

Wildlife Conservation Network, Inc.

Financial Statements
and Supplementary Information

December 31, 2019
(With Comparative Totals for 2018)



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wildlife Conservation Network, Inc.
San Francisco, California

We have audited the accompanying financial statements of Wildlife Conservation Network, Inc. (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Wildlife Conservation Network, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 3 to the financial statements, the Organization has adopted ASU 2014-09, *Revenues from Contracts with Customers*, and ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As described in Note 18 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. As a result, equity markets have experienced significant volatility and declined from their historically high levels. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on pages 29 - 30 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Wildlife Conservation Network, Inc.'s 2018 financial statements, and our report dated May 24, 2019 expressed an unmodified opinion on those audited financial statements. As part of our audit of the 2019 financial statements, we also audited the adjustments to the 2018 financial statements to apply the change in accounting principle discussed above. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, adjusted for the change in accounting principle discussed above, is consistent, in all material respects, with the audited financial statements from which it has been derived. Also, in our opinion, such adjustments are appropriate and have been properly applied.



Armanino^{LLP}
San Jose, California

June 4, 2020

Wildlife Conservation Network, Inc.
Statement of Financial Position
December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,129,913	\$ 13,621,511
Grants and contributions receivable, current portion	1,767,492	9,600
Prepaid expenses and deposits	<u>329,543</u>	<u>179,755</u>
Total current assets	<u>16,226,948</u>	<u>13,810,866</u>
Other assets		
Grants and contributions receivable, net of current portion	30,000	-
Investments	7,381,632	9,588,131
Property and equipment, net	<u>90,211</u>	<u>172,449</u>
Total other assets	<u>7,501,843</u>	<u>9,760,580</u>
Total assets	<u><u>\$ 23,728,791</u></u>	<u><u>\$ 23,571,446</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 304,919	\$ 175,455
Grants payable, current portion	2,712,739	2,880,650
Accrued liabilities	79,988	47,694
Deferred rent	<u>5,549</u>	<u>2,790</u>
Total current liabilities	<u>3,103,195</u>	<u>3,106,589</u>
Grants payable, net of current portion	<u>225,000</u>	<u>480,000</u>
Total liabilities	<u>3,328,195</u>	<u>3,586,589</u>
Net assets		
Without donor restrictions		
Undesignated	4,078,584	3,791,403
Board designated	<u>2,676,450</u>	<u>2,448,890</u>
Total without donor restrictions	<u>6,755,034</u>	<u>6,240,293</u>
With donor restrictions	<u>13,645,562</u>	<u>13,744,564</u>
Total net assets	<u>20,400,596</u>	<u>19,984,857</u>
Total liabilities and net assets	<u><u>\$ 23,728,791</u></u>	<u><u>\$ 23,571,446</u></u>

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

Wildlife Conservation Network, Inc.
Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Support and revenue				
Contributions	\$ 3,594,995	\$ 19,673,416	\$ 23,268,411	\$ 21,184,771
Contributions in-kind	165,647	9,665	175,312	180,386
Investment income (loss) (net of investment expenses of \$21,982 in 2019 and \$22,276 in 2018)	697,219	366,599	1,063,818	(306,193)
Other income	234,805	66,473	301,278	380,778
Program service fees	-	255,000	255,000	-
Event admission fees	66,455	118,650	185,105	141,199
Sale of merchandise (net of cost of goods sold of \$2,876 in 2019 and \$7,085 in 2018)	7,158	63,625	70,783	68,750
Sponsorship	45,000	-	45,000	42,500
Auction	-	11,521	11,521	34,247
Net assets released from restriction	<u>20,664,432</u>	<u>(20,664,432)</u>	<u>-</u>	<u>-</u>
Total support, revenue, and net assets released from restriction	<u>25,475,711</u>	<u>(99,483)</u>	<u>25,376,228</u>	<u>21,726,438</u>
Functional expenses				
Program services				
Wildlife programs	21,561,955	-	21,561,955	17,156,546
Program support services	698,800	-	698,800	499,141
Public education and outreach	<u>1,036,065</u>	<u>-</u>	<u>1,036,065</u>	<u>924,881</u>
Total program services	<u>23,296,820</u>	<u>-</u>	<u>23,296,820</u>	<u>18,580,568</u>
Support services				
Management and general	1,458,689	-	1,458,689	1,494,013
Fundraising	<u>205,461</u>	<u>-</u>	<u>205,461</u>	<u>182,512</u>
Total support services	<u>1,664,150</u>	<u>-</u>	<u>1,664,150</u>	<u>1,676,525</u>
Total functional expenses	<u>24,960,970</u>	<u>-</u>	<u>24,960,970</u>	<u>20,257,093</u>
Change in net assets from operations	514,741	(99,483)	415,258	1,469,345
Foreign currency translation	<u>-</u>	<u>481</u>	<u>481</u>	<u>-</u>
Change in net assets	514,741	(99,002)	415,739	1,469,345
Net assets, beginning of year	<u>6,240,293</u>	<u>13,744,564</u>	<u>19,984,857</u>	<u>18,515,512</u>
Net assets, end of year	<u>\$ 6,755,034</u>	<u>\$ 13,645,562</u>	<u>\$ 20,400,596</u>	<u>\$ 19,984,857</u>

