

**WILD EARTH ALLIES
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

WILD EARTH ALLIES

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
BASIC FINANCIAL STATEMENTS	
Statement of Financial Position December 31, 2019	4
Statement of Activities For the year ended December 31, 2019	5
Statement of Functional Expenses For the year ended December 31, 2019	6
Statement of Cash Flows For the year ended December 31, 2019	7
NOTES TO FINANCIAL STATEMENTS	8-12

KRONZEK, FISHER & LOPEZ, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
607 2ND STREET, NE
WASHINGTON, DC 20002-4909
TEL: (202) 547-CPAS (2727) FAX: (202) 547-2728
www.cpakfl.com

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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility


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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wild Earth Allies as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


KRONZEK, FISHER & LOPEZ, PLLC
Washington, DC
November 5, 2020

WILD EARTH ALLIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	\$ 200,497
Receivables	873,837
Prepaid expenses	11,040
Property & equipment, net	9,500
Deposits	<u>18,745</u>
TOTAL ASSETS	<u>\$ 1,113,619</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable & accrued expenses	\$ 160,684
Deferred lease obligation (See note 8)	<u>89,596</u>
TOTAL LIABILITIES	250,280
NET ASSETS	
Without donor restrictions	659,966
With donor restrictions - purpose restrictions	<u>203,373</u>
TOTAL NET ASSETS	<u>863,339</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,113,619</u>

See accompanying notes to financial statements.

WILD EARTH ALLIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Grants & contributions	\$ 1,267,170	\$ 610,394	\$ 1,877,564
Reimbursed expenses	111,374	-	111,374
Other income	1,840	-	1,840
	<u>1,380,384</u>	<u>610,394</u>	<u>1,990,778</u>
Net assets released from: Satisfaction of program restrictions	<u>691,482</u>	<u>(691,482)</u>	<u>-</u>
Total revenue	<u>2,071,866</u>	<u>(81,088)</u>	<u>1,990,778</u>
EXPENSES			
Program Services			
Africa	682,674	-	682,674
Americas	375,443	-	375,443
Southeast Asia	679,982	-	679,982
General Programs	270,826	-	270,826
Total program expenses	<u>2,008,925</u>	<u>-</u>	<u>2,008,925</u>
Support Services			
General & Administrative	164,206	-	164,206
Fundraising	25,657	-	25,657
Total support services	<u>189,863</u>	<u>-</u>	<u>189,863</u>
Total expenses	<u>2,198,788</u>	<u>-</u>	<u>2,198,788</u>
CHANGE IN NET ASSETS	(126,922)	(81,088)	(208,010)
Beginning net assets	<u>786,888</u>	<u>284,461</u>	<u>1,071,349</u>
Ending net assets	<u>\$ 659,966</u>	<u>\$ 203,373</u>	<u>\$ 863,339</u>

See accompanying notes to financial statements.

WILD EARTH ALLIES

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Africa	Americas	Southeast Asia	General Programs	Total Program	Gen. & Admin.	Fdrsg.	Total Expenses
Salaries	\$ 238,304	\$ 148,388	\$ 213,531	\$ 56,816	\$ 657,039	\$ 86,971	\$ 9,628	\$ 753,638
Payroll txs & benefits	53,509	27,953	50,627	19,019	151,108	21,522	-	172,630
Consultants	13,887	46,587	174,595	105,635	340,704	2,642	1,408	344,754
Professional fees	12,849	7,096	12,853	5,848	38,646	24,779	2,178	65,603
Field projects	130,651	47,135	35,979	-	213,765	-	-	213,765
Travel/meetings/wkshps	142,677	31,807	101,595	23,820	299,899	1,938	1,032	302,869
Supplies	23,983	30,079	6,075	17,974	78,111	567	302	78,980
Printing & duplicating	4,744	2,620	4,745	3,487	15,596	1,509	804	17,909
Postage & shipping	735	406	735	427	2,303	251	125	2,679
Occupancy	49,849	27,532	67,175	17,417	161,973	15,856	8,447	186,276
Communications	2,270	1,254	2,414	4,948	10,886	722	385	11,993
Insurance	-	-	-	347	347	5,283	-	5,630
License & registrations	1,264	698	1,265	441	3,668	403	214	4,285
Deprec. & amort.	4,794	2,648	4,796	11,175	23,413	1,525	812	25,750
Miscellaneous	3,158	1,240	3,597	3,472	11,467	238	322	12,027
Total expenses	\$ 682,674	\$ 375,443	\$ 679,982	\$ 270,826	\$ 2,008,925	\$ 164,206	\$ 25,657	\$ 2,198,788

WILD EARTH ALLIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flow from operating activities:	
Cash received from grants & contributions	\$ 1,980,686
Cash received from other income & reimbursed expenses	113,214
Cash paid to employees and vendors	<u>(2,224,380)</u>
Net cash used by operating activities	<u>(130,480)</u>
Cash flow from investing activities:	
Net cash flow from investing activities	-
Cash flow from financing activities:	
Net cash flow from financing activities	<u>-</u>
Net decrease in cash and cash equivalents	(130,480)
Cash and cash equivalents - January 1, 2019	<u>330,977</u>
Cash and cash equivalents - December 31, 2019	<u><u>\$ 200,497</u></u>
Reconciliation of decrease in net assets to net cash used by operating activities:	
Decrease in net assets	\$ (208,010)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation & amortization	25,750
Changes in assets and liabilities:	
Decrease in receivables	103,122
Decrease in prepaid expenses	53,036
Decrease in advances to field	34,745
Decrease in accounts payable and accrued expenses	(140,978)
Increase in deferred lease obligation	<u>1,855</u>
Net cash used by operating activities	<u><u>\$ (130,480)</u></u>

See accompanying notes to financial statements.

WILD EARTH ALLIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 collaborate with partners globally on biodiversity conservation. Our priority terrestrial and marine ecosystems cover 1 million + hectares in Southeast Asia, Central Africa and the Americas. These vital areas are key to protecting rich biodiversity and building the resilience of wildlife and local communities to our changing climate. Within these landscapes, we focus our conservation efforts on key wildlife species whose protection benefits broader biodiversity. Current priorities include Asian elephants in Cambodia, great apes in Central Africa, marine turtles in the Eastern Pacific and Cambodia, and the threatened trees globally. Since 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

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, 2019 is a field vehicle, which is being depreciated over 3 