

**WILDLIFE CONSERVATION  
NETWORK, INC.**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

# WILDLIFE CONSERVATION NETWORK, INC.

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Wildlife Conservation Network, Inc (the “Organization”), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, 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.

### **Basis for Opinion**

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

### **Prior Period Financial Statements**

The financial statements of the Organization as of December 31, 2022, were audited by other auditors whose report dated May 11, 2023, expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

*Gilbert CPAs*

**GILBERT CPAs**  
**Sacramento, California**

**March 14, 2024**

# WILDLIFE CONSERVATION NETWORK, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 26,120,413	\$ 37,016,225
Grant and contributions receivable, current portion	587,270	658,000
Prepaid expenses and other current assets	243,272	199,455
Investments	<u>30,969,143</u>	<u>10,217,905</u>
Total current assets	<u>57,920,098</u>	<u>48,091,585</u>
<b>NON-CURRENT ASSETS:</b>		
Grants and contributions receivable, net	657,000	
Reimbursable grant	2,000,000	
Investments - endowment	2,148,945	1,918,588
Property and equipment, net		<u>647</u>
Total noncurrent assets	<u>4,805,945</u>	<u>1,919,235</u>
<b>TOTAL ASSETS</b>	<u>\$ 62,726,043</u>	<u>\$ 50,010,820</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 61,258	\$ 314,311
Grants payable, current portion	11,815,092	10,208,166
Accrued expenses	<u>228,638</u>	<u>185,309</u>
Total current liabilities	12,104,988	10,707,786
<b>NON-CURRENT GRANTS PAYABLE</b>	<u>2,014,852</u>	<u>277,500</u>
<b>TOTAL LIABILITIES</b>	<u>14,119,840</u>	<u>10,985,286</u>
<b>NET ASSETS:</b>		
Without donor restrictions:		
Undesignated	12,653,157	7,620,151
Board designated	<u>2,642,575</u>	<u>1,709,282</u>
Total without donor restrictions	15,295,732	9,329,433
With donor restrictions	<u>33,310,471</u>	<u>29,696,101</u>
Total net assets	<u>48,606,203</u>	<u>39,025,534</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 62,726,043</u>	<u>\$ 50,010,820</u>

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

# WILDLIFE CONSERVATION NETWORK, INC.

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
<b>REVENUES:</b>						
Grants and contributions	\$ 12,309,701	\$ 38,622,900	\$ 50,932,601	\$ 6,577,307	\$ 39,124,061	\$ 45,701,368
Investment income (loss), net	2,104,877	230,357	2,335,234	(329,177)	(334,365)	(663,542)
Contributions in-kind	233,857	19,394	253,251	227,000	36,532	263,532
Merchandise revenue, net	1,007	41,894	42,901		6,035	6,035
Event admission fees	17,295		17,295			
Other income (loss)	1,124		1,124	(11,883)		(11,883)
Net assets released from restrictions	<u>35,300,175</u>	<u>(35,300,175)</u>		<u>35,595,815</u>	<u>(35,595,815)</u>	
Total revenues	<u>49,968,036</u>	<u>3,614,370</u>	<u>53,582,406</u>	<u>42,059,062</u>	<u>3,236,448</u>	<u>45,295,510</u>
<b>EXPENSES:</b>						
Program services:						
Wildlife programs	36,718,253		36,718,253	35,180,353		35,180,353
Program support services	2,625,532		2,625,532	1,916,937		1,916,937
Public education and outreach	1,351,367		1,351,367	958,239		958,239
Total program services	<u>40,695,152</u>		<u>40,695,152</u>	<u>38,055,529</u>		<u>38,055,529</u>
Supporting services:						
Management and general	2,927,095		2,927,095	2,798,821		2,798,821
Fundraising	379,490		379,490	313,586		313,586
Total supporting services	<u>3,306,585</u>		<u>3,306,585</u>	<u>3,112,407</u>		<u>3,112,407</u>
Total expenses	<u>44,001,737</u>		<u>44,001,737</u>	<u>41,167,936</u>		<u>41,167,936</u>
<b>CHANGE IN NET ASSETS</b>	5,966,299	3,614,370	9,580,669	891,126	3,236,448	4,127,574
<b>NET ASSETS, Beginning of year</b>	<u>9,329,433</u>	<u>29,696,101</u>	<u>39,025,534</u>	<u>8,438,307</u>	<u>26,459,653</u>	<u>34,897,960</u>
<b>NET ASSETS, End of year</b>	<u>\$ 15,295,732</u>	<u>\$ 33,310,471</u>	<u>\$ 48,606,203</u>	<u>\$ 9,329,433</u>	<u>\$ 29,696,101</u>	<u>\$ 39,025,534</u>

