

Wildlife Conservation Network, Inc.

Financial Statements
and Supplementary Information

December 31, 2020
(With Comparative Totals for 2019)



TABLE OF CONTENTS

| | <u>Page No.</u> |
|---|-----------------|
| Independent Auditor's Report | 1 - 2 |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 25 |
| Supplementary Information | |
| Schedule of Net Assets With Donor Restrictions and Board Designated Funds | 27 - 28 |

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, 2020, 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, 2020, 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.

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. However, 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 27 - 28 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 2019 financial statements, and our report dated June 4, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
San Jose, California

April 30, 2021

Wildlife Conservation Network, Inc.
Statement of Financial Position
December 31, 2020
(With Comparative Totals for 2019)

| | 2020 | 2019 |
|---|---------------|---------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 25,043,427 | \$ 14,129,913 |
| Grants and contributions receivable, current portion | 530,000 | 1,767,492 |
| Prepaid expenses and deposits | 497,955 | 329,543 |
| Total current assets | 26,071,382 | 16,226,948 |
| Other assets | | |
| Grants and contributions receivable, net of current portion | 20,000 | 30,000 |
| Investments | 4,399,183 | 7,381,632 |
| Property and equipment, net | 53,575 | 90,211 |
| Total other assets | 4,472,758 | 7,501,843 |
| Total assets | \$ 30,544,140 | \$ 23,728,791 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable | \$ 308,425 | \$ 304,919 |
| Grants payable, current portion | 5,567,776 | 2,712,739 |
| Accrued liabilities | 121,993 | 79,988 |
| Deferred rent | 6,679 | 5,549 |
| Total current liabilities | 6,004,873 | 3,103,195 |
| Grants payable, net of current portion | 20,000 | 225,000 |
| Total liabilities | 6,024,873 | 3,328,195 |
| Net assets | | |
| Without donor restrictions | | |
| Undesignated | 5,069,144 | 4,078,584 |
| Board designated | 2,751,498 | 2,676,450 |
| Total without donor restrictions | 7,820,642 | 6,755,034 |
| With donor restrictions | 16,698,625 | 13,645,562 |
| Total net assets | 24,519,267 | 20,400,596 |
| Total liabilities and net assets | \$ 30,544,140 | \$ 23,728,791 |

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

Wildlife Conservation Network, Inc.
Statement of Activities
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|---|----------------------------------|----------------------------|----------------------|----------------------|
| Support and revenue | | | | |
| Grants and contributions | \$ 4,031,384 | \$ 27,880,249 | \$ 31,911,633 | \$ 23,268,411 |
| Contributions in-kind | 156,100 | 3,124 | 159,224 | 175,312 |
| Investment income (net of investment expenses of \$20,774 in 2020 and \$21,982 in 2019) | 299,627 | 178,379 | 478,006 | 1,063,818 |
| Other income | 7,817 | 313,722 | 321,539 | 301,278 |
| Program service fees | - | 149,975 | 149,975 | 255,000 |
| Event admission fees | 50,175 | 700 | 50,875 | 185,105 |
| Sale of merchandise (net of cost of goods sold of \$5,188 in 2020 and \$2,876 in 2019) | (5,045) | 204 | (4,841) | 70,783 |
| Sponsorship | 7,500 | - | 7,500 | 45,000 |
| Auction | - | - | - | 11,521 |
| Net assets released from restriction | <u>25,473,290</u> | <u>(25,473,290)</u> | <u>-</u> | <u>-</u> |
| Total support, revenue, and net assets released from restriction | <u>30,020,848</u> | <u>3,053,063</u> | <u>33,073,911</u> | <u>25,376,228</u> |
| Functional expenses | | | | |
| Program services | | | | |
| Wildlife programs | 25,794,619 | - | 25,794,619 | 21,561,955 |
| Program support services | 550,343 | - | 550,343 | 698,800 |
| Public education and outreach | 876,279 | - | 876,279 | 1,036,065 |
| Total program services | <u>27,221,241</u> | <u>-</u> | <u>27,221,241</u> | <u>23,296,820</u> |
| Support services | | | | |
| Management and general | 1,569,937 | - | 1,569,937 | 1,458,689 |
| Fundraising | 164,073 | - | 164,073 | 205,461 |
| Total support services | <u>1,734,010</u> | <u>-</u> | <u>1,734,010</u> | <u>1,664,150</u> |
| Total functional expenses | <u>28,955,251</u> | <u>-</u> | <u>28,955,251</u> | <u>24,960,970</u> |
| Change in net assets from operations | 1,065,597 | 3,053,063 | 4,118,660 | 415,258 |
| Foreign currency translation | <u>11</u> | <u>-</u> | <u>11</u> | <u>481</u> |
| Change in net assets | 1,065,608 | 3,053,063 | 4,118,671 | 415,739 |
| Net assets, beginning of year | <u>6,755,034</u> | <u>13,645,562</u> | <u>20,400,596</u> | <u>19,984,857</u> |
| Net assets, end of year | <u>\$ 7,820,642</u> | <u>\$ 16,698,625</u> | <u>\$ 24,519,267</u> | <u>\$ 20,400,596</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, 2020
(With Comparative Totals for 2019)