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

Wildlife Conservation Network, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	Program Services				Support Services			2019 Total	2018 Total
	Wildlife Programs	Program Support Services	Public Education and Outreach	Total Program Services	Management and General	Fundraising	Total Support Services		
Personnel expenses									
Salaries and wages	\$ 611,645	\$ 62,178	\$ 111,083	\$ 784,906	\$ 694,646	\$ 83,215	\$ 777,861	\$ 1,562,767	\$ 1,393,602
Employee benefits	67,586	13,188	12,216	92,990	76,748	9,179	85,927	178,917	148,112
Salaries in-kind	21,282	46	70,091	91,419	37,882	25,699	63,581	155,000	155,000
Payroll taxes	56,269	5,674	10,171	72,114	63,897	7,643	71,540	143,654	120,483
Total personnel expenses	<u>756,782</u>	<u>81,086</u>	<u>203,561</u>	<u>1,041,429</u>	<u>873,173</u>	<u>125,736</u>	<u>998,909</u>	<u>2,040,338</u>	<u>1,817,197</u>
Other expenses									
Grants	20,598,073	206,506	-	20,804,579	-	-	-	20,804,579	16,657,444
Travel	8,413	104,610	483,521	596,544	9,715	7,431	17,146	613,690	450,268
Professional services	-	20,938	68,615	89,553	212,751	-	212,751	302,304	391,923
Contract labor	1,922	223,562	3,743	229,227	2,220	322	2,542	231,769	136,073
Occupancy	78,147	7,644	21,437	107,228	90,235	13,120	103,355	210,583	182,031
Expo and other receptions	-	-	146,851	146,851	3,794	-	3,794	150,645	113,062
Printing	13,091	16,213	40,581	69,885	51,997	8,887	60,884	130,769	122,375
Office expenses	28,729	17,111	14,910	60,750	33,173	4,823	37,996	98,746	70,441
Bank fees	-	-	-	-	85,553	-	85,553	85,553	64,601
Depreciation	30,519	2,985	8,372	41,876	35,238	5,124	40,362	82,238	66,777
Donor events and recognition	-	2,666	30,546	33,212	-	11,178	11,178	44,390	41,350
Services fees in-kind	2,635	3,358	1,070	7,063	3,042	442	3,484	10,547	-
Outside services	11,607	1,135	3,184	15,926	13,403	1,949	15,352	31,278	22,406
Other	10,766	1,343	3,074	15,183	11,770	1,756	13,526	28,709	37,559
Dues and subscriptions	-	4,875	150	5,025	-	21,159	21,159	26,184	15,103
Telephone	7,131	3,106	2,382	12,619	8,234	1,198	9,432	22,051	28,487
Postage and shipping	6,777	875	2,154	9,806	7,825	1,138	8,963	18,769	7,583
Utilities	4,824	535	1,323	6,682	5,571	810	6,381	13,063	11,867
Insurance	1,133	114	205	1,452	9,372	153	9,525	10,977	10,013
Repairs and maintenance	1,406	138	386	1,930	1,623	235	1,858	3,788	10,533
Cost of goods sold	-	-	-	-	-	2,876	2,876	2,876	7,085
Total other expenses	<u>20,805,173</u>	<u>617,714</u>	<u>832,504</u>	<u>22,255,391</u>	<u>585,516</u>	<u>82,601</u>	<u>668,117</u>	<u>22,923,508</u>	<u>18,446,981</u>
Less expenses included in support and revenue	-	-	-	-	-	(2,876)	(2,876)	(2,876)	(7,085)
Total expenses included in expenses section on the statement of activities	<u>\$ 21,561,955</u>	<u>\$ 698,800</u>	<u>\$ 1,036,065</u>	<u>\$ 23,296,820</u>	<u>\$ 1,458,689</u>	<u>\$ 205,461</u>	<u>\$ 1,664,150</u>	<u>\$ 24,960,970</u>	<u>\$ 20,257,093</u>
Percentage of total	<u>86 %</u>	<u>3 %</u>	<u>4 %</u>	<u>93 %</u>	<u>6 %</u>	<u>1 %</u>	<u>7 %</u>	<u>100 %</u>	

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

Wildlife Conservation Network, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 415,739	\$ 1,469,345
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	82,238	66,777
Donated investments	(685,357)	(2,084,001)
Proceeds from sale of donated investments	685,357	2,084,001
Net realized and unrealized (gains) losses on investments	(854,596)	449,332
Changes in operating assets and liabilities		
Grants and contributions receivable	(1,787,892)	1,197,825
Prepaid expenses and deposits	(149,788)	(151,230)
Accounts payable	129,464	(109,752)
Grants payable	(422,911)	1,607,844
Accrued liabilities	32,294	(3,381)
Deferred rent	2,759	(14,322)
Net cash provided by (used in) operating activities	(2,552,693)	4,512,438
Cash flows from investing activities		
Purchase of property and equipment	-	(61,350)
Proceeds from sale of investments	8,662,159	366,397
Purchase of investments	(5,601,064)	(5,450,644)
Net cash provided by (used in) investing activities	3,061,095	(5,145,597)
Net increase (decrease) in cash and cash equivalents	508,402	(633,159)
Cash and cash equivalents, beginning of year	13,621,511	14,254,670
Cash and cash equivalents, end of year	\$ 14,129,913	\$ 13,621,511

