THE RUFFED GROUSE SOCIETY

FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT, SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND RELATED INDEPENDENT AUDITORS' REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND UNIFORM GUIDANCE
December 31, 2023 and 2022

THE RUFFED GROUSE SOCIETY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Ruffed Grouse Society

Opinion

We have audited the accompanying financial statements of The Ruffed Grouse Society (a non-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Ruffed Grouse Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Ruffed Grouse Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not

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absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ruffed Grouse Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Ruffed Grouse Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024 on our consideration of The Ruffed Grouse Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Ruffed Grouse Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Ruffed Grouse Society's internal control over financial reporting and compliance.

Louis Plung + Company, LLP

Pittsburgh, Pennsylvania
May 29, 2024

THE RUFFED GROUSE SOCIETY

STATEMENTS OF FINANCIAL POSITION
For the Years Ended December 31, 2023 and 2022

ASSETS

	2023	2022
ASSETS		
Cash and cash equivalents	$ 4,106,705	$ 4,588,563
Accounts receivable - trade	53,135	28,140
Accounts receivable - employee retention credit	302,884	-
Promises to give - net	1,058,723	1,470,289
Grants receivable	1,145,812	968,661
Inventory	233,368	160,739
Prepaid expenses	83,089	29,610
Investments	5,193,955	4,897,269
Land held for investment	492,000	492,000
Property and equipment - net	101,536	100,698
Right of use assets	634,354	719,358
TOTAL ASSETS	$ 13,405,561	$ 13,455,327

LIABILITIES AND NET ASSETS

	2023	2022
LIABILITIES		
Line of credit	$ -	$ 95,185
Notes payable	514,504	525,366
Accounts payable	316,967	303,632
Accrued expenses	425,614	179,757
Refundable advance	367,222	671,698
Other deferred revenue	29,794	6,440
Right of use liability	637,063	720,302
Total liabilities	2,291,164	2,502,380
NET ASSETS		
Without donor restrictions		
Undesignated	2,934,138	3,015,528
Designated by the Board for quasi-endowment	5,665,599	5,371,024
	8,599,737	8,386,552
With donor restrictions		
Perpetual in nature	14,045	14,045
Purpose restrictions	1,701,392	1,259,825
Time-restricted for future periods	799,223	1,292,525
	2,514,660	2,566,395
Total net assets	11,114,397	10,952,947
TOTAL LIABILITIES AND NET ASSETS	$ 13,405,561	$ 13,455,327

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

THE RUFFED GROUSE SOCIETY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Contributions	$ 722,531	$ 79,312	$ 801,843
Grant income	1,757,125	934,385	2,691,510
Employee retention credit	302,884	-	302,884
Membership dues	754,130	-	754,130
Corporate sponsors	56,000	-	56,000
Banquet and event revenue	1,772,755	-	1,772,755
Sales of merchandise	141,056	-	141,056
Advertising income	39,830	-	39,830
Miscellaneous income	8,744	-	8,744
	5,555,055	1,013,697	6,568,752
Net assets released from restrictions:			
Restrictions satisfied	1,065,432	(1,065,432)	-
Total operating revenue	6,620,487	(51,735)	6,568,752
OPERATING EXPENSES			
Conservation programs	6,311,033		6,311,033
Administration	499,896	-	499,896
Fundraising	234,575	-	234,575
Total operating expenses	7,045,504	-	7,045,504
Change in net assets from operations	(425,017)	(51,735)	(476,752)
NON-OPERATING EXPENSES			
Net investment return	709,416	-	709,416
Gain on disposal of property and equipment	396	-	396
Uncollectible promise to give	(27,234)	-	(27,234)
Depreciation expense	(44,376)	-	(44,376)
Total non-operating expenses	638,202	-	638,202
Change in net assets	213,185	(51,735)	161,450
Net assets at beginning of year	8,386,552	2,566,395	10,952,947
NET ASSETS AT END OF YEAR	$ 8,599,737	$ 2,514,660	$ 11,114,397