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

# WILDLIFE CONSERVATION NETWORK, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services				
	Wildlife Programs	Program Support Services	Public Education & Outreach	Total Program Services	Management & General	Fundraising	Total Supporting Services	Total
Personnel expenses:								
Salaries and wages	\$ 344,562	\$ 532,039	\$ 462,246	\$ 1,338,847	\$ 1,659,332	\$ 124,528	\$ 1,783,860	\$ 3,122,707
Employee benefits	43,793	67,620	58,750	170,163	210,893	15,827	226,720	396,883
Payroll taxes	25,906	40,001	34,754	100,661	124,755	9,363	134,118	234,779
Salaries in-kind	25,047	38,676	33,602	97,325	120,622	9,052	129,674	226,999
Total personnel expenses	439,308	678,336	589,352	1,706,996	2,115,602	158,770	2,274,372	3,981,368
Other expenses:								
Grants	35,656,951	1,520,831		37,177,782				37,177,782
Expo and other receptions			561,478	561,478		140,370	140,370	701,848
Professional services, including in-kind	53,784	83,048	72,154	208,986	259,011	19,438	278,449	487,435
Contract labor	488,139			488,139				488,139
Occupancy	25,527	39,416	34,246	99,189	122,933	9,226	132,159	231,348
Office expenses	22,454	34,672	30,124	87,250	108,135	8,115	116,250	203,500
Travel		102,588	9,032	111,620	67,096	20,047	87,143	198,763
Printing	13,171	20,337	17,670	51,178	63,429	4,760	68,189	119,367
Partner education workshops		117,088		117,088				117,088
Bank fees					99,767		99,767	99,767
Telephone and internet	4,360	6,733	5,850	16,943	20,998	1,576	22,574	39,517
Outside services	3,029	4,677	4,064	11,770	14,588	1,095	15,683	27,453
Donor events and recognition			11,925	11,925		11,925	11,925	23,850
Postage and shipping	1,427	2,204	1,915	5,546	6,874	516	7,390	12,936
Insurance	1,286	1,986	1,726	4,998	6,195	465	6,660	11,658
Utilities	1,254	1,937	1,683	4,874	6,041	453	6,494	11,368
Dues and subscriptions	1,088	1,680	1,460	4,228	5,241	393	5,634	9,862
Depreciation	71	110	96	277	344	26	370	647
Other	6,404	9,889	8,592	24,885	30,841	2,315	33,156	58,041
Total other expenses	36,278,945	1,947,196	762,015	38,988,156	811,493	220,720	1,032,213	40,020,369
Total expenses	\$ 36,718,253	\$ 2,625,532	\$ 1,351,367	\$ 40,695,152	\$ 2,927,095	\$ 379,490	\$ 3,306,585	\$ 44,001,737
Percent of total	83%	6%	3%	92%	7%	1%	8%	

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

# WILDLIFE CONSERVATION NETWORK, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services			Total	
	Wildlife Programs	Program Support Services	Public Education & Outreach	Total Program Services	Management & General	Fundraising		Total Supporting Services
Personnel expenses:								
Salaries and wages	\$ 274,132	\$ 336,174	\$ 326,717	\$ 937,023	\$ 1,367,820	\$ 115,415	\$ 1,483,235	\$ 2,420,258
Employee benefits	33,843	41,502	40,335	115,680	168,864	14,248	183,112	298,792
Payroll taxes	20,597	25,259	24,548	70,404	102,772	8,672	111,444	181,848
Salaries in-kind	25,711	31,530	30,643	87,884	128,291	10,825	139,116	227,000
Total personnel expenses	354,283	434,465	422,243	1,210,991	1,767,747	149,160	1,916,907	3,127,898
Other expenses:								
Grants	34,320,880	1,102,950		35,423,830				35,423,830
Expo and other receptions			331,821	331,821		82,955	82,955	414,776
Professional services, including in-kind	42,208	51,760	50,304	144,272	210,601	17,770	228,371	372,643
Contract labor	362,679			362,679	170,379		170,379	533,058
Occupancy	26,125	32,037	31,136	89,298	130,354	10,999	141,353	230,651
Office expenses	26,253	32,194	31,289	89,736	130,987	11,053	142,040	231,776
Travel		204,761	12,856	217,617	39,777		39,777	257,394
Printing	15,817	19,397	18,851	54,065	78,923	6,659	85,582	139,647
Bank fees					107,613		107,613	107,613
Telephone and internet	2,543	3,118	3,030	8,691	12,688	1,070	13,758	22,449
Outside services	3,299	4,045	3,932	11,276	16,459	1,389	17,848	29,124
Donor events and recognition			21,472	21,472		21,472	21,472	42,944
Postage and shipping	3,041	3,729	3,624	10,394	15,172	1,280	16,452	26,846
Insurance	809	992	964	2,765	4,037	341	4,378	7,143
Utilities	1,108	1,358	1,320	3,786	5,528	466	5,994	9,780
Dues and subscriptions	2,401	2,945	2,862	8,208	11,980	1,011	12,991	21,199
Depreciation	1,237	1,517	1,475	4,229	6,174	521	6,695	10,924
Other	17,670	21,669	21,060	60,399	90,402	7,440	97,842	158,241
Total other expenses	34,826,070	1,482,472	535,996	36,844,538	1,031,074	164,426	1,195,500	38,040,038
Total expenses	\$ 35,180,353	\$ 1,916,937	\$ 958,239	\$ 38,055,529	\$ 2,798,821	\$ 313,586	\$ 3,112,407	\$ 41,167,936
Percent of total	85%	5%	2%	92%	7%	1%	8%	