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

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2019
(With Comparative Totals for 2018)

1. NATURE OF OPERATIONS

Wildlife Conservation Network, Inc. ("WCN" or the "Organization"), is a California nonprofit public benefit corporation founded in 2002 to save the endangered species and their habitat by investing in the growth of individual conservationists focused on implementing community-based conservation programs in Africa, Asia, Eastern Europe, and Latin America. WCN provides back office support for fundraising, marketing, administrative, and technical expertise to field-based individual conservationists and organizations, enabling them to work more effectively and spend more time in the field. WCN uses a venture capital (VC) fundraising model based on the relationships that have evolved between high technology entrepreneurs, investors, and corporations. Acting as a very efficient VC, WCN identifies high potential individual conservationists and organizations, ensuring due diligence is completed up front, providing ongoing advisory services, and forging alliances between donor "investors" and conservationists. WCN is the first to use this approach to fund and support worldwide conservation efforts.

2. PROGRAM SERVICES

Wildlife Programs

Provide direct support to wildlife conservation partners, with a long-term commitment to endangered flagship species in over 30 developing countries. This support includes short-term and long-term grants to enhance WCN's field-based conservation partners' and associates' ability to save endangered species in the wild through programs such as reducing human-wildlife conflict, improving wildlife-friendly livestock, land and crop management, developing alternative livelihood programs, monitoring wildlife, anti-poaching, building capacity in and around protected areas, providing community education for children and adults, and raising public awareness about wildlife.

The Wildlife Programs include a wide range of support for species such as elephants, and deep focused support to organizations including, but not limited to, the Andean Cat Alliance, Cheetah Conservation Botswana, Cheetah Conservation Fund, Ethiopian Wolf Conservation Program, Ewaso Lions, Global Penguin Society, Grévy's Zebra Trust, MarAlliance, Niassa Lion Project, Fundacion Proyecto Titi, Okapi Conservation Project, Painted Dog Conservation, Saiga Conservation Alliance, Save the Elephants, Small Cat Conservation Alliance, Snow Leopard Conservancy, Spectacled Bear Conservation, and other mission relevant organizations in Africa, Asia, Europe, and North and South America.

Program Support Services

Provide a wide variety of technical assistance and support services to maximize the long-term impacts of field-based wildlife conservation partners and associates by enhancing their organizational capacity. These services include student internships, graduate scholarship support, cross site exchanges, leadership development, infrastructural improvement, training workshops, and access to expert advice and short term support (e.g. building capacity to improve accounting, donor outreach and management, grant writing, use of technology, etc).

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2019
(With Comparative Totals for 2018)

2. PROGRAM SERVICES (continued)

Public Education and Outreach

Inform the public of wildlife conservation challenges and community-based solutions implemented by some of the world's most innovative and successful wildlife conservationists through a series of annual wildlife conservation events (including the Wildlife Conservation Expo), newsletters, and website.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to nonprofit organizations. Accordingly, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - represent assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund plus any net assets designated by the Board for specific purposes.
- *Net assets with donor restrictions* - represent assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with an original maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and contributions receivable

Grants and contributions received and promises to give are reported as net assets without donor restrictions or net assets with donor restrictions, depending on donor restrictions (if any). Grants and contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, which is when the conditions on which they depend are substantially met. Grants and contributions that are promised in one year but are not expected to be collected until after the end of the year are considered grants and contributions receivable and are recorded at fair value by discounting to an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the grants and contributions. An allowance for doubtful grants and contributions receivable is provided based on management's judgment including such factors as prior collection history and current age status of grants and contributions receivable. As of December 31, 2019 and 2018, management has determined that no allowance for doubtful grants and contributions receivable was required.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets with donor restrictions.

Fair value measurements

Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

- *Level 1* - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 2* - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- *Level 3* - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$5,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

The Organization reviews long-lived property and equipment for impairment when circumstances indicate the carrying amount of an asset may not be recoverable. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Grants

Grants made by the Organization are recorded at the time the grantee is notified. Conditional grants are recognized as grant expense and grants payable in the period in which the grantee meets the terms and conditions. Grants scheduled for payment in more than one year are discounted to present value using a long-term U.S. Treasury Bond rate at the date of recognition.

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of December 31, 2019 and 2018 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of December 31, 2019 and 2018 was \$60,115 and \$32,245, respectively.

Revenue recognition

Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions in-kind

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 10.

Sale of merchandise

The Organization sells various merchandise items during partner hosted events. For some events the Organization communicates to the public that 100% of the proceeds go to the partners' programs. Merchandise sales during these specific events are recognized as net assets without donor restrictions and net assets with donor restrictions.

Event admission fees

The Organization hosts various events to benefit partners' programs. For some events the Organization communicates to the public that 100% of the proceeds go to the partners' programs. Event admission fees for these specific events are recognized as without restrictions and with restrictions income.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Expense allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense allocation (continued)

Direct identification of specific expenses is the Organization's preferred method of charging expenses to various functions. The Organization has a number of expenses which relate to more than one program or support activity, or to a combination of programs and support activities. Expenses are allocated by management among programs and support services based on an analysis of personnel time.

Uncertainty in income taxes

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more-likely-than-not to be sustained upon examination.