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

THE RUFFED GROUSE SOCIETY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Contributions	$ 322,929	$ 570,737	$ 893,666
Grant income	1,671,282	-	1,671,282
Membership dues	439,170	-	439,170
Corporate sponsors	26,250	-	26,250
Banquet and event revenue	1,701,804	-	1,701,804
Sales of merchandise	100,824	-	100,824
Advertising income	39,200	-	39,200
Timber sales	397,990	-	397,990
Miscellaneous income	3,356	-	3,356
	4,702,805	570,737	5,273,542
Net assets released from restriction:			
Restriction satisfied	1,369,523	(1,369,523)	-
Total operating revenue	6,072,328	(798,786)	5,273,542
OPERATING EXPENSES			
Conservation programs	5,184,543	-	5,184,543
Administration	429,138	-	429,138
Fundraising	165,755	-	165,755
Total operating expenses	5,779,436	-	5,779,436
Change in net assets from operations	292,892	(798,786)	(505,894)
NON-OPERATING EXPENSES			
Net investment return	(935,320)	(4,395)	(939,715)
Loss on disposal of property and equipment	(5,628)	-	(5,628)
Uncollectible promise to give	(67,748)	-	(67,748)
Depreciation expense	(40,135)	-	(40,135)
Total non-operating expenses	(1,048,831)	(4,395)	(1,053,226)
Change in net assets	(755,939)	(803,181)	(1,559,120)
Net assets at beginning of year	9,142,491	3,369,576	12,512,067
NET ASSETS AT END OF YEAR	$ 8,386,552	$ 2,566,395	$ 10,952,947

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

THE RUFFED GROUSE SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Conservation Programs	Administration	Fundraising	Totals
Chapter events and activities	$ 783,912	$ -	$ 21,999	$ 805,911
Education and outreach	98,987	12,008	5,133	116,128
Habitat	1,452,062	-	-	1,452,062
Interest	-	3,715	-	3,715
Legal and auditing	-	31,696	-	31,696
Membership	229,430	14,493	9,058	252,981
Miscellaneous	142,994	17,028	18,441	178,463
Occupancy and office expense	263,251	31,934	13,650	308,835
Publications	133,407	-	-	133,407
Salaries and benefits	2,972,162	360,536	154,117	3,486,815
Travel	234,828	28,486	12,177	275,491
Total	$ 6,311,033	$ 499,896	$ 234,575	$ 7,045,504

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

THE RUFFED GROUSE SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Conservation Programs	Administration	Fundraising	Totals
Chapter events and activities	$ 576,306	$ -	$ 16,202	$ 592,508
Dues and subscriptions	5,500	-	-	5,500
Education and outreach	97,011	10,353	4,423	111,787
Habitat	1,380,972	2,038	-	1,383,010
Interest	-	27,681	-	27,681
Legal and auditing	-	24,349	-	24,349
Membership	204,286	8,633	5,641	218,560
Miscellaneous	133,967	34,898	4,174	173,039
Occupancy and office expense	203,450	25,530	9,015	237,995
Publications	160,148	3,090	1,320	164,558
Salaries and benefits	2,242,440	270,775	115,671	2,628,886
Travel	180,463	21,791	9,309	211,563
Total	$ 5,184,543	$ 429,138	$ 165,755	$ 5,779,436

