

**WILD EARTH ALLIES
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

KRONZEK, FISHER & LOPEZ, PLLC
Certified Public Accountants

WILD EARTH ALLIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Wild Earth Allies
Chevy Chase, MD

We have audited the accompanying financial statements of Wild Earth Allies (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wild Earth Allies as of December 31, 2018, 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.


KRONZEK, FISHER & LOPEZ, PLLC
Washington, DC
November 1, 2019

WILD EARTH ALLIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	\$	330,977
Receivables		976,959
Advances to field		34,745
Prepaid expenses		64,076
Property & equipment, net		19,000
Intangible assets, net		16,250
Deposits		<u>18,745</u>
 TOTAL ASSETS	 \$	 <u><u>1,460,752</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable & accrued expenses	\$	301,662
Deferred lease obligation (See note 8)		<u>87,741</u>
 TOTAL LIABILITIES		 389,403
 NET ASSETS		
Without donor restrictions		786,888
With donor restrictions - purpose restrictions		<u>284,461</u>
 TOTAL NET ASSETS		 <u>1,071,349</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$	 <u><u>1,460,752</u></u>

See accompanying notes to financial statements.

WILD EARTH ALLIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Grants & contributions	\$ 1,204,457	\$ 561,252	\$ 1,765,709
Rental income	8,100	-	8,100
Reimbursed expenses	113,400	-	113,400
Other income	6,757	-	6,757
	1,332,714	561,252	1,893,966
Net assets released from: Satisfaction of program restrictions	819,888	(819,888)	-
Total revenue	2,152,602	(258,636)	1,893,966
EXPENSES			
Program Services			
Africa	774,779	-	774,779
Americas	170,559	-	170,559
Southeast Asia	1,023,650	-	1,023,650
Other Programs	99,782	-	99,782
Total program expenses	2,068,770	-	2,068,770
Support Services			
General & Administrative	152,591	-	152,591
Fundraising	74,138	-	74,138
Total support services	226,729	-	226,729
Total expenses	2,295,499	-	2,295,499
CHANGE IN NET ASSETS	(142,897)	(258,636)	(401,533)
Beginning net assets	929,785	543,097	1,472,882
Ending net assets	\$ 786,888	\$ 284,461	\$ 1,071,349

See accompanying notes to financial statements.

WILD EARTH ALLIES

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Africa	Americas	Southeast Asia	Other Programs	Total Program	Gen. & Admin.	Fdrsg.	Total Expenses
Salaries	\$ 249,728	\$ 53,734	\$ 309,032	\$ 40,750	\$653,244	\$ 65,560	\$ 32,782	\$ 751,586
Payroll txs & benefits	50,323	11,078	65,789	6,480	133,670	15,726	7,863	157,259
Consultants	33,053	7,276	193,640	29,682	263,651	10,329	10,835	284,815
Professional fees	18,880	4,157	24,682	2,432	50,151	25,749	2,950	78,850
Field projects	151,836	66,321	220,104	7,665	445,926	-	-	445,926
Travel/meetings/wkshps	127,589	5,978	60,198	2,079	195,844	2,138	6,483	204,465
Supplies	63,459	4,515	22,680	463	91,117	1,123	562	92,802
Printing & duplicating	4,253	936	7,467	548	13,204	1,329	665	15,198
Postage & shipping	822	181	1,075	106	2,184	257	378	2,819
Occupancy	58,328	12,840	87,521	7,512	166,201	18,228	9,114	193,543
Communications	3,065	675	4,007	395	8,142	958	479	9,579
Insurance	133	-	-	-	133	6,969	-	7,102
License & registrations	2,734	602	3,574	352	7,262	854	427	8,543
Deprec. & amort.	6,933	1,526	18,564	893	27,916	2,168	1,083	31,167
Miscellaneous	3,643	740	5,317	425	10,125	1,203	517	11,845
Totals	\$ 774,779	\$ 170,559	\$ 1,023,650	\$ 99,782	\$ 2,068,770	\$ 152,591	\$ 74,138	\$ 2,295,499

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See accompanying notes to financial statements.