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

# WILDLIFE CONSERVATION NETWORK, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

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	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 9,580,669	\$ 4,127,574
Reconciliation to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(925,665)	911,047
Donated investments	(4,991,491)	(2,269,892)
Proceeds from sale of donated investments	4,991,491	2,269,892
Loss on disposal of property and equipment		14,978
Depreciation	647	10,924
Changes in:		
Grants and contributions receivable	(586,270)	(638,000)
Prepaid expenses and other current assets	(43,817)	(3,212)
Reimbursable grant	(2,000,000)	
Accounts payable	(253,053)	222,049
Grants payable	3,344,278	2,384,326
Accrued expenses	43,329	(17,836)
Deferred rent		(1,109)
Net cash provided by operating activities	<u>9,160,118</u>	<u>7,010,741</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	<u>(20,055,930)</u>	<u>(8,052,963)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(10,895,812)	(1,042,222)
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>37,016,225</u>	<u>38,058,447</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 26,120,413</u>	<u>\$ 37,016,225</u>

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

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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### 1. NATURE OF OPERATIONS

Wildlife Conservation Network, Inc. ("WCN" or the "Organization"), is a California nonprofit public benefit corporation founded in 2002 to save endangered species and their habitats by investing in conservationists focused on implementing community-based and other effective wildlife 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 also provides grants to a portfolio of select projects to protect endangered species across their entire habitats, and provides scholarships and other support to vetted emerging conservation leaders. 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 49 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 range-wide of support for species such as elephants, lions, rhinoceros, pangolins, and mountain lions 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, Grevy'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, Rwanda Wildlife Conservation Association, Merecet, Macaw Recovery Network, Conservation Through Public Health, HUTAN and other mission relevant organizations.

**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.).

**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.

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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### 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 ("Board") 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 net assets released from restrictions.

**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 are recognized in full when received or unconditionally promised. 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, 2023 and 2022, management has determined that no allowance for doubtful grants and contributions receivable was required.

**Revenue recognition** – Revenues from events are recognized when the events occur.

Merchandise sales are recognized at the time of the sale and are reported net of the related cost of goods sold in the statements of activities.

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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**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.

**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 and brokerage accounts which, at times, may exceed federally insured limits. The Organization's cash held in brokerage accounts includes money market funds, which are not federally insured. The Organization's money market funds and deposits with financial institutions in excess of federal depository insurance limits totaled \$24,974,990 at December 31, 2023. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash.

**Investments** are stated at fair value. Unrealized gains and losses are included in the change in net assets. Investment income and gains (losses) 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.
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.

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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**Property and equipment** is stated at cost or, if donated, at the estimated fair market value at the date of donation. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 7 years.

**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. In December 2023 the Organization made a conditional grant to an organization (“Grantee”) totaling \$2,000,000 to fund a real property acquisition in Santa Clara County, California, for purposes of permanent wildlife habitat protection. The grant is reimbursable to the Organization if the Grantee sells the property or is able to secure other public or private resources for the land acquisition. The grant expires on March 1, 2025 and is included as a reimbursable grant of \$2,000,000 on the statement of financial position as of December 31, 2023. There were no conditional grants outstanding as of December 31, 2022.

**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 statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited.

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.

**Income taxes** – The Organization 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 financial 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.

The Organization has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements.

**Reclassifications** – Certain 2022 amounts have been reclassified to conform to the 2023 financial statement presentation.

**Subsequent events** have been reviewed through March 14, 2024, the date the financial statements were available to be issued. Management concluded that no additional material subsequent events have occurred since December 31, 2023 that require recognition or disclosure in the financial statements.