| | Program Services | | | | Support Services | | | 2020 Total | 2019 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 | \$ 364,430 | \$ 158,066 | \$ 348,090 | \$ 870,586 | \$ 836,895 | \$ 73,407 | \$ 910,302 | \$ 1,780,888 | \$ 1,562,767 |
| Employee benefits | 44,154 | 19,153 | 42,104 | 105,411 | 101,396 | 8,887 | 110,283 | 215,694 | 178,917 |
| Salaries in-kind | 21,282 | 46 | 70,091 | 91,419 | 37,882 | 25,699 | 63,581 | 155,000 | 155,000 |
| Payroll taxes | 29,743 | 12,903 | 28,362 | 71,008 | 68,305 | 5,986 | 74,291 | 145,299 | 143,654 |
| Total personnel expenses | <u>459,609</u> | <u>190,168</u> | <u>488,647</u> | <u>1,138,424</u> | <u>1,044,478</u> | <u>113,979</u> | <u>1,158,457</u> | <u>2,296,881</u> | <u>2,040,338</u> |
| Other expenses | | | | | | | | | |
| Grants | 25,160,453 | 284,895 | 20,000 | 25,465,348 | - | - | - | 25,465,348 | 20,804,579 |
| Professional services, including in-kind | 40,986 | 16,895 | 128,316 | 186,197 | 93,065 | 10,272 | 103,337 | 289,534 | 312,851 |
| Occupancy | 44,686 | 18,420 | 47,770 | 110,876 | 101,465 | 11,199 | 112,664 | 223,540 | 210,583 |
| Contract labor | 35,881 | 14,790 | 38,358 | 89,029 | 81,471 | 8,993 | 90,464 | 179,493 | 231,769 |
| Printing | 6,897 | 2,843 | 44,651 | 54,391 | 60,917 | 7,721 | 68,638 | 123,029 | 130,769 |
| Bank fees | - | - | - | - | 83,835 | - | 83,835 | 83,835 | 85,553 |
| Office expenses | 9,470 | 4,604 | 43,641 | 57,715 | 21,502 | 2,373 | 23,875 | 81,590 | 98,746 |
| Depreciation | 11,741 | 4,840 | 12,552 | 29,133 | 26,660 | 2,943 | 29,603 | 58,736 | 82,238 |
| Postage and shipping | 3,283 | 1,353 | 27,657 | 32,293 | 7,455 | 823 | 8,278 | 40,571 | 18,769 |
| Outside services | 5,353 | 2,206 | 5,722 | 13,281 | 12,153 | 1,342 | 13,495 | 26,776 | 31,278 |
| Telephone | 4,214 | 1,737 | 4,505 | 10,456 | 9,569 | 1,056 | 10,625 | 21,081 | 22,051 |
| Other | 4,153 | 1,712 | 4,439 | 10,304 | 9,428 | 1,041 | 10,469 | 20,773 | 28,709 |
| Travel | 2,562 | 1,056 | 4,407 | 8,025 | 5,817 | 1,030 | 6,847 | 14,872 | 613,690 |
| Insurance | 2,329 | 975 | 2,406 | 5,710 | 5,307 | 548 | 5,855 | 11,565 | 10,977 |
| Dues and subscriptions | 1,356 | 3,171 | 1,449 | 5,976 | 3,078 | 340 | 3,418 | 9,394 | 26,184 |
| Utilities | 1,646 | 678 | 1,759 | 4,083 | 3,737 | 413 | 4,150 | 8,233 | 13,063 |
| Expo and other receptions | - | - | - | - | - | - | - | - | 150,645 |
| Donor events and recognition | - | - | - | - | - | - | - | - | 44,390 |
| Repairs and maintenance | - | - | - | - | - | - | - | - | 3,788 |
| Cost of goods sold | - | - | - | - | - | 5,188 | 5,188 | 5,188 | 2,876 |
| Total other expenses | <u>25,335,010</u> | <u>360,175</u> | <u>387,632</u> | <u>26,082,817</u> | <u>525,459</u> | <u>55,282</u> | <u>580,741</u> | <u>26,663,558</u> | <u>22,923,508</u> |
| Less expenses included in support and revenue | - | - | - | - | - | (5,188) | (5,188) | (5,188) | (2,876) |
| Total expenses included in expenses section on the statement of activities | <u>\$ 25,794,619</u> | <u>\$ 550,343</u> | <u>\$ 876,279</u> | <u>\$ 27,221,241</u> | <u>\$ 1,569,937</u> | <u>\$ 164,073</u> | <u>\$ 1,734,010</u> | <u>\$ 28,955,251</u> | <u>\$ 24,960,970</u> |
| Percentage of total | <u>89 %</u> | <u>2 %</u> | <u>3 %</u> | <u>94 %</u> | <u>5 %</u> | <u>1 %</u> | <u>6 %</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, 2020
(With Comparative Totals for 2019)