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

THE RUFFED GROUSE SOCIETY

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors and sponsors	$ 1,292,763	$ 1,593,997
Cash received from grants	2,209,883	1,650,820
Cash received from membership dues	754,130	425,847
Cash received from banquets and events	1,772,755	1,808,404
Cash received from board authorized transfer from investments	297,000	1,718,816
Miscellaneous receipts	349,934	696,002
Cash paid to employees	(3,486,815)	(2,616,155)
Cash paid to suppliers	(3,421,890)	(3,033,124)
Interest paid	(3,715)	(27,681)
Net cash provided by (used in) operating activities	(235,955)	2,216,926
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer to operations from Board designated quasi-endowment	(297,000)	(1,718,816)
Sales of marketable securities	1,322,144	3,356,379
Purchases of marketable securities	(1,085,924)	(3,186,557)
Purchase of property and equipment	(45,214)	(70,125)
Investment fees paid	(34,258)	(40,836)
Proceeds on disposal of property and equipment	396	5,627
Net cash provided by (used in) investing activities	(139,856)	(1,654,328)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on notes payable	-	500,000
Net payments on line of credit	(95,185)	(436,337)
Payments on notes payable	(10,862)	(11,592)
Net cash provided by (used in) financing activities	(106,047)	52,071
Net increase (decrease) in cash and cash equivalents	(481,858)	614,669
Cash and cash equivalents at beginning of year	4,588,563	3,973,894
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,106,705	$ 4,588,563
Supplemental disclosure of non-cash financing activities:		
Right of use asset and lease liability	$ 10,305	$ 779,398

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Ruffed Grouse Society (the "Society") is a not-for-profit entity that unites conservationists to improve wildlife habitat and forest health for ruffed grouse, American woodcock, and all forest wildlife. RGS & AWS promotes forest stewardship and envisions landscapes of diverse, functioning forest ecosystems that provide homes for wildlife and opportunities for people to experience them. Ruffed grouse and American woodcock are bellwethers of forest condition; they only persist in healthy, diverse forests. These same forests clean the air, filter water, and support local communities. RGS & AWS is a key player in forest conservation delivery with forest wildlife professionals leading impactful alliances.

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. 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.

Employee Retention Credit - In 2023, the Company became eligible for the Employee Retention Credit ("ERC") under the CARES Act. The ERC is a refundable tax credit against certain employment taxes for eligible employees under the provisions of the ERC. As of December 31, 2023, the Company recognized $302,884 in income from the ERC. The amount is recorded in operating revenue on the statement of activities for the year ended December 31, 2023 and is included in accounts receivable – employee retention credit on the statement of financial position as of December 31, 2023.

Investments - Investments include marketable securities with readily determinable fair values are carried at their fair value 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.

Grants Receivable and Promises to Give - Grants receivable are recorded at their net realizable value. Promises to give are recorded as receivables at the time the promise is made, and allowances are provided for promises estimated to be uncollectible. Promises due in the next year are recorded at their net realizable value. Promises 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 promises are to be received to discount the amounts. The allowance for uncollectible promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2023 and 2022, the allowance for uncollectible accounts was $44,657 and $79,248, respectively.

Allowance for Credit Losses - In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASU's amending certain aspects of ASU 2016-13.

On January 1, 2023, the Society adopted the new accounting standard and all of the related amendments using the modified retrospective method. The impact of implementing the standard had no effect on net assets. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. The Society recognizes an allowance for credit losses on accounts receivable - trade in an amount equal to current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. The Society assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customers balances no longer share those risk characteristics and are considered at risk or uncollectible. The valuation allowance related to these receivables was not material to the financial statements as of December 31, 2023. The Society does not expect ASC 326 to have a significant impact on its financial condition or results of operations on an ongoing basis.

Inventory - The Society values its inventory at average cost on the first in first out basis. 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 clothing and outdoor related 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, computer 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:

	Years
Leasehold Improvements	5
Vehicles	5
Computer Equipment	5
Office Furniture and Equipment	5

Impairment of Long-lived Assets - Management of the Society considers the valuation and depreciation of long-lived assets to be reasonable. Management considers both the current and future levels of undiscounted cash flows generated by the Society and the continuing value of long-lived assets 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 during the years ended December 31, 2023 and 2022.

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 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.

Refundable Advance - Deferred grant income consist of service contract revenue received in advance of the services being provided and conditional government grants received in advance of the condition being satisfied. Recognition does not occur until the Society provides the services and/or satisfies the conditions.