The Organization's federal returns for the years ended December 31, 2016 and beyond remain subject to possible examination by federal taxing authorities, generally for three years after they are filed. The Organization's state returns for the years ended December 31, 2015 and beyond remain subject to possible examination by state taxing authorities, generally for four years after they are filed.

Income taxes

Wildlife Conservation Network, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701d of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year's presentation.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2019
(With Comparative Totals for 2018)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In May 2014, the FASB issued ASU No. 2014-09, *Revenues from Contracts with Customers* (Topic 606). The standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. In effect, entities are required to exercise further judgment and make more estimates prospectively. This may include identifying performance obligations in the contract, estimated the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU No. 2014-09 was effective January 1, 2019 for the Organization. The Organization has evaluated the new guidance and determined that contribution revenue earned and investment income is outside the scope of ASC 606. As a result, the adoption of ASU No. 2014-09 did not have a material impact on the Organization's financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), which is a clarifying standard. The accounting for contributions has been modified to make it more clear and distinguish whether grants or contracts should be accounted for as non-reciprocal contributions, or as exchange transactions that follow revenue recognition accounting. For exchange transactions, the standard clarifies when each party directly receives commensurate value in the transaction, and how to deal with third-party payers to a transaction. Additionally, the criteria for determining whether a contribution is conditional has been changed from a probability-based approach to one focused on barriers in an arrangement. ASU No. 2018-08 was effective January 1, 2019 for the Organization. The Organization has evaluated the guidance and determined the adoption of ASU No. 2018-08 did not have a material impact on the Organization's financial statements.

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Unconditional promises to give and grants which are not expected to be collected until after the year promised or granted are reflected in the accompanying statement of financial position as grants and contributions receivable and support and revenue in the appropriate net asset category. No discount on grants and contributions receivable expected in one to five years was applied for the year ended December 31, 2019.

Grants and contributions receivable consisted of the following:

	2019	2018
Receivable in less than one year	\$ 1,767,492	\$ 9,600
Receivable in one to five years	30,000	-
	\$ 1,797,492	\$ 9,600

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5. INVESTMENTS

The Organization's investment policy is to maintain a moderately conservative but balanced portfolio with the primary investment objectives being the preservation of purchasing power and the preservation of capital.

It is the intent to always maintain a corpus for the WCN Scholarship Fund for Wildlife Conservation (Sidney Byers Scholarship Fund and Pat J. Miller Scholarship Fund) of \$1,670,685 and to use the income and capital appreciation above this amount to fund scholarships. However, should the corpus investment value go below the original level for whatever reason, it will be at the discretion of the three person Selection Committee to decide as to whether to continue to award and fund scholarships or to wait until the corpus grows and exceeds the original level.

During the year ended December 31, 2019, the three-person selection Committee decided to award and fund scholarships totaling \$114,698.

During the year ended December 31, 2013, the Organization received a bequest of \$2,852,550 from an estate. The Organization intends to use the bequest funds in a manner that reflects the donor's lifetime giving. These unrestricted funds were transferred to the Organization through a Real Estate Investment Trust ("REIT"). During the year ended December 31, 2015, investments in the REIT were liquidated. On January 29, 2016, the Organization transferred these liquidated funds to an investment account at Wealthfront, which holds the other Mary S. Boardman Funds. These funds are invested in publicly traded equities, which is consistent with the Organization's investment strategy.

The Organization had requested and the Board had approved the disbursements of \$455,000, of which \$325,000 was allocated to the Save the Elephants program and \$130,000 was allocated to the Niassa Lion Project on an annual basis for two years ended December 31, 2018 and 2017. The Organization had requested and the Board had approved the disbursements of \$585,000, of which \$65,000 was allocated to the Niassa Lion Project, and \$130,000 was allocated to the Save the Elephants program on an annual basis for three years ending December 31, 2019, 2020 and 2021.

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5. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, Organization's assets at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equities	\$ 4,731,230	\$ -	\$ -	\$ 4,731,230
Fixed income	-	2,647,374	-	2,647,374
Mutual funds	<u>3,028</u>	<u>-</u>	<u>-</u>	<u>3,028</u>
	<u>\$ 4,734,258</u>	<u>\$ 2,647,374</u>	<u>\$ -</u>	<u>\$ 7,381,632</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Exchange traded funds	\$ 4,576,686	\$ -	\$ -	\$ 4,576,686
Equities	2,598,477	-	-	2,598,477
Fixed income	<u>-</u>	<u>2,412,968</u>	<u>-</u>	<u>2,412,968</u>
	<u>\$ 7,175,163</u>	<u>\$ 2,412,968</u>	<u>\$ -</u>	<u>\$ 9,588,131</u>

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is possible that the value of the Organization's investments and total net assets balance could fluctuate materially.