| | 2020 | 2019 |
|--|---------------|---------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 4,118,671 | \$ 415,739 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation | 58,736 | 82,238 |
| Donated investments | (5,711,518) | (685,357) |
| Proceeds from sale of donated investments | 5,711,518 | 685,357 |
| Net realized and unrealized gains on investments | (391,070) | (854,596) |
| Changes in operating assets and liabilities | | |
| Grants and contributions receivable | 1,247,492 | (1,787,892) |
| Prepaid expenses and deposits | (168,412) | (149,788) |
| Accounts payable | 3,506 | 129,464 |
| Grants payable | 2,650,037 | (422,911) |
| Accrued liabilities | 42,005 | 32,294 |
| Deferred rent | 1,130 | 2,759 |
| Net cash provided by (used in) operating activities | 7,562,095 | (2,552,693) |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (22,100) | - |
| Proceeds from sale of investments | 10,514,827 | 8,662,159 |
| Purchase of investments | (7,141,308) | (5,601,064) |
| Net cash provided by investing activities | 3,351,419 | 3,061,095 |
| Net increase in cash and cash equivalents | 10,913,514 | 508,402 |
| Cash and cash equivalents, beginning of year | 14,129,913 | 13,621,511 |
| Cash and cash equivalents, end of year | \$ 25,043,427 | \$ 14,129,913 |

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

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

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 conservationists focused on implementing community-based, and other, conservation programs in Africa, Asia, Eastern Europe, and North and South 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 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 range-wide of support for species such as elephants, lions, rhinoceros and pangolins, 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, 2020
(With Comparative Totals for 2019)

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, 2020
(With Comparative Totals for 2019)

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, 2020 and 2019, 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, 2020
(With Comparative Totals for 2019)

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, 2020 and 2019 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of December 31, 2020 and 2019 was \$102,484 and \$60,115, respectively.

Revenue recognition

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, 2020
(With Comparative Totals for 2019)

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. During the year ended December 31, 2020 the majority of the Organization's events were virtual.

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, 2020
(With Comparative Totals for 2019)

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, 2017 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, 2016 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, 2019, 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, 2020
(With Comparative Totals for 2019)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

Management of the Organization has evaluated events and transactions subsequent to December 31, 2020 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the fiscal year ended December 31, 2020. Subsequent events have been evaluated through the date the financial statements became available to be issued April 30, 2021.