Revenues and Revenue Recognition - The Society recognizes contributions and grant income when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the total dues paid and the exchange element. The Society recognizes the exchange portion of membership dues and the contribution portion immediately due to the immateriality of calculating the exchange portion of the membership dues over the membership period. The Society records banquet and event revenue equal to the fair value of direct benefit to donors, and any contribution income for the excess received when the event takes place. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

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.

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 and benefits are allocated directly to conservation programs, administration, and fundraising based on the results of the time study. Certain expenses including legal and auditing and interest are allocated entirely to administration. Habitat expenses are allocated primarily to conservation programs. Occupancy expenses including rent and utilities are allocated based on time incurred on a particular function by the staff in that office. Miscellaneous expenses such as 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, 2023 and 2022. 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.

Concentration of Credit Risk - The Society maintains its cash and cash equivalents with two financial institutions as of December 31, 2023 and 2022. 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, 2023 and 2022, the uninsured balances totaled $758,699 and $4,429,528, respectively.

Leases - The Society recognizes and measures its leases in accordance with FASB Accounting Standards Codification (ASC) Topic 842, Leases. The Society assesses at contract inception, or when the terms of an existing contract are changed, whether the contract is, or contains, a lease. The Society recognizes a right of use (ROU) asset and lease liability at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability, plus unamortized initial direct costs, plus or minus any prepaid or accrued lease payments, less the unamortized balance of the lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Society has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Society is reasonably certain to exercise. The Society recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

Recent Accounting Standards Updates - The FASB issued new ASUs addressing various accounting and reporting standards. Management has determined based on their review that no new ASUs issued are 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.

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:

	2023	2022
Financial assets at year-end		
Cash and cash equivalents	$ 4,106,705	$ 4,588,563
Accounts receivable - trade	53,135	28,140
Promises to give - net	1,058,723	1,470,289
Grants receivable	1,145,812	968,661
Investments	5,193,955	4,897,269
Total financial assets at year-end	11,558,330	11,952,922
Less amounts not available to be used within one year:		
Board designated for quasi-endowment	(5,665,599)	(5,371,024)
Amounts designated for disbursement from board designated quasi-endowment	297,000	295,000
Land held for investment included in board designated quasi-endowment	492,000	492,000
Total amount designated from quasi-endowment	$ (4,876,599)	$ (4,584,024)
With donor restrictions		
Perpetual in nature	(14,045)	(14,045)
Purpose restrictions	(1,701,392)	(1,259,825)
Time-restricted for future periods	(823,141)	(636,968)
Total donor restricted financial assets not available to be used within one year	(2,538,578)	(1,910,838)
Financial assets available to meet general expenditures within one year	4,143,153	5,458,060
Addback of board designated for quasi-endowment (excluding 2024 and 2023 disbursements and land held for investment)	4,876,599	4,584,024
Adjusted total financial assets available to meet general expenditures within one year	$ 9,019,752	$ 10,042,084

The Society is supported in part 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. The Society does not intend to spend from the board-designated endowment except for amounts appropriated for general expenditure as part of the 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.

3. INVESTMENTS

Investments as of December 31, 2023 and 2022 are summarized as follows:

	2023	2022
Common stock	$ 2,298,624	$ 1,913,255
Mutual funds	778,819	717,385
Fixed income	1,966,087	2,175,245
Money market	150,425	91,384
	$ 5,193,955	$ 4,897,269

Investment return is comprised of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Interest and dividends	$ 269,661	$ 161,151
Realized gain (loss) on marketable securities	(14,096)	171,660
Unrealized gain (loss) on marketable securities	488,109	(1,231,690)
Investment fees	(34,258)	(40,836)
	$ 709,416	$ (939,715)

4. FAIR VALUE MEASUREMENTS

FASB 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 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, 2023 and 2022.

