

**WILDLIFE CONSERVATION
NETWORK, INC.**

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

**YEARS ENDED
DECEMBER 31, 2024 AND 2023**

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 statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 27, 2025

WILDLIFE CONSERVATION NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2024 AND 2023

ASSETS	2024	2023
CURRENT ASSETS:		
Cash and cash equivalents	\$ 21,479,681	\$ 26,120,413
Grant and contributions receivable, current portion	1,525,229	587,270
Prepaid expenses and other current assets	163,987	243,272
Investments	<u>38,393,973</u>	<u>30,969,143</u>
Total current assets	<u>61,562,870</u>	<u>57,920,098</u>
NON-CURRENT ASSETS:		
Grants and contributions receivable, net	508,638	657,000
Reimbursable grant	1,130,000	2,000,000
Investments - endowment	1,886,188	2,148,945
Operating lease, right-of-use asset	<u>401,351</u>	<u></u>
Total noncurrent assets	<u>3,926,177</u>	<u>4,805,945</u>
TOTAL ASSETS	<u>\$ 65,489,047</u>	<u>\$ 62,726,043</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 43,207	\$ 61,258
Grants payable, current portion	7,136,897	11,815,092
Accrued expenses	260,711	228,638
Operating lease liability, current portion	<u>180,435</u>	<u></u>
Total current liabilities	<u>7,621,250</u>	<u>12,104,988</u>
NON-CURRENT LIABILITIES:		
Grants payable, net	1,280,751	2,014,852
Operating lease liability, net	<u>220,916</u>	<u></u>
Total noncurrent liabilities	<u>1,501,667</u>	<u>2,014,852</u>
TOTAL LIABILITIES	<u>9,122,917</u>	<u>14,119,840</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	8,401,396	12,653,157
Board designated	<u>7,451,046</u>	<u>2,642,575</u>
Total without donor restrictions	15,852,442	15,295,732
With donor restrictions	<u>40,513,688</u>	<u>33,310,471</u>
Total net assets	<u>56,366,130</u>	<u>48,606,203</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 65,489,047</u>	<u>\$ 62,726,043</u>

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

WILDLIFE CONSERVATION NETWORK, INC.

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total 2024	Without Donor Restrictions	With Donor Restrictions	Total 2023
REVENUES:						
Grants and contributions	\$ 5,769,217	\$ 48,333,627	\$ 54,102,844	\$ 12,309,701	\$ 38,622,900	\$ 50,932,601
Investment income, net	2,531,804	149,173	2,680,977	2,104,877	230,357	2,335,234
Contributions in-kind	261,680	2,000	263,680	233,857	19,394	253,251
Event income		83,211	83,211			
Merchandise revenue, net		53,923	53,923	1,007	41,894	42,901
Event admission fees	18,090		18,090	17,295		17,295
Other income	9,595		9,595	1,124		1,124
Net assets released from restrictions	41,418,717	(41,418,717)		35,300,175	(35,300,175)	
Total revenues	<u>50,009,103</u>	<u>7,203,217</u>	<u>57,212,320</u>	<u>49,968,036</u>	<u>3,614,370</u>	<u>53,582,406</u>
EXPENSES:						
Program services:						
Wildlife programs	40,201,439		40,201,439	36,718,253		36,718,253
Program support services	4,137,025		4,137,025	2,625,532		2,625,532
Public education and outreach	1,435,030		1,435,030	1,351,367		1,351,367
Total program services	<u>45,773,494</u>		<u>45,773,494</u>	<u>40,695,152</u>		<u>40,695,152</u>
Supporting services:						
Management and general	2,934,076		2,934,076	2,927,095		2,927,095
Fundraising	744,823		744,823	379,490		379,490
Total supporting services	<u>3,678,899</u>		<u>3,678,899</u>	<u>3,306,585</u>		<u>3,306,585</u>
Total expenses	<u>49,452,393</u>		<u>49,452,393</u>	<u>44,001,737</u>		<u>44,001,737</u>
CHANGE IN NET ASSETS	556,710	7,203,217	7,759,927	5,966,299	3,614,370	9,580,669
NET ASSETS, Beginning of year	<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>
NET ASSETS, End of year	<u>\$ 15,852,442</u>	<u>\$ 40,513,688</u>	<u>\$ 56,366,130</u>	<u>\$ 15,295,732</u>	<u>\$ 33,310,471</u>	<u>\$ 48,606,203</u>