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, 2020.

Grants and contributions receivable consisted of the following:

| | 2020 | 2019 |
|----------------------------------|------------|--------------|
| Receivable in less than one year | \$ 530,000 | \$ 1,767,492 |
| Receivable in one to five years | 20,000 | 30,000 |
| | \$ 550,000 | \$ 1,797,492 |

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, 2020, the three-person selection Committee decided to award and fund scholarships totaling \$185,814.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

5. INVESTMENTS (continued)

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.

The following table sets forth by level, within the fair value hierarchy, Organization's assets at fair value as of December 31, 2020:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Fair Value</u> |
|-----------------------|---------------------|----------------|----------------|---------------------|
| Exchange traded funds | \$ 2,478,490 | \$ - | \$ - | \$ 2,478,490 |
| Equities | <u>1,920,693</u> | <u>-</u> | <u>-</u> | <u>1,920,693</u> |
| | <u>\$ 4,399,183</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,399,183</u> |

The following table sets forth by level, within the fair value hierarchy, the 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> |

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.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

5. INVESTMENTS (continued)

The following schedule summarizes the investment returns and their classifications in the statement of activities for the year ended December 31, 2020:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|------------------------|---------------------------------------|------------------------------------|-------------------|
| Interest and dividends | \$ 79,587 | \$ 28,123 | \$ 107,710 |
| Net unrealized gains | 220,666 | 167,924 | 388,590 |
| Net realized gains | 2,480 | - | 2,480 |
| Investment expenses | <u>(3,106)</u> | <u>(17,668)</u> | <u>(20,774)</u> |
| | <u>\$ 299,627</u> | <u>\$ 178,379</u> | <u>\$ 478,006</u> |

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> |

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|------------------|------------------|
| Furniture and equipment | \$ 291,121 | \$ 279,021 |
| Website development | 106,611 | 96,611 |
| Leasehold improvements | <u>13,836</u> | <u>13,836</u> |
| | 411,568 | 389,468 |
| Accumulated depreciation | <u>(357,993)</u> | <u>(299,257)</u> |
| | <u>\$ 53,575</u> | <u>\$ 90,211</u> |

Depreciation expense for the years ended December 31, 2020 and 2019 was \$58,736 and \$82,238, respectively.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

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.

Board designated net assets consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|---------------------|---------------------|
| Mary Boardman fund | \$ 2,268,688 | \$ 2,118,484 |
| Save the elephants | 331,794 | 434,104 |
| African wild dog research | 164,844 | 164,844 |
| Niassa lion project | 35,847 | 17,847 |
| African lion (Ewaso) | 18,911 | 8,911 |
| Grévy's zebra trust | 16,073 | 16,073 |
| Small wild cat conservation alliance | 14,300 | 14,300 |
| Spectacled bear | 9,773 | 9,773 |
| Penguin | 9,700 | 9,700 |
| Cheetah conservation - Botswana | 8,601 | 8,601 |
| Andean cat alliance | 8,600 | 8,600 |
| Snow leopard conservancy | 8,100 | 8,100 |
| Okapi conservation project | 7,982 | 7,982 |
| Cheetah conservation fund - Namibia | 7,600 | 7,600 |
| Elephant crisis fund | 6,400 | 6,400 |
| Ethiopian wolf conservation | 6,385 | 6,385 |
| Cotton-top Tamarin (Proyecto titi) | 5,432 | 5,432 |
| Sharks, rays and marine mammals | 4,212 | 4,212 |
| Saiga conservation alliance | 2,909 | 2,909 |
| Conservation acceleration fund | 2,250 | 2,250 |
| African manatee | 1,220 | 2,075 |
| Pangolin crisis fund | 1,000 | 1,000 |
| Rhino fund | 1,000 | 1,000 |
| Great green macaw | 500 | 500 |
| Save pangolins | 293 | 293 |
| Other programs | 303 | - |
| Rhino - Zimbabwe | (19) | (19) |
| Lion recovery fund | (191,200) | (191,200) |
| Blue whale | - | 313 |
| Rhino | - | (19) |
| | <u>\$ 2,751,498</u> | <u>\$ 2,676,450</u> |