The Society's investments at fair value, within the fair value hierarchy, are as follows as of December 31, 2023 and 2022:

	2023	2022
Level 1		
Common stock	$ 2,298,624	$ 1,913,255
Mutual funds	778,819	717,385
Fixed income	1,966,087	2,175,245
Money market	150,425	91,384
Total Level 1	5,193,955	4,897,269
Level 3		
Land held for investment	492,000	492,000
Total investments	$ 5,685,955	$ 5,389,269

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) are as follows:

	2023	2022
Balance at beginning of year	$ 492,000	$ 492,000
Unrealized gain (loss) on land held for investment	-	-
Balance at end of year	$ 492,000	$ 492,000

5. PROMISES TO GIVE

Promises to give as of December 31, 2023 and 2022 are as follows:

	2023	2022
Promises to give	$ 1,129,657	$ 1,611,694
Less: unamortized discount	(26,277)	(62,157)
Less: allowance for uncollectible accounts	(44,657)	(79,248)
Net promises to give	$ 1,058,723	$ 1,470,289

Amounts due in:	
Less than one year	$ 823,141
One to five years	306,516
	$ 1,129,657

Promises to give due in more than one year are reflected at the present value of estimated future cash flows using discount rates of 8.5% and 7.27% for the years ending December 31, 2023 and 2022, respectively.

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, 2023 and 2022 consists of the following:

	2023	2022
Leasehold improvements	$ 5,736	$ 5,736
Vehicles	310,048	348,362
Computer equipment	116,875	99,392
Office furniture and equipment	13,760	53,793
	446,419	507,283
Less: accumulated depreciation	(344,883)	(406,585)
	$ 101,536	$ 100,698

Depreciation expense for the years ended December 31, 2023 and 2022 was $44,376 and $40,135, respectively.

8. LEASES

The Society has operating leases of a building for its corporate offices and for certain office equipment. The leases have lease terms of two to ten years.

As of December 31, 2023 and 2022, the amounts reported on the statements of financial position for the operating leases are as follows:

	2023	2022
Operating lease ROU asset	$ 634,354	$ 719,358
Operating lease liabilities		
Current	$ 93,322	$ 88,396
Long-term	543,741	631,906
Total operating lease liabilities	$ 637,063	$ 720,302

The following is the weighted average remaining lease term and discount rate as of December 31, 2023 and 2022:

	2023	2022
Weighted average remaining lease term	7.95 years	8.79 years
Weighted average discount rate	2.20%	2.15%

The maturities of lease liabilities for the years ending subsequent to December 31, 2023 are as follows:

2024	$	105,876
2025		79,237
2026		78,521
2027		79,758
2028		80,811
Thereafter		269,107
Total lease payments		693,310
Less: interest		(56,247)
Present value of lease liabilities	$	637,063

Lease expense was $110,175 and $77,735 for the years ended December 31, 2023 and 2022, respectively and is included in administrative expense in the statement of activities.

9. LINE OF CREDIT

The Society has a line of credit agreement with Huntington National Bank. The agreement allows for maximum borrowings of $1,250,000 with an extended maturity date through August 5, 2025. The line of credit bears interest at the banks' prime rate which was 8.5% and 7.5% at December 31, 2023 and 2022, respectively. The line of credit is secured by the Society's investment account. At December 31, 2023 and 2022, the outstanding balance was $0 and $95,185, respectively.

10. NOTES PAYABLE

Notes payable at December 31, 2023 and 2022 consists of the following:

	2023	2022
In December 2018, the Society entered into 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 time the unpaid principal became due.	$ -	$ 4,125
In March 2020, the Society entered into a note payable with a financial institution in the amount of $40,244; collateralized by the vehicle being financed; non-interest bearing; payable in 72 monthly installments of principal of $559 through maturity in February 2026, at which time the unpaid principal becomes due.	14,504	21,241
Subtotal	14,504	25,366

	2023	2022
Subtotal from page 19	14,504	25,366
In December 2022, the Society entered into a note payable agreement with a Foundation to fund habitat for wildlife in the amount of $500,000; maturing January 31, 2025; bearing interest at 1%; all principal and interest will be due and payable at maturity.	500,000	500,000
	514,504	525,366
Less current portion	(6,708)	(11,574)
Long-term portion	$ 507,796	$ 513,792