WILD EARTH ALLIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flow from operating activities:	
Cash received from grants & contributions	\$ 1,915,388
Cash received from rental income	8,100
Cash received from other income & reimbursed expenses	120,157
Cash paid to employees and vendors	<u>(2,212,710)</u>
Net cash used by operating activities	(169,065)
Cash flow from investing activities:	
Cash paid to purchase field vehicle	<u>(28,500)</u>
Net cash flow from investing activities	(28,500)
Cash flow from financing activities:	
Net cash flow from financing activities	<u>-</u>
Net decrease in cash and cash equivalents	(197,565)
Cash and cash equivalents - January 1, 2018	<u>528,542</u>
Cash and cash equivalents - December 31, 2018	<u><u>\$ 330,977</u></u>
Reconciliation of decrease in net assets to net cash used by operating activities:	
Decrease in net assets	\$ (401,533)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation & amortization	31,167
Changes in assets and liabilities:	
Decrease in receivables	149,679
Decrease in prepaid expenses	29,674
Increase in advances to field	(34,745)
Increase in accounts payable and accrued expenses	104,670
Decrease in due to field	(134,311)
Decrease in security deposit held	(850)
Increase in deferred lease obligation	<u>87,184</u>
Net cash used by operating activities	<u><u>\$ (169,065)</u></u>

See accompanying notes to financial statements.

WILD EARTH ALLIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - ORGANIZATION

Wild Earth Allies is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is publicly supported under the IRC Section 170(b)(1)(A)(vi). The organization was founded in 1981, and in 2016 changed its name to Wild Earth Allies from Fauna & Flora, International, Inc. As Wild Earth Allies, we focus both on direct implementation and working through a global network of partners on biodiversity conservation. In 2016, Wild Earth Allies experienced an expected and temporary decline in revenue compared to previous years, as it was expending prior-year restricted revenue associated with FFI projects. In 2018, all revenue reflects Wild Earth Allies program priorities and partnerships around the world, including in the United States.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle – In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not-For-Profit Entities, which requires not-for-profit entities to revise the financial presentation to include: net asset classifications, provide quantitative and qualitative information as to available resources and management of liquidity and liquidity risk, information on investment expenses and returns, and the presentation of operating cash flows. The standard aims to help the reader of the financial statements to better understand the financial position of the organization and enhance consistency among similar organization. The organization adopted the new standard for the year ended December 31, 2018, and there were no material changes to the statement of financial position, activities or cash flows as a result of the adoption.

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Revenue Recognition – Grants and contributions are recognized when an unconditional grant or contribution has been awarded, or when the organization has satisfied the requirements of the condition. Grants and contributions received are recorded with donor restrictions or without donor restrictions depending on the existence of any donor restrictions.

Net Assets – Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Asset With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Property & equipment – Property & equipment with a useful life of more than one year and a unit acquisition cost of \$5,000 or more will be capitalized and depreciated over its useful life. The items will be recorded at cost. Depreciation is determined by the straight-line method based on an estimated useful life of three to thirty- five years depending on the type of asset. The only asset capitalized as of December 31, 2018 is a field vehicle, which is being depreciated over 3 years.

WILD EARTH ALLIES

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets – Intangible assets consist of costs related to branding and the design and development of the organization’s website, net of accumulated amortization. Amortization began in November 2016, when the website was available for use as intended by management. The website is being amortized over an estimated useful life of three years. Costs associated with maintaining the website are expensed as incurred.

Cash and Cash Equivalents – The organization considers cash equivalents to be highly liquid investments with original maturities at time of purchase of less than 90 days.

Fair Value of Financial Instruments - The financial instruments of the organization are reported on the statement of financial position at market or fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments. See Note 9 for a description of financial instruments carried at fair value.

Investments – The organization reports under ASC 320 Investments Debt & Equity Securities. Under ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Functional expenses – The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – RECEIVABLES

Receivables as of December 31, 2018 were determined to be collectible as follows -

Within one year	\$ 731,959
Greater than one year	<u>245,000</u>
Total	\$ 976,959

The organization does not discount the amounts greater than a year to present value because it considers the discount rate to be nominal.

The organization determined that no allowance for uncollectible pledges was necessary for grants and other receivables based on historical information and management’s analysis of the pledges outstanding as of December 31, 2018.