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

| | 2020 | 2019 |
|---|--------------|--------------|
| Elephant crisis fund | \$ 3,489,814 | \$ 3,235,741 |
| Lion recovery fund | 2,255,626 | 4,093,968 |
| The connectivity fund | 1,978,936 | - |
| WCN scholarship fund - corpus | 1,670,685 | 1,670,685 |
| WCN scholarship fund - accumulated investment gains | 325,601 | 302,222 |
| WCN scholarship program | 166,935 | 41,111 |
| Other species | 1,119,245 | 450,514 |
| Rhino fund | 960,054 | 493,614 |
| Penguin | 732,196 | 472,717 |
| Pangolin crisis fund | 683,046 | 268,044 |
| African wild dog (Painted dog conservation) | 555,511 | 348,718 |
| Andean cat alliance | 438,618 | 299,721 |
| African lion (Ewaso) | 385,182 | 282,768 |
| Emergency response fund | 320,273 | - |
| Ethiopian wolf conservation | 280,027 | - |
| Conservation acceleration fund | 279,044 | 527,912 |
| Save pangolins | 249,225 | 228,330 |
| Great green macaw | 151,780 | 129,996 |
| Internship program | 73,935 | 73,935 |
| Niassa lion project | 57,811 | - |
| Grévy's zebra trust | 56,805 | - |
| Other programs | 54,727 | - |
| Sharks, rays and marine mammals | 52,232 | - |
| Jane Goodall Institute | 50,000 | 59,000 |
| Gorilla - Uganda | 37,650 | 10,025 |
| African wild dog research | 30,982 | 20,789 |
| African Wild Dog Foundation | 29,129 | 15,805 |
| Spectacled bear | 28,791 | 11,584 |
| Cheetah conservation fund - Namibia | 20,530 | 1,055 |
| Orangutan - Malaysia | 19,260 | 20,482 |
| Okapi conservation project | 17,923 | - |
| Bonobo and Congo biodiversity initiative | 15,062 | 10,056 |
| Cheetah conservation - Botswana | 11,646 | 30,208 |
| Tapir | 10,700 | 100 |
| Snow leopard conservancy | 10,415 | 1,203 |
| Coral fund | 9,694 | 2,897 |
| Black rhino | 8,256 | 7,040 |
| Cotton-top tamarin (Proyecto titi) | 8,048 | - |
| Small wild cat conservation alliance | 7,577 | 624 |
| Rhino - Namibia | 7,118 | 17,263 |
| Koala | 7,000 | - |
| Solar project | 6,896 | 11,096 |
| Saiga conservation alliance | 6,054 | - |
| Giraffe | 5,945 | 21,000 |
| Pangolin - Vietnam | 5,005 | 7,061 |

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

| | 2020 | 2019 |
|--------------------------------|----------------------|----------------------|
| Dolphins and dugongs | 3,664 | 4,227 |
| Polar bear | 1,025 | 25 |
| Grey wolf | 1,000 | - |
| Grey crowned crane | 635 | 25,485 |
| Dhole | 620 | 1,310 |
| Wild earth allies | 233 | 233 |
| Saola Foundation - Lao PDR | 200 | - |
| Wildlife crime | 150 | 150 |
| Tree kangaroo | 50 | 50 |
| Marine biodiversity | 30 | 30 |
| Rhino - Zimbabwe | 19 | 19 |
| Tiger - Siberia | 10 | 10 |
| Save the elephants | - | 432,714 |
| Workings dogs for conservation | - | 11,000 |
| Saola | - | 3,025 |
| | <u>\$ 16,698,625</u> | <u>\$ 13,645,562</u> |