Total maturities for the notes payable as of December 31, 2023 are as follows:

Year Ending December 31	Amount Due
2024	$ 6,708
2025	506,708
2026	1,088
	$ 514,504

11. BOARD-DESIGNATED QUASI-ENDOWMENT FUNDS

The composition of board designated net assets as of December 31, 2023 and 2022 is as follows:

	2023	2022
Investments	$ 5,173,599	$ 4,879,024
Land held for investment	492,000	492,000
Total board designated endowment funds	$ 5,665,599	$ 5,371,024

Endowment - The Society established a Quasi-Endowment Fund (the “Quasi-Endowment”), which was set up so that all proceeds generated from the Quasi-Endowment would be used to fund the conservation program, as well as to resolve any financial liquidity needs of the Society, if needed. Net assets associated with the Quasi-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, 2023 and 2022 are as follows:

		2023		2022
Endowment net assets, beginning of the year	$	5,371,024	$	6,589,962
Investment income (loss) net of direct external and internal expenses		91,176		115,008
Net appreciation (depreciation)		471,754		(1,140,382)
Total investment return		562,930		(1,025,374)
Contributions		28,645		1,525,252
Board authorized transfers in accordance with spending policy		(297,000)		(283,155)
Board authorized transfers (special)		-		(1,435,661)
Endowment net assets, end of the year	$	5,665,599	$	5,371,024

Interpretation of the Endowment - Contributions to the Quasi-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 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.

Special One Time Transfer - During 2022, the Board of Directors of the Society authorized a special one time transfer from its endowment assets to pay down its line of credit as well as to transfer funds into its operating cash to minimize interest rate risk.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023 and 2022 are available for the following purposes or periods:

	2023	2022
Habitat and other projects	$ 1,678,436	$ 1,177,448
Time - restricted for future periods	799,223	1,292,525
State drummer funds	16,645	78,177
Dessecker Scholarship Fund	20,356	18,245
	$ 2,514,660	$ 2,566,395

Net assets are 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, 2023 and 2022:

	2023	2022
Time - restricted for future periods	$ 572,614	$ 1,176,812
Habitat and other projects	431,286	192,711
State drummer funds	61,532	-
	$ 1,065,432	$ 1,369,523

13. 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. During 2023 and 2022, the Society's discretionary contribution was 4.5%. 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, 2023 and 2022 were $124,794 and $79,865, respectively, and are included in salaries and benefits 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. CONTRIBUTED SERVICES

The Society recognized no contribution revenue related to contributed services for the years ended December 31, 2023 and 2022.

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.

16. RELATED PARTY TRANSACTIONS

The Society received cash contributions from its Board of Directors. Contributions totaled $315,762 and $267,220 for the years ended December 31, 2023 and 2022, respectively. Promises to give from the Board of Directors totaled $288,996 and $151,899 for the years ended December 31, 2023 and 2022, respectively.

17. SUBSEQUENT EVENTS

The Society has evaluated subsequent events in accordance with FASB ASC Topic 855, Subsequent Events, through May 29, 2024, which is the date the financial statements were available to be issued. During their evaluation, no subsequent event items were identified.

SUPPLEMENTAL INFORMATION

THE RUFFED GROUSE SOCIETY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Department of the Interior			
Wildlife Restoration and Basic Hunter Education			
Tennessee Wildlife Resources Agency	15.611	F22AF214400002-0000	$ 57,934
Wisconsin Department of Natural Resources	15.611	F22AF03351	15,324
			$ 73,258
Adaptive Science			
National Fish and Wildlife Services	15.670	F23AC01888	$ 261
Total Department of the Interior			$ 73,519
United States Department of Agriculture			
Conservation Reserve Program			
US Department of Agriculture	10.069		$ 508
Cooperative Forestry Assistance			
US Department of Agriculture	10.664		$ 65,863
Coalitions Collaborations Inc	10.664	16-CA-11132543-087	22,162
			$ 88,025
Partnership Agreements			
Partnership Agreements	10.699		$ 123,737
Stewardship Agreements			
Stewardship Agreements	10.701		$ 3,087
Landscape Restoration Program			
Landscape Restoration Program	10.715		$ 190