The following schedule summarizes the investment returns and their classifications in the statement of activities for the year ended December 31, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 195,780	\$ 35,424	\$ 231,204
Net unrealized gains	560,329	268,159	828,488
Net realized gains (losses)	(54,985)	81,093	26,108
Investment expenses	<u>(3,905)</u>	<u>(18,077)</u>	<u>(21,982)</u>
	<u>\$ 697,219</u>	<u>\$ 366,599</u>	<u>\$ 1,063,818</u>

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5. INVESTMENTS (continued)

The following schedule summarizes the investment returns and their classifications in the statement of activities for the year ended December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 135,189	\$ 30,226	\$ 165,415
Net unrealized losses	(370,002)	(161,872)	(531,874)
Net realized gains (losses)	(6,686)	89,228	82,542
Investment expenses	<u>(4,338)</u>	<u>(17,938)</u>	<u>(22,276)</u>
	<u>\$ (245,837)</u>	<u>\$ (60,356)</u>	<u>\$ (306,193)</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 279,021	\$ 279,021
Website development	96,611	96,611
Leasehold improvements	<u>13,836</u>	<u>13,836</u>
	389,468	389,468
Accumulated depreciation	<u>(299,257)</u>	<u>(217,019)</u>
	<u>\$ 90,211</u>	<u>\$ 172,449</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$82,238 and \$66,777, respectively.

7. BOARD DESIGNATED NET ASSETS

The Organization has established a reserve to fulfill a donor's commitment to wildlife conservation. The commitment reflects the prior giving behavior of the donor.

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7. BOARD DESIGNATED NET ASSETS (continued)

Board designated net assets consisted of the following:

	2019	2018
Mary Boardman fund	\$ 2,118,484	\$ 1,689,767
Save the elephants	434,104	390,000
African wild dog research	164,844	155,644
Niassa lion project	17,847	53,503
Grévy's zebra trust	16,073	38,000
Small wild cat conservation alliance	14,300	5,000
Spectacled bear	9,773	1,000
Penguin	9,700	1,000
African lion (Ewaso)	8,911	-
Cheetah conservation - Botswana	8,601	-
Andean cat alliance	8,600	-
Snow leopard conservancy	8,100	-
Okapi conservation project	7,982	6,550
Cheetah conservation fund - Namibia	7,600	-
Elephant crisis fund	6,400	5,500
Ethiopian wolf conservation	6,385	79,493
Cotton-top Tamarin (Proyecto titi)	5,432	-
Sharks, rays and marine mammals	4,212	1,000
Saiga conservation alliance	2,909	3,500
Conservation acceleration fund	2,250	1,250
African manatee	2,075	-
Pangolin crisis fund	1,000	-
Rhino fund	1,000	-
Great green macaw	500	500
Blue whale	313	500
Save pangolins	293	192
Gorilla - Uganda	-	9,000
Rhino - Zimbabwe	(19)	(19)
Rhino	(19)	-
Lion recovery fund	(191,200)	7,510
	\$ 2,676,450	\$ 2,448,890

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8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2019	2018
Lion recovery fund	\$ 4,093,968	\$ 4,976,945
Elephant crisis fund	3,235,741	3,012,198
WCN scholarship fund - corpus	1,670,685	1,670,685
WCN scholarship fund - accumulated investment gains (losses) (including distributions in excess of corpus)	343,333	(18,025)
Conservation acceleration fund	527,912	424,347
Rhino fund	493,614	234,435
Penguin	472,717	350,813
Other	450,514	131,324
Save the elephants	432,714	1,000,738
African wild dog (Painted dog conservation)	348,718	374,220
Andean cat alliance	299,721	283,624
African lion (Ewaso)	282,768	244,708
Pangolin crisis fund	268,044	-
Save pangolins	228,330	173,745
Great green macaw	129,996	63,003
Internship program	73,935	73,935
Jane Goodall Institute	59,000	-
Cheetah conservation - Botswana	30,208	53,072
Grey crowned crane	25,485	4,361
Giraffe	21,000	464
African wild dog research	20,789	6,751
Orangutan - Malaysia	20,482	15,000
Rhino - Namibia	17,263	-
African Wild Dog Foundation	15,805	-
Spectacled bear	11,584	189,552
Solar project	11,096	2,435
Workings dogs for conservation	11,000	10,000
Bonobo and Congo biodiversity initiative	10,056	5,056
Gorilla - Uganda	10,025	10,000
Pangolin	7,061	19,045
Black rhino	7,040	45,955
Dolphins and dugongs	4,227	-
Saola	3,025	13,417
Coral fund	2,897	15,106
Dhole	1,310	6,932
Snow leopard conservancy	1,203	33,581
Cheetah conservation fund - Namibia	1,055	27,905
Small wild cat conservation alliance	624	11,714
Wild earth allies	233	19,049
Wildlife crime	150	1,350
Tapir	100	700
Tree kangaroo	50	-
Marine biodiversity	30	-
Polar bear	25	364

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8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

	<u>2019</u>	<u>2018</u>
Rhino - Zimbabwe	19	119
Tiger - Siberia	10	-
Grévy's zebra trust	-	58,500
Saiga conservation alliance	-	56,812
Blue whale	-	41,199
African manatee	-	35,612
Okapi conservation project	-	23,819
Cotton-top tamarin (Proyecto titi)	-	22,041
Sharks, rays and marine mammals	-	17,958
	<u>\$ 13,645,562</u>	<u>\$ 13,744,564</u>

Net assets with donor restrictions released from restriction during the year were as follows:

<u>Purpose Restriction</u>	<u>Country</u>	<u>2019</u>	<u>2018</u>
Wildlife Programs			
Lion recovery fund	Various countries	\$ 5,043,164	\$ 2,126,965
Save the elephants	Kenya	4,331,373	2,264,567
Elephant crisis fund	Various countries	4,030,730	6,677,609
Niassa lion project	Mozambique	1,037,817	641,618
African wild dog (Painted dog conservation)	Zimbabwe	750,956	847,801
African lion (Ewaso)	Kenya	683,031	830,290
Cotton-top Tamarin (Proyecto titi)	Colombia	556,820	378,196
Spectacled bear	Peru	519,795	271,173
Cheetah conservation - Botswana	Botswana	359,809	247,317
Grévy's zebra trust	Kenya	355,310	290,072
Penguin	Argentina	243,435	181,992
Okapi conservation project	Democratic Republic of Congo	211,373	58,605
Great green macaw	Costa Rica	176,641	30,312
Pangolin crisis fund	Vietnam	164,502	-
Andean cat alliance	Argentina, Bolivia, Chile and Peru	161,533	91,375
Ethiopian wolf conservation	Ethiopia	150,082	237,361
Sharks, rays and marine mammals	Gulf, Caribbean, Cabo Verde and Micronesia	144,988	157,652
Small wild cat conservation alliance	Various countries	133,742	110,213
Other	Various Countries	130,459	12,000
African wild dog research	Zimbabwe	129,844	118,754
Jane Goodall Institute	United States	127,580	20,000
Coral fund	Australia	125,198	-
Cheetah conservation fund - Namibia	Namibia	119,762	37,006
Snow leopard conservancy	India, Nepal	114,695	82,107
Saiga conservation alliance	Uzbekistan	104,502	56,354
Black rhino	Malawi	95,851	62,223
Rhino fund	Various countries	77,381	-

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8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Purpose Restriction	Country	2019	2018
Pangolin	Vietnam	43,949	8,639
Blue whale	Sri Lanka	43,869	-
African manatee	Cameroon	43,792	475
Orangutan - Malaysia	Malaysia	24,954	5,000
Working dogs for conservation	Various countries	21,000	7,000
Wild earth allies	Various countries	19,049	-
Save pangolins	United States	16,595	7,914
Saola	Laos	14,517	11,470
Giraffe	Various countries	13,993	36,160
Rhino - Namibia	Namibia	12,224	-
Tiger - Siberia	Siberia	12,000	10,020
Gorilla - Uganda	Uganda	10,000	10,000
Dhole	India	9,967	-
Grey crowned crane	Rwanda	9,682	1,980
Dolphins and dugongs	Malaysia	2,847	-
Tapir	Brazil	1,800	1,000
Wildlife crime	Zambia	1,350	9,286
Marine biodiversity	Various countries	1,000	1,955
Polar bear	Various countries	864	1,805
Rhino - Zimbabwe	Zimbabwe	100	-
	Democratic Republic of Congo	-	5,000
Bonobo and Congo biodiversity initiative		-	5,000
		<u>20,383,925</u>	<u>15,949,266</u>
Public Education and Outreach			
WCN scholarship fund - scholarship grants	Various countries	114,698	147,546
WCN scholarship fund - transfers, net	United States	7,429	38,926
Conservation acceleration fund	Various countries	147,166	224,136
Solar project	United States	11,214	91,244
Internship program	Various countries	-	14,760
		<u>280,507</u>	<u>516,612</u>
		<u>\$ 20,664,432</u>	<u>\$ 16,465,878</u>

9. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization'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. To meet liquidity needs, the Organization has cash and cash equivalents available. Grants and contributions receivable that are considered current will be collected from donors within one year.

Monthly, Management and members from the Board review the Organization's financial position and discusses a reasonable cash position to maintain. Management and members from the Board have set 180 days in cash as the minimum for 2020.

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9. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes assets that are available within one year of December 31, 2019 to fund general expenditures and other obligations as they become due:

Financial assets	
Cash and cash equivalents	\$ 14,129,913
Grants and contributions receivable, current portion	1,767,492
Investments	<u>7,381,632</u>
	<u>23,279,037</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Grants payable, current portion	(2,712,739)
Purpose restricted projects	(11,974,877)
Held in perpetuity	<u>(1,670,685)</u>
	<u>(16,358,301)</u>
Less: Board designated net assets	<u>(2,118,484)</u>
	<u><u>\$ 4,802,252</u></u>

Financial assets available to meet cash needs for general expenditures within one year at December 31, 2019 were \$4,802,252.

The Organization has financial assets available at December 31, 2019 to cover approximately 387 days of operating expenses based on the fiscal year 2020 budget.

10. CONTRIBUTIONS IN-KIND

Contributions in-kind consisted of the following:

	<u>2019</u>	<u>2018</u>
Salaries in-kind	\$ 155,000	\$ 155,000
Professional services	<u>20,312</u>	<u>25,386</u>
	<u><u>\$ 175,312</u></u>	<u><u>\$ 180,386</u></u>

The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. The estimated value of these services for the years ended December 31, 2019 and 2018 based on the estimated dollar value of volunteer time calculated by Independent Sector, amounts to \$26,803 and \$31,448, respectively. Since these services did not require specialized skills, they have not been recorded as support and expenses in the financial statements.

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11. CONFLICT OF INTEREST POLICY

Included among the Organization's Board of Directors and Officers are volunteers from the community who provide valuable assistance to the Organization in the development of policies and programs and in the evaluation of business transactions. The Organization has adopted a conflict of interest policy whereby Board members are disqualified from participation in the final decisions regarding any action affecting their related company or agency.