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

| Purpose Restriction | Country | 2020 | 2019 |
|---|--|--------------|--------------|
| Wildlife Programs | | | |
| Lion recovery fund | Various countries | \$ 9,566,108 | \$ 5,043,164 |
| Save the elephants | Kenya | 3,471,126 | 4,331,373 |
| Elephant crisis fund | Various countries | 3,415,388 | 4,030,730 |
| Pangolin crisis fund | Various countries | 1,282,420 | 164,502 |
| Rhino fund | Various countries | 1,247,289 | 77,381 |
| Niassa lion project | Mozambique | 833,784 | 1,037,817 |
| Other species | Various countries | 676,135 | 130,459 |
| African wild dog (Painted dog conservation) | Zimbabwe | 646,939 | 750,956 |
| African lion (Ewaso) | Kenya | 537,430 | 683,031 |
| Cheetah conservation - Botswana | Botswana | 338,526 | 359,809 |
| Cotton-top Tamarin (Proyecto titi) | Colombia | 301,237 | 556,820 |
| Spectacled bear | Peru | 285,321 | 519,795 |
| Small wild cat conservation alliance | Various countries | 278,971 | 133,742 |
| Grévy's zebra trust | Kenya | 234,480 | 355,310 |
| The connectivity fund | Various countries | 221,064 | - |
| Okapi conservation project | Democratic Republic of Congo | 178,340 | 211,373 |
| Great green macaw | Costa Rica | 164,268 | 176,641 |
| Save pangolins | United States | 140,707 | 16,595 |
| Grey crowned crane | Rwanda | 133,320 | 9,682 |
| | Gulf, Caribbean, Cabo Verde and Micronesia | 94,054 | 144,988 |
| Sharks, rays and marine mammals | | 94,054 | 144,988 |
| African wild dog research | Zimbabwe | 78,538 | 129,844 |
| Cheetah conservation fund - Namibia | Namibia, Somaliland | 75,335 | 119,762 |

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

| Purpose Restriction | Country | 2020 | 2019 |
|---|---------------------------------------|----------------------|----------------------|
| Snow leopard conservancy | Various countries | 71,675 | 114,695 |
| Jane Goodall Institute | United States | 64,000 | 127,580 |
| Saiga conservation alliance | Various countries | 50,134 | 104,502 |
| Giraffe | Various countries | 45,000 | 13,993 |
| Blue whale | Sri Lanka | 40,000 | 43,869 |
| Orangutan - Malaysia | Malaysia | 37,490 | 24,954 |
| Pangolin | Vietnam | 37,137 | 43,949 |
| Andean cat alliance | Argentina, Bolivia, Chile and Peru | 36,942 | 161,533 |
| Rhino - Namibia | Namibia | 23,858 | 12,224 |
| Working dogs for conservation | Various countries | 23,000 | 21,000 |
| Dolphins and dugongs | Malaysia | 18,496 | 2,847 |
| Ethiopian wolf conservation | Ethiopia | 10,000 | 150,082 |
| Tiger - Siberia | Siberia | 10,000 | 12,000 |
| Gorilla - Uganda | Uganda | 7,525 | 10,000 |
| Black rhino | Malawi | 7,040 | 95,851 |
| Tapir | Brazil | 3,100 | 1,800 |
| Saola | Laos | 3,025 | 14,517 |
| Dhole | India | 1,310 | 9,967 |
| African manatee | Cameroon | 1,220 | 43,792 |
| Penguin | Argentina | 820 | 243,435 |
| Coral fund | Australia | - | 125,198 |
| Wild earth allies | Various countries | - | 19,049 |
| Wildlife crime | Zambia | - | 1,350 |
| Marine biodiversity | Various countries | - | 1,000 |
| Polar bear | Various countries | - | 864 |
| Rhino - Zimbabwe | Zimbabwe | - | 100 |
| | | <u>24,692,552</u> | <u>20,383,925</u> |
| Public Education and Outreach | | | |
| Emergency response fund | Various countries | 297,097 | - |
| Conservation acceleration fund | Various countries | 257,368 | 147,166 |
| WCN scholarship fund - scholarship grants | Various countries | 155,000 | 114,698 |
| WCN scholarship program | United States | 61,872 | 7,429 |
| Solar project | United States | 9,401 | 11,214 |
| | | <u>780,738</u> | <u>280,507</u> |
| | | <u>\$ 25,473,290</u> | <u>\$ 20,664,432</u> |

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

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 2021.