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

THE RUFFED GROUSE SOCIETY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Infrastructure Investment and Jobs Act Prescribed Fire/Fire Recovery			
Infrastructure Investment and Jobs Act Prescribed Fi	10.716		$ 22,357
Soil and Water Conservation			
US Department of Agriculture	10.902		$ 21,292
National Fish and Wildlife	10.902	NR213A750007C002	45,002
			$ 66,294
Environmental Quality Incentives Program			
US Department of Agriculture	10.912		$ 101,328
National Fish and Wildlife Foundation	10.912	NR213A750007C003	54,300
IUP Research Institute	10.912	NR213A750027C001	200,495
			$ 356,123
Conservation Stewardship Program			
Conservation Stewardship Program	10.924		$ 66,334
Agricultural Conservation Easement Program			
Agricultural Conservation Easement Program	10.931		$ 508
Total United States Department of Agriculture			$ 727,163
Total Expenditures of Federal Awards			$ 800,682

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of The Ruffed Grouse Society (the "Society") under programs of the federal government for the year ended December 31, 2023. The information in this Schedule (pages 24 - 25) is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Society, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Society.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

3. INDIRECT COST RATE

The Society has elected not to use the 10% de minimus indirect cost rate, as allowed under the Uniform Guidance, on any federal awards that require the use of an indirect cost rate for the year ended December 31, 2023. The organization calculated its indirect cost rate based on allowable indirect costs.

The indirect cost rate for the year ended December 31, 2023 was 39.11%. This rate reflects the allocation of indirect costs to various programs and activities. The indirect cost pool includes expenses related to administration services and other costs.

4. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Society provided no federal awards to subrecipients for the year ended December 31, 2023.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
The Ruffed Grouse Society

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Ruffed Grouse Society (the "Society"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Ruffed Grouse Society's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Ruffed Grouse Society's internal control. Accordingly, we do not express an opinion on the effectiveness of The Ruffed Grouse Society's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Ruffed Grouse Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Louis Plung + Company, LLP

Pittsburgh, Pennsylvania
May 29, 2024

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
The Ruffed Grouse Society

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Ruffed Grouse Society's (a non-profit organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Ruffed Grouse Society's major federal programs for the year ended December 31, 2023. The Ruffed Grouse Society's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Ruffed Grouse Society complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Ruffed Grouse Society and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Ruffed Grouse Society's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Ruffed Grouse Society's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Ruffed Grouse Society's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Ruffed Grouse Society's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Ruffed Grouse Society's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of The Ruffed Grouse Society's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Ruffed Grouse Society's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control* over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Louis Plung & Company, LLP

Pittsburgh, Pennsylvania
May 29, 2024

Schedule of Findings and Questioned Costs

The Ruffed Grouse Society
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? ____Yes __X__No

Significant deficiencies identified that are not considered to be material weaknesses? ____Yes __X__None Reported

Noncompliance material to financial statements noted? ____Yes __X__No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ____Yes __X__No

Significant deficiencies identified that are not considered to be material weakness(es)? ____Yes __X__None Reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance? ____Yes __X__No

Identification of major programs:

Assistance Listing Number(s)	*Name of Federal Program or Cluster*
10.912	USDA: Environmental Quality Incentives Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified a low-risk auditee? ____Yes __X__No

The Ruffed Grouse Society
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section II - Financial Statement Findings

NONE

Section III - Federal Award Findings and Questioned Costs

NONE

Summary Schedule of Prior Audit Findings

The Ruffed Grouse Society
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section II - Financial Statement Findings

NONE

Section III - Federal Award Findings and Questioned Costs

NONE