12. COMMITMENTS AND CONTINGENCIES

The Organization rented 2,500 square feet of office space at the rate of \$6,852 per month under a non-cancelable operating lease extended to February 15, 2019. The payments of \$6,852 remained fixed until January 15, 2017, at which time the rent is adjusted annually. As of December 31, 2018, rent under this lease was \$9,656 per month.

The Organization also rented 1,500 square feet of additional office space at the rate of \$6,375 per month under a non-cancelable operating lease expiring on February 15, 2019. The payments of \$6,375 remained fixed until February 15, 2017, at which time the rent was adjusted annually. As of December 31, 2018, rent under this lease was \$6,763 per month. Under the terms of the lease, the Organization is responsible for its share of common area maintenance costs.

On November 15, 2018, the Organization signed a new lease agreement, effective March 15, 2019, for the 4,000 square feet of office space at the rate of \$17,000 per month under a non-cancelable operating lease expiring on March 14, 2022. The lease requires escalating monthly rent payments ranging from \$17,000 to \$18,035. Under the terms of the lease, the Organization is responsible for its share of common area maintenance costs.

The Organization entered into a non-cancelable storage lease agreement effective February 25, 2019 through March 14, 2022. The lease requires escalating monthly rent payments ranging from \$1,173 to \$1,244.

Rental expense for the years ended December 31, 2019 and 2018 was \$210,583 and \$182,031, respectively.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending December 31,</u>			
2020	\$	225,370	
2021		225,370	
2022		<u>37,562</u>	
	<u>\$</u>	<u>488,302</u>	

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13. RELATED PARTY TRANSACTIONS

Contributions were received from various board members of the Organization. These contributions for the years ended December 31, 2019 and 2018 totaled \$682,428 and \$1,059,432, respectively. The Organization had \$17,344 and \$787 due from related parties at December 31, 2019 and 2018, respectively.

14. ENDOWMENT

General information

The Organization's endowment consists of one donor-restricted endowment fund (the "WCN Scholarship Fund"). As required by Generally Accepted Accounting Principles ("GAAP"), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

WCN Scholarship Fund

On July 13, 2006, the Organization entered into an endowment memorandum of understanding with Sidney S. Byers Charitable Trust to develop and manage the Sidney Byers Scholarship for Wildlife Conservation ("WCN Scholarship Fund"). The endowment consisted of investment securities held at Charles Schwab, Inc. and valued at \$1,000,000. WCN has formed a selection committee which is responsible for advising WCN on the future direction and execution of the scholarships. An addendum to the endowment agreement states that if the corpus falls below \$1,000,000, for whatever reason, it is the intent to fund existing scholarship commitments and it will be at the discretion of the Selection Committee to decide as to whether to continue to award new scholarships or to wait until the corpus grows above the \$1,000,000 level.

Subsequent contributions totaling \$670,685 have been received as of December 31, 2019. These additional subsequent contributions are subject to the same terms and criteria as the original WCN Scholarship Fund.

Interpretation of relevant law

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

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14. ENDOWMENT (continued)

Interpretation of relevant law (continued)

The WCN Scholarship Fund endowment has the following explicit donor stipulations:

- (1) The addendum to the endowment memorandum of understanding states that if the corpus falls below \$1,000,000 for whatever reason, it is the intent to fund existing scholarship commitments and it will be at the discretion of the three person Selection Committee to decide as to whether to continue to award new scholarships or to wait until the corpus grows above the \$1,000,000 level.
- (2) Additional subsequent contributions are subject to the same terms and criteria as the original WCN Scholarship Fund.

As a result of the above listed explicit donor stipulations, the Organization classifies as net assets with donor restrictions the following:

- *WCN Scholarship Fund - corpus* - consisting of (a) the original value of gifts donated to the net assets with donor restrictions endowment and (b) the original value of subsequent gifts to the net assets with donor restrictions endowment.
- *WCN Scholarship Fund - accumulated investment gain (loss)* - consisting of accumulated earnings and losses, capital appreciations and depreciations, and appropriations (distributions).

Investment return objectives, risk parameters and strategies

WCN has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets could include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. WCN expects its endowment funds, over time, to provide an average rate of return of approximately seven percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

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14. ENDOWMENT (continued)

Spending policy

The Selection Committee may, at its discretion, authorize appropriations each year up to 7% of the fair market value (determined on the average fair market value of the prior 12 quarters through the fiscal year preceding the fiscal year in which the appropriation is planned) from donor-restricted endowment funds. The Selection Committee may also at its discretion authorize appropriations above the 7% if special circumstances arise. During the years ended December 31, 2019 and 2018, the Organization's Selection Committee authorized appropriations of 6.63% and 8.70%; respectively, to fund previously awarded scholarships.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original contributed amount by the donor. As of December 31, 2018, the Organization made appropriations in excess of corpus of \$18,025. As of December 31, 2019, there were no appropriations in excess of corpus.