The following is a quantitative disclosure which describes assets that are available within one year of December 31, 2020 to fund general expenditures and other obligations as they become due:

| | |
|---|----------------------------|
| Financial assets | |
| Cash and cash equivalents | \$ 25,043,427 |
| Grants and contributions receivable | 550,000 |
| Investments | <u>4,399,183</u> |
| | <u>29,992,610</u> |
| Less: amounts unavailable for general expenditures within one year, due to: | |
| Grants payable, current portion | (5,567,776) |
| Purpose restricted projects | (15,027,940) |
| Held in perpetuity | <u>(1,670,685)</u> |
| | <u>(22,266,401)</u> |
| Less: Board designated net assets | <u>(2,268,688)</u> |
| | <u><u>\$ 5,457,521</u></u> |

Financial assets available to meet cash needs for general expenditures within one year at December 31, 2020 were \$5,457,521.

The Organization has financial assets available at December 31, 2020 to cover approximately 400 days of operating expenses based on the fiscal year 2021 budget.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

10. CONTRIBUTIONS IN-KIND

Contributions in-kind consisted of the following:

| | 2020 | 2019 |
|-----------------------|------------|------------|
| Salaries in-kind | \$ 155,000 | \$ 155,000 |
| Professional services | 1,100 | 20,312 |
| Supplies | 3,124 | - |
| | \$ 159,224 | \$ 175,312 |

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, 2020 and 2019 based on the estimated dollar value of volunteer time calculated by Independent Sector, amounts to \$435 and \$26,803, respectively. Since these services did not require specialized skills, they have not been recorded as support and expenses in the financial statements.

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

On November 15, 2018, the Organization signed a 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, 2020 and 2019 was \$223,540 and \$210,583, respectively.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

12. COMMITMENTS AND CONTINGENCIES (continued)

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

Year ending December 31,

| | |
|------|-------------------|
| 2021 | \$ 230,262 |
| 2022 | <u>37,518</u> |
| | <u>\$ 267,780</u> |

13. RELATED PARTY TRANSACTIONS

Contributions were received from various board members of the Organization. These contributions for the years ended December 31, 2020 and 2019 totaled \$833,586 and \$682,428 respectively. The Organization had \$24 and \$17,344 due from related parties at December 31, 2020 and 2019, respectively.

14. ENDOWMENT

General information

The Organization's endowment consists of one donor-restricted endowment fund (the "WCN Scholarship Fund"). As required by U.S. 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, 2020. These additional subsequent contributions are subject to the same terms and criteria as the original WCN Scholarship Fund.

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

14. ENDOWMENT (continued)

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.

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 gains (losses)* - 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).

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

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, 2020 and 2019, the Organization's Selection Committee authorized appropriations of 10.19% and 6.63%, 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, 2020 and 2019, there were no appropriations in excess of corpus.

Endowment composition

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

| | Net Assets With Donor Restrictions | | |
|----------------------|------------------------------------|--------------|--------------|
| | Accumulated Investment | | |
| | Gains | Corpus | Total |
| WCN Scholarship Fund | \$ 325,601 | \$ 1,670,685 | \$ 1,996,286 |

Changes in endowment net assets for the fiscal year ended December 31, 2020 is as follows:

| | Net Assets With Donor Restrictions | | |
|-------------------------------------|------------------------------------|--------------|--------------|
| | Accumulated Investment | | |
| | Gains | Corpus | Total |
| Balance, December 31, 2019 | \$ 302,222 | \$ 1,670,685 | \$ 1,972,907 |
| Interest and dividend income | 28,123 | - | 28,123 |
| Unrealized gains on investments | 167,924 | - | 167,924 |
| Investment expenses | (17,668) | - | (17,668) |
| Appropriations - scholarship grants | (155,000) | - | (155,000) |
| Balance, December 31, 2020 | \$ 325,601 | \$ 1,670,685 | \$ 1,996,286 |

Wildlife Conservation Network, Inc.
Notes to Financial Statements
December 31, 2020
(With Comparative Totals for 2019)

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.