WILD EARTH ALLIES

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2018

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Property and equipment consist of the following at December 31, 2018:

Field vehicle	\$28,500
Less: accumulated depreciation	<u>9,500</u>
Net property and equipment	<u>\$ 19,000</u>

Depreciation expense was \$9,500 for the year ended December 31, 2018 and is included in the financial statements under depreciation and amortization expense.

NOTE 5 – RETIREMENT PLAN

The organization contributed 10% of all eligible employees' salary into a Safe Harbor 401(k) retirement plan for 2018. The Board reviews employer contributions to this plan annually, against a legal requirement to contribute a mandatory 3% for eligible participants. The organization's employer contributions for 2018 were \$60,962.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Africa	\$ 121,255
Americas	63,208
Southeast Asia	39,998
Other Programs	<u>60,000</u>
Total	<u>\$ 284,461</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of time or program restrictions specified by donors as follows:

Purpose restriction accomplished:

Africa	\$ 291,980
Americas	91,032
Southeast Asia	380,374
Other Programs	<u>56,502</u>
Total	<u>\$ 819,888</u>

NOTE 7 – CONCENTRATION OF CREDIT RISK

The organization maintains cash balances in excess of \$250,000 in an account, which is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the organization's cash balance in excess of FDIC insurance totaled \$37,386. Management periodically assesses the financial condition of the financial institution and believes that the risk of any credit loss is minimal.

WILD EARTH ALLIES

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2018

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Effective December 1, 2017 the organization entered into a lease for office space at 2 Wisconsin Circle, Suite 900, Chevy Chase, MD through December 31, 2025. Monthly base rent payments under the lease were abated 100% for December 2017 – May 2018. The total rent abatement of \$80,871 is being recognized and amortized over the life of the lease as a reduction to rent expense.

The organization's minimum lease commitment as of December 31, 2018 contained in the lease is as follows:

For the fiscal year ending –	
December 31, 2019	\$ 166,571
December 31, 2020	171,151
December 31, 2021	175,858
December 31, 2022	180,694
December 31, 2023	185,663
December 31, 2024	190,769
December 31, 2025	<u>196,015</u>
Total	<u>\$ 1,266,721</u>

Monthly rent expense being recognized over the lease on a straight-line basis is \$14,035 (\$1,361,442 divided by 97 months). The difference between this amount recognized and paid is being adjusted to deferred lease obligation throughout the term of the lease. The balance in the deferred lease obligation was \$87,741 as of December 31, 2018.

Effective February 1, 2017 the organization entered into a cancellable, 24-month lease for office space in Cambodia. Monthly payments under this lease are \$1,000.

Total rent expense for the year ending December 31, 2018 was \$193,543.

NOTE 9 – FAIR VALUE MEASUREMENTS

The organization follows FASB ASC 820-10 for financial assets (and liabilities) measured on a recurring basis, as amended. FASB ASC 820-10 clarifies fair value, establishes a framework for measuring fair value under generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820-10 established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

WILD EARTH ALLIES

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2018

NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly, through corroboration with observable market data (market corroborated inputs).

Level 3 – unobservable inputs for the asset or liability including inputs that reflect the reporting entity's own assumptions in determining the fair value measurements.

As of December 31, 2018, the Organization did not have any assets and liabilities that are measured at fair value on a recurring basis.

NOTE 10 – INCOME TAXES

The organization is exempt from income taxes under Internal Revenue Code 501(c)(3) and applicable DC statutes. No provision for income taxes is required at December 31, 2018, as the Organization had no net unrelated business income.

The organization follows FASB ASC 740 Income Taxes, the authoritative guidance relating to accounting for uncertainty in income taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2018, and determined that there were no matters that would require recognition in the financial statements, or which may have any effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remains open with federal and state authorities.

NOTE 11 - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	\$1,307,936
Less those unavailable for general expenditures within one year due to:	
Restriction by donor for purpose	284,461
Receivables without donor restriction not collectible within One year	<u>245,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 778,475</u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 12 – SUBSEQUENT EVENTS

The organization's management has evaluated subsequent events through November 1, 2019, the date the financial statements were available to be issued. There were no subsequent events identified through November 1, 2019, which were required to be disclosed in these financial statements.