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

### 4. LIQUIDITY AND AVAILABILITY OF RESOURCES

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.

Management and members from the Board review the Organization's financial position monthly and discuss a reasonable cash position to maintain. Management and members from the Board have set 180 days in cash as the minimum for 2024.

The Organization's financial assets available for general expenditure within one year of the statements of financial position date, comprised the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 26,120,413	\$ 37,016,225
Grants and contributions receivable	1,244,270	658,000
Investments	30,969,143	10,217,905
Investments - endowment	<u>2,148,945</u>	<u>1,918,588</u>
Total financial assets	60,482,771	49,810,718
Less amounts unavailable for general expenditures within one year, due to:		
Grants payable, current portion	(11,815,092)	(10,208,166)
Board designated net assets	(2,642,575)	(1,709,282)
Donor restricted net assets	<u>(33,310,471)</u>	<u>(29,696,101)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 12,714,633</u>	<u>\$ 8,197,169</u>

### 5. 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 statements 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 years ended December 31, 2023 or 2022.

Grants and contributions receivable consisted of the following:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 587,270	\$ 658,000
Receivable in one to five years	<u>657,000</u>	<u>        </u>
Total	<u>\$ 1,244,270</u>	<u>\$ 658,000</u>

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

### 6. INVESTMENTS

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. government fixed income		\$ 20,183,415		\$ 20,183,415
Corporate bonds		9,246,348		9,246,348
Foreign government fixed income		2,246,326		2,246,326
Equities	\$ 994,884			994,884
Exchange traded funds	403,288			403,288
Cash and cash equivalents	43,827			43,827
Total	<u>\$ 1,441,999</u>	<u>\$ 31,676,089</u>		<u>\$ 33,118,088</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. government fixed income		\$ 3,015,846		\$ 3,015,846
Corporate bonds		2,451,980		2,451,980
Foreign government fixed income		2,334,080		2,334,080
Equities	\$ 2,117,730			2,117,730
Exchange traded funds	2,216,857			2,216,857
Total	<u>\$ 4,334,587</u>	<u>\$ 7,801,906</u>		<u>\$ 12,136,493</u>

Equities, exchange traded funds, and cash equivalents are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. U.S. government fixed income, corporate bonds, and foreign government fixed income are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

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, 2023 AND 2022

### 7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 35,021	\$ 35,021
Leasehold improvements	<u>13,836</u>	<u>13,836</u>
Total	48,857	48,857
Accumulated depreciation	<u>(48,857)</u>	<u>(48,210)</u>
Property and equipment, net	<u>\$</u>	<u>\$ 647</u>

### 8. GRANTS PAYABLE

Grants authorized and payable at December 31, 2023 are scheduled to be paid as follows:

2024	\$ 11,815,092
2025	1,047,000
2026	<u>967,852</u>
Total	<u>\$ 13,829,944</u>

No discount on grants payable was applied for the years ended December 31, 2023 or 2022.

### 9. NET ASSETS

Net assets designated by the Board consisted of the following:

	<u>2023</u>	<u>2022</u>
Mary Boardman fund	\$ 1,050,678	\$ 1,167,384
Innovation and connectivity fund	1,000,000	
Eugene Chen big cat conservation fund	341,897	541,898
Bell small cats fund	<u>250,000</u>	
Total	<u>\$ 2,642,575</u>	<u>\$ 1,709,282</u>

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
California wildlife program	\$ 9,028,800	\$ 5,318,422
Elephant crisis fund	4,846,907	5,129,842
Lion recovery fund	4,737,659	3,048,552
Pangolin crisis fund	2,849,659	1,515,373
WCN scholarship fund - endowment	1,778,321	1,670,685
Temp restricted - to be determined by donor	1,227,326	2,530,138
Rhino recovery fund	1,088,322	2,010,890
African wild dog	836,433	772,967
Cotton-top tamarin	746,216	38,910
Amazon project	700,000	
WCN scholarship program	648,366	610,759
Andean cat	487,984	489,626
Lion - Ewaso (Kenya)	460,939	624,668
Penguin	448,045	533,780
Conservation acceleration fund	410,449	168,598
Ethiopian wolf	353,880	238,837
Elephant - Samburu	330,970	2,898,964
Save pangolins	274,654	262,656
Women's initiative for sustainability and empowerment	244,211	86,000
Grey crowned crane	198,574	222,656
Kulea career program	155,127	44,420
Emerging wildlife conservation leaders	148,880	10,000
Orangutan - Malaysia	139,574	22,655
Solar	114,864	158,901
Macaw	97,841	220,727
Internship	86,935	53,295
African wild dog research	80,798	93,795
Emergency response fund	61,737	67,717
Painted wolf fund	60,700	60,000
Jane Goodall	60,000	50,000
Rising leaders general	52,156	
African wild dog foundation	50,114	46,051
Grevy's zebra	49,958	58,736
Cheetah - Botswana	39,919	37,045
Hirola and giraffes	39,883	5,910
Gorilla - Uganda	32,857	35,737
Snow leopard	22,375	19,020
Lion - Niassa (Mozambique)	20,585	111,428
Working dogs	20,000	24,000
Elephant - Borneo	16,245	19,729
Coral fund	15,189	15,189
Okapi	14,032	14,915
Spectacled bear	12,873	88,701
Small cats	12,783	14,829

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Tiger - Tadoba	12,725	2,730
Koala	11,500	5,000
Saiga antelope	10,883	11,645
Brown-headed spider monkey	10,640	27,568
Coral - Indonesia	10,345	4,093
Tiger - Siberia	10,000	10,000
Bonobo	10,000	10,000
Dolphins and dugongs	7,420	815
Saola	6,000	6,000
Dhole	6,000	6,000
Bats - Nigeria	5,999	2,222
Cheetah - Namibia	5,721	7,310
Tapir	3,700	5,200
Pangolin - Vietnam	2,913	8,052
Sea turtle - Tanzania	2,540	2,182
Sharks and rays	2,503	2,302
African manatee	2,000	2,000
Polar bear	1,750	503
Rhino - Namibia	1,050	3,190
Rhino, vulture, wild dog	520	23,020
Giraffe - Namibia	100	4,600
Marine biodiversity		25,000
Tikki Hywood foundation		1,000
Tree kangaroo		525
Other	<u>83,022</u>	<u>80,021</u>
Total	<u>\$ 33,310,471</u>	<u>\$ 29,696,101</u>

### 10. 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, 2023 and 2022. 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, 2023 AND 2022

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**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 \$1,670,685 for whatever reason, it is the intent to fund existing scholarship commitments and it will be at the discretion of the six-person Selection Committee to decide as to whether to continue to award new scholarships or to wait until the corpus grows above the \$1,670,685 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).

**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.

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

**Endowment composition** – The WCN Scholarship Fund Endowment net asset composition and activity by type of fund is as follows for the year ended December 31, 2023:

	<b>Accumulated Investment Gains</b>	<b>Corpus</b>	<b>Total</b>
Balance, December 31, 2022		\$ 1,670,685	\$ 1,670,685
Investment return, net	\$ 250,154		250,154
Expenditures	<u>(142,518)</u>	<u>                    </u>	<u>(142,518)</u>
Balance, December 31, 2023	<u>\$ 107,636</u>	<u>\$ 1,670,685</u>	<u>\$ 1,778,321</u>

### 11. CONTRIBUTIONS IN-KIND

Contributions in-kind consisted of the following:

	<b><u>2023</u></b>	<b><u>2022</u></b>
Salaries in-kind	\$ 227,000	\$ 227,000
Supplies	<u>26,251</u>	<u>36,532</u>
Total	<u>\$ 253,251</u>	<u>\$ 263,532</u>

Salaries in-kind comprise of management and outreach services from the President of the Organization and consulting services from a Board member. Contributed services are valued at the estimated fair market value based on data from Fair Pay for Northern California Nonprofits: The Compensation & Benefits Survey Report. For the donated supplies, the Organization estimates the fair value on the basis of estimates of retail values that would be received for purchasing similar products in the United States.

### 12. LEASES

The Organization leases office space and storage space under two separate one-year operating lease agreements expiring March 14, 2024. The Organization does not report right-of-use assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Rental expense under these leases for the years ended December 31, 2023 and 2022 totaled \$231,348 and \$230,239, respectively.

On January 2, 2024, the Organization extended its office lease under a non-cancelable operating lease agreement commencing March 14, 2024, and ending March 13, 2027. The lease requires monthly rent payments of \$16,163 for the duration of the lease.

# WILDLIFE CONSERVATION NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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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, 2023 and 2022 totaled \$612,088 and \$697,471, respectively.

### 14. CONFLICT OF INTEREST POLICY

The Organization's Board of Directors and Officers includes 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.

### 15. EMPLOYEE BENEFIT PLANS

The Organization has a defined contribution 401(k) plan 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 \$127,587 and \$94,390 to the plan for the years ended December 31, 2023 and 2022, respectively.

### 16. CONCENTRATIONS

During the years ended December 31, 2023 and 2022, one donor accounted for approximately 20% and 23% of total grants and contributions revenue, respectively.