Endowment composition

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

	Net Assets With Donor Restrictions		
	Accumulated Investment Gains (Losses) and Appropriations in Excess of Corpus	Corpus	Total
WCN Scholarship Fund	\$ 343,333	\$ 1,670,685	\$ 2,014,018

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14. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2019 is as follows:

	Net Assets With Donor Restrictions		
	Accumulated Investment Gains (Losses) and Appropriations in Excess of Corpus	Corpus	Total
Balance, December 31, 2018	\$ (18,025)	\$ 1,670,685	\$ 1,652,660
Contributions	116,886	-	116,886
Interest and dividend income	35,424	-	35,424
Unrealized gains on investments	268,159	-	268,159
Realized gains on investments	81,093	-	81,093
Investment expenses	(18,077)	-	(18,077)
Transfers, net	(7,429)	-	(7,429)
Appropriations - scholarship grants	(114,698)	-	(114,698)
	\$ 343,333	\$ 1,670,685	\$ 2,014,018
Balance, December 31, 2019	\$ 343,333	\$ 1,670,685	\$ 2,014,018

15. GRANT COMMITMENTS

On March 31, 2015, the Organization committed \$682,500 of the Mary S. Boardman Conservation Fund to two of its Partners. During January 2018, the Organization and the Board approved disbursements of \$585,000 from the Mary S. Boardman Funds, of which \$130,000 will be allocated to the Save the Elephants program and \$65,000 will be allocated to the Niassa Lion Project on an annual basis for three years ending December 31, 2019, 2020 and 2021. During May 2018, the Organization and the Board approved disbursements of \$270,000 from the Frankie Seffens Grant, of which \$50,000 will be allocated to the Painted Dog Conservation program and \$40,000 will be allocated to the Ethiopian Wolf Conservation program on an annual basis for the three years ending December 31, 2019, 2020 and 2021.

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15. GRANT COMMITMENTS (continued)

Grant commitments consist of the following:

	2019	2018
Save the elephants	\$ 260,000	\$ 390,000
Niassa lion project	\$ 130,000	\$ 195,000
Painted dog conservation	\$ 100,000	\$ 150,000
Ethiopian wolf conservation	\$ 80,000	\$ 120,000

16. EMPLOYEE BENEFIT PLANS

The Organization has a defined contribution 401(k) for its employees. Employees are permitted to make tax-deferred contributions into the 401(k) plan up to limits established by the IRS; employer contributions are discretionary. The Organization made discretionary contributions of \$60,320 and \$51,539 to the plan for the years ended December 31, 2019 and 2018, respectively.

17. CONCENTRATIONS

During the years ended December 31, 2019 and 2018, one donor accounted for approximately 14% of total contribution revenue.

18. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 4, 2020, the date the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California where the Organization is headquartered, have declared a state of emergency.

The effects of the pandemic on the U.S. economy have not yet been fully felt nor are its economic effects measurable at this time. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. As a result, equity markets have experienced significant decline and volatility from their historically high levels. While the economic disruption is currently expected to be temporary and markets typically recover, there is considerable uncertainty around the duration of the closings and shelter in place orders and the shorter-term market volatility. It is at least reasonably possible that this matter will negatively impact the Organization. However, the financial impact and duration cannot be reasonably estimated at this time, therefore, the Organization has not accrued for any potential losses that may occur in the future as a result.

SUPPLEMENTARY INFORMATION

Wildlife Conservation Network, Inc.
Restrictions and Designations for Wildlife Programs
December 31, 2019

The following schedule summarizes the total restrictions and funds designated for the following Wildlife programs:

Wildlife programs		
Lion recovery fund	\$	3,902,768
Elephant crisis fund		3,242,142
WCN scholarship fund - corpus		1,670,685
WCN scholarship fund - accumulated investment gains		343,333
Save the elephants		866,818
Conservation acceleration fund		530,162
African wild dog (Painted dog conversation)		513,562
Rhino fund		494,614
Penguin		482,417
WCN General		445,514
Andean cat alliance		308,321
African lion (Ewaso)		291,679
Pangolin Crisis Fund		269,044
Save pangolins		228,623
Great green macaw		130,496
Internship program		73,935
Jane Goodall Institute		59,000
Cheetah conservation - Botswana		38,808
Grey crowned crane		25,485
Spectacled bear		21,357
Giraffe		21,000
African wild dog research		20,789
Orangutan - Malaysia		20,482
Niassa lion project		17,847
Rhino - Namibia		17,263
Grévy's zebra trust		16,073
African wild dog foundation		15,805
Small wild cat conservation alliance		14,924
Solar project		11,096
Working dogs for conservation		11,000
Bonobo and Congo biodiversity		10,056
Gorilla - Uganda		10,025
Snow leopard conservancy		9,303
Cheetah conservation fund - Namibia		8,655
Okapi conservation project		7,982
Pangolin - Vietnam		7,061
Black rhino		7,040
Ethiopian wolf conservation		6,385
Cotton-top Tamarin (Proyecto titi)		5,432
Other		5,000
Dolphins and dugongs		4,227
Sharks, rays and marine mammals		4,212

Wildlife Conservation Network, Inc.
Restrictions and Designations for Wildlife Programs
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(continued)

Saola	\$	3,025
Saiga conversation alliance		2,909
Coral fund		2,897
African manatee		2,075
Dhole		1,310
Blue whale		313
Wild earth allies		233
Wildlife crime		150
Tapir		100
Tree kangaroo		50
Marine biodiversity		30
Polar bear		25
Tiger - Siberia		10
Rhino		<u>(19)</u>
	<u>\$</u>	<u>14,203,528</u>