PA office in March 2019.