Grant commitments consist of the following:

| | 2020 | 2019 |
|-----------------------------|------------|------------|
| Save the elephants | \$ 130,000 | \$ 260,000 |
| Niassa lion project | \$ 65,000 | \$ 130,000 |
| Painted dog conservation | \$ 50,000 | \$ 100,000 |
| Ethiopian wolf conservation | \$ 40,000 | \$ 80,000 |

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 \$72,343 and \$60,320 to the plan for the years ended December 31, 2020 and 2019, respectively.

17. CONCENTRATIONS

During the years ended December 31, 2020 and 2019, two donors accounted for approximately 27% of total grants and contributions revenue and one donor accounted for approximately 14% of total grants and contributions revenue, respectively.

18. RISK AND UNCERTAINTIES

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. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. The Organization believes there is no immediate financial impact from the outbreak of COVID-19. However, the situation surrounding the COVID-19 pandemic remains fluid, and if disruptions do arise, they could be adversely impact the operations of the Organization.

SUPPLEMENTARY INFORMATION

Wildlife Conservation Network, Inc.
Schedule of Net Assets With Donor Restrictions and Board Designated Funds
December 31, 2020

The following schedule summarizes the total net assets with donor restrictions and board designated net assets:

| | | |
|---|----|-----------|
| Elephant crisis fund | \$ | 3,496,215 |
| Mary Boardman fund | | 2,268,688 |
| Lion recovery fund | | 2,064,426 |
| The Connectivity Fund | | 1,978,936 |
| WCN scholarship fund - corpus | | 1,670,685 |
| WCN scholarship fund - accumulated investment gains | | 325,601 |
| WCN scholarship program | | 166,935 |
| Other species | | 1,119,245 |
| Rhino fund | | 961,054 |
| Penguin | | 741,895 |
| African wild dog (Painted dog conversation) | | 720,355 |
| Pangolin Crisis Fund | | 684,046 |
| Andean cat alliance | | 447,218 |
| African lion (Ewaso) | | 404,093 |
| Save the elephants | | 331,794 |
| Emergency response fund | | 320,273 |
| Ethiopian wolf conservation | | 286,412 |
| Conservation acceleration fund | | 281,294 |
| Save pangolins | | 249,547 |
| Great green macaw | | 152,280 |
| Niassa lion project | | 93,658 |
| Internship program | | 73,935 |
| Grévy's zebra trust | | 72,878 |
| Sharks, rays and marine mammals | | 56,444 |
| Other programs | | 55,000 |
| Jane Goodall Institute | | 50,000 |
| Spectacled bear | | 38,564 |
| Gorilla - Uganda | | 37,650 |
| African wild dog research | | 30,982 |
| African Wild Dog Foundation | | 29,130 |
| Cheetah conservation fund - Namibia | | 28,131 |
| Okapi conservation project | | 25,905 |
| Small wild cat conservation alliance | | 21,877 |
| Cheetah conservation - Botswana | | 20,246 |
| Orangutan - Malaysia | | 19,260 |
| Snow leopard conservancy | | 18,515 |
| Bonobo and Congo biodiversity | | 15,062 |
| Cotton-top Tamarin (Proyecto titi) | | 13,480 |
| Tapir | | 10,700 |
| Coral fund | | 9,694 |
| Saiga conversation alliance | | 8,963 |
| Black rhino | | 8,256 |
| Rhino - Namibia | | 7,118 |

Wildlife Conservation Network, Inc.
Schedule of Net Assets With Donor Restrictions and Board Designated Funds
December 31, 2020

(continued)

| | | |
|----------------------------|----|--------------------------|
| Koala | \$ | 7,000 |
| Solar project | | 6,896 |
| Giraffe | | 5,945 |
| Pangolin - Vietnam | | 5,005 |
| Dolphins and dugongs | | 3,664 |
| African manatee | | 1,220 |
| Polar bear | | 1,025 |
| Grey wolf | | 1,000 |
| Grey crowned crane | | 635 |
| Dhole | | 620 |
| Wild earth allies | | 233 |
| Saola Foundation - Lao PDR | | 200 |
| Wildlife crime | | 150 |
| Tree kangaroo | | 50 |
| Marine biodiversity | | 30 |
| Tiger - Siberia | | <u>10</u> |
| | \$ | <u><u>19,450,123</u></u> |