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

WILDLIFE CONSERVATION NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2024

	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	\$ 477,615	\$ 424,970	\$ 546,479	\$ 1,449,064	\$ 1,554,788	\$ 329,535	\$ 1,884,323	\$ 3,333,387
Employee benefits	68,516	60,964	78,395	207,875	223,042	47,273	270,315	478,190
Payroll taxes	35,987	32,021	41,176	109,184	117,150	24,830	141,980	251,164
Salaries in-kind	32,525	28,940	37,215	98,680	105,879	22,441	128,320	227,000
Total personnel expenses	<u>614,643</u>	<u>546,895</u>	<u>703,265</u>	<u>1,864,803</u>	<u>2,000,859</u>	<u>424,079</u>	<u>2,424,938</u>	<u>4,289,741</u>
Other expenses:								
Grants	38,918,167	2,749,275		41,667,442				41,667,442
Professional services, including in-kind	92,768	82,543	106,143	281,454	301,989	64,006	365,995	647,449
Expo and other receptions			456,263	456,263		114,066	114,066	570,329
Contract labor	465,759			465,759	31,193		31,193	496,952
Program operating costs		459,474		459,474				459,474
Travel		111,413	7,363	118,776	96,056	30,679	126,735	245,511
Office expenses	31,447	27,981	35,981	95,409	102,370	21,697	124,067	219,476
Occupancy	29,481	26,231	33,731	89,443	95,970	20,341	116,311	205,754
Bank fees					145,559		145,559	145,559
Printing	17,825	15,860	20,395	54,080	58,027	12,299	70,326	124,406
Partner education workshops		89,460		89,460				89,460
Donor events and recognition			36,021	36,021		36,021	36,021	72,042
Telephone and internet	5,782	5,145	6,616	17,543	18,824	3,990	22,814	40,357
Outside services	4,265	3,794	4,879	12,938	13,882	2,942	16,824	29,762
Insurance	3,085	2,745	3,530	9,360	10,044	2,129	12,173	21,533
Utilities	1,795	1,597	2,054	5,446	5,844	1,239	7,083	12,529
Dues and subscriptions	1,185	1,054	1,356	3,595	3,857	817	4,674	8,269
Postage and shipping	1,076	958	1,231	3,265	3,504	743	4,247	7,512
Other	14,161	12,600	16,202	42,963	46,098	9,775	55,873	98,836
Total other expenses	<u>39,586,796</u>	<u>3,590,130</u>	<u>731,765</u>	<u>43,908,691</u>	<u>933,217</u>	<u>320,744</u>	<u>1,253,961</u>	<u>45,162,652</u>
Total expenses	<u>\$ 40,201,439</u>	<u>\$ 4,137,025</u>	<u>\$ 1,435,030</u>	<u>\$ 45,773,494</u>	<u>\$ 2,934,076</u>	<u>\$ 744,823</u>	<u>\$ 3,678,899</u>	<u>\$ 49,452,393</u>
Percent of total	81%	8%	3%	92%	6%	2%	8%	

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			Total	
	Wildlife Programs	Program Support Services	Public Education & Outreach	Total Program Services	Management & General	Fundraising		Total Supporting Services
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
Professional services, including in-kind	53,784	83,048	72,154	208,986	259,011	19,438	278,449	487,435
Expo and other receptions			561,478	561,478		140,370	140,370	701,848
Contract labor	488,139			488,139				488,139
Travel		102,588	9,032	111,620	67,096	20,047	87,143	198,763
Office expenses	22,454	34,672	30,124	87,250	108,135	8,115	116,250	203,500
Occupancy	25,527	39,416	34,246	99,189	122,933	9,226	132,159	231,348
Bank fees					99,767		99,767	99,767
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
Donor events and recognition			11,925	11,925		11,925	11,925	23,850
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
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
Postage and shipping	1,427	2,204	1,915	5,546	6,874	516	7,390	12,936
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.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 7,759,927	\$ 9,580,669
Reconciliation to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(321,459)	(925,665)
Donated investments	(3,071,390)	(4,991,491)
Proceeds from sale of donated investments	3,071,390	4,991,491
Non-cash operating lease expense	144,347	
Depreciation		647
Changes in:		
Grants and contributions receivable	(789,597)	(586,270)
Prepaid expenses and other current assets	79,285	(43,817)
Reimbursable grant	870,000	(2,000,000)
Accounts payable	(18,051)	(253,053)
Grants payable	(5,412,296)	3,344,278
Accrued expenses	32,073	43,329
Operating lease liability	(144,347)	
Net cash provided by operating activities	<u>2,199,882</u>	<u>9,160,118</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	<u>(6,840,614)</u>	<u>(20,055,930)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,640,732)	(10,895,812)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>26,120,413</u>	<u>37,016,225</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 21,479,681</u>	<u>\$ 26,120,413</u>
NON-CASH INVESTING ACTIVITIES		
Right-of-use asset acquired through operating lease liability	<u>\$ 545,698</u>	<u>\$</u>

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

WILDLIFE CONSERVATION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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 68 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, 2024 AND 2023

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, 2024 and 2023, 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.

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.

WILDLIFE CONSERVATION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

Cash and cash equivalents include highly liquid investments and investments with an original maturity of three months or less, and excludes 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 equivalents held in brokerage accounts includes money market funds and treasury bills, which are not federally insured. The Organization's money market funds and deposits with financial institutions in excess of federal depository insurance limits totaled \$19,683,597 and \$24,974,990 as of December 31, 2024 and 2023, respectively. 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. |

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.

Leases – The Organization determines whether an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease

WILDLIFE CONSERVATION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

payments over the lease term. The Organization uses the rate implicit in the lease if it is determinable, otherwise, the Organization has made an accounting policy election to use the risk-free rate at the lease commencement date, in lieu of its incremental borrowing rate to discount future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include options to renew, extend, or terminate to the extent they are reasonably certain to be exercised. The Organization does not report ROU assets and lease liabilities for 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.

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. A partial repayment of \$870,000 was received in May 2024. The grant was extended to expire on April 30, 2025, and is included as a reimbursable grant of \$1,130,000 and \$2,000,000 on the statements of financial position as of December 31, 2024 and 2023, respectively.

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.

Subsequent events have been reviewed through March 27, 2025, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2024 that require recognition or disclosure in the financial statements.

WILDLIFE CONSERVATION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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 2025.

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 21,479,681	\$ 26,120,413
Grants and contributions receivable	2,033,867	1,244,270
Investments	38,393,973	30,969,143
Investments - endowment	<u>1,886,188</u>	<u>2,148,945</u>
Total financial assets	63,793,709	60,482,771
Less amounts unavailable for general expenditures within one year, due to:		
Grants payable, current portion	(7,136,897)	(11,815,092)
Board designated net assets	(7,451,046)	(2,642,575)
Donor restricted net assets	<u>(40,513,688)</u>	<u>(33,310,471)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 8,692,078</u>	<u>\$ 12,714,633</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, 2024 or 2023.

Grants and contributions receivable consisted of the following:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 1,525,229	\$ 587,270
Receivable in one to five years	<u>508,638</u>	<u>657,000</u>
Total	<u>\$ 2,033,867</u>	<u>\$ 1,244,270</u>

WILDLIFE CONSERVATION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. government fixed income		\$ 26,596,584		\$ 26,596,584
Municipal bonds		3,991,225		3,991,225
Corporate bonds		3,641,316		3,641,316
Foreign government fixed income		2,758,299		2,758,299
Exchange-traded funds	\$ 2,421,937			2,421,937
Equities	857,698			857,698
Cash and cash equivalents	13,102			13,102
Total	<u>\$ 3,292,737</u>	<u>\$ 36,987,424</u>	<u>\$</u>	<u>\$ 40,280,161</u>

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
Exchange-traded funds	\$ 403,288			403,288
Equities	994,884			994,884
Cash and cash equivalents	43,827			43,827
Total	<u>\$ 1,441,999</u>	<u>\$ 31,676,089</u>	<u>\$</u>	<u>\$ 33,118,088</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, municipal bonds, 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, 2024 AND 2023

7. GRANTS PAYABLE

Grants authorized and payable as of December 31, 2024 are scheduled to be paid as follows:

2025	\$ 7,136,897
2026	1,215,751
2027	<u>65,000</u>
Total	<u>\$ 8,417,648</u>

No discount on grants payable was applied for the years ended December 31, 2024 or 2023.

8. NET ASSETS

Net assets designated by the Board consisted of the following:

	<u>2024</u>	<u>2023</u>
Strategic deployment fund	\$ 3,700,000	\$ 1,000,000
Shared landscapes fund	2,000,000	
Mary Boardman fund	1,032,959	1,050,678
Conservation acceleration fund	266,189	
Bell small cats fund	250,000	250,000
Eugene Ch'en big cat conservation fund	141,898	341,897
Emergency response fund	<u>60,000</u>	<u></u>
Total	<u>\$ 7,451,046</u>	<u>\$ 2,642,575</u>

Net assets with donor restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
California wildlife program	\$ 8,623,376	\$ 9,028,800
Lion recovery fund	7,375,955	4,737,659
Pangolin crisis fund	4,085,845	2,849,659
Elephant crisis fund	3,831,269	4,846,907
Rhino recovery fund	2,471,758	1,088,322
Temp Restricted - to be determined by donor	2,421,082	1,227,326
WCN scholarship fund - endowment	1,867,142	1,778,321
Spectacled bear	1,095,528	12,873
Amazon project	939,569	700,000
WCN scholarship program	694,016	648,366
Andean cat	660,714	487,984
Kulea career program	621,062	155,127
African wild dog	589,886	836,433
Lion - Ewaso (Kenya)	570,717	460,939
Conservation acceleration fund	528,765	410,449
Shared landscapes fund	500,000	
Elephant - Samburu	470,540	330,970
Grey crowned crane	353,662	198,574

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Ethiopian wolf	329,222	353,880
Rising leaders general	324,083	52,156
Save pangolins	303,293	274,654
Penguin	264,844	448,045
Small cats	146,650	12,783
Emerging wildlife conservation leaders	145,643	148,880
African wild dog research	137,067	80,798
Lion - Niassa (Mozambique)	124,529	20,585
Solar	91,601	114,864
Jane Goodall	90,300	60,000
Macaw	85,081	97,841
Internship	67,320	86,935
Women's initiative for sustainability and empowerment	52,785	244,211
Cheetah - Botswana	48,084	39,919
Emergency response fund	46,782	61,737
Grevy's zebra	44,012	49,958
Cotton-top tamarin	28,314	746,216
Hirola and giraffes	28,113	39,883
Okapi	25,903	14,032
World Women Work	25,000	
Painted wolf fund	16,918	60,700
African Wild Dog Foundation	16,403	50,114
Bats - Nigeria	15,703	5,999
Coral fund	15,189	15,189
Gorilla - Uganda	13,163	32,857
Coral - Indonesia	12,388	10,345
Working dogs	11,500	20,000
Tiger - Siberia	10,000	10,000
Cheetah - Namibia	9,669	5,721
Orangutan - Malaysia	9,668	139,574
Snow leopard	9,638	22,375
Rhino, vulture, wild Dog	5,620	520
Tiger - Tadoba	5,065	12,725
Pangolin - Vietnam	4,529	2,913
Elephant - Borneo	2,945	16,245
Saiga antelope	2,302	10,883
Dolphins and dugongs	2,023	7,420
Wildlife Crime	2,000	
Sea turtle - Tanzania	1,668	2,540
Sharks and rays	1,580	2,503
Brown-headed spider monkey	1,143	10,640
Tapir	500	3,700
Rhino - Namibia	350	1,050
Yellow-tailed woolly monkey	235	
Pangolin - Kenya	200	
Lion - Zimbabwe	125	
Pangolin - Nepal	125	
African manatee	45	2,000

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Giraffe - Namibia		100
Koala		11,500
Bonobo		10,000
Saola		6,000
Dhole		6,000
Polar bear		1,750
Other	<u>233,482</u>	<u>83,022</u>
Total	<u>\$ 40,513,688</u>	<u>\$ 33,310,471</u>

9. 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, 2024, and 2023. These additional subsequent contributions are subject to the same terms and criteria as the original WCN Scholarship Fund.

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

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.

WILDLIFE CONSERVATION NETWORK, INC.

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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.

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, 2024:

	Accumulated Investment Gains	Corpus	Total
Balance, December 31, 2023	\$ 107,636	\$ 1,670,685	\$ 1,778,321
Investment return, net	168,465		168,465
Expenditures	<u>(79,644)</u>	<u> </u>	<u>(79,644)</u>
Balance, December 31, 2024	<u>\$ 196,457</u>	<u>\$ 1,670,685</u>	<u>\$ 1,867,142</u>

WILDLIFE CONSERVATION NETWORK, INC.

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

	Accumulated Investment Gains	Corpus	Total
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>

10. CONTRIBUTIONS IN-KIND

Contributions in-kind consisted of the following:

	<u>2024</u>	<u>2023</u>
Salaries in-kind	\$ 227,000	\$ 227,000
Supplies	<u>36,680</u>	<u>26,251</u>
Total	<u>\$ 263,680</u>	<u>\$ 253,251</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.

11. OPERATING LEASE COMMITMENTS

The Organization leases its storage space and office space under two operating lease agreements. The storage space lease is considered a short-term lease (with a term of 12 months or less) and payments are reported as lease expenses on a straight-line basis over the lease term. For the year ended December 31, 2023, the office was leased under a short-term, one-year operating lease. The organization does not report ROU assets and lease liabilities for its short-term leases. Lease expenses under short-term leases totaled \$44,124, and \$231,348, for the years ended December 31, 2024 and 2023, respectively.

On January 2, 2024, the Organization extended its office space 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.

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The office space lease is included on the December 31, 2024, statement of financial position as an ROU asset and a lease liability of \$401,351. The ROU asset and operating lease liability were calculated using a risk-free discount rate of 4.46%. Lease expenses for the office lease totaled \$161,630 for the year ended December 31, 2024. Cash paid for amounts included in the measurement of the operating lease liability totaled \$161,630 for the year ending December 31, 2024.

Future payment and discount for the office space lease is as follows:

<u>Year Ending December 31:</u>	
2025	\$ 193,956
2026	193,956
2027	<u>32,326</u>
Total lease payments	420,238
Less amounts representing interest	<u>(18,887)</u>
Present value of lease liabilities	<u>\$ 401,351</u>

12. RELATED PARTY TRANSACTIONS

Contributions were received from various Board members of the Organization. These contributions for the years ended December 31, 2024 and 2023 totaled \$1,137,964 and \$612,088, respectively.

13. 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.

14. 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 \$141,644 and \$127,587 to the plan for the years ended December 31, 2024 and 2023, respectively.

15. CONCENTRATIONS

During the years ended December 31, 2024 and 2023, one donor accounted for approximately 19% and 20% of total grants and contributions revenue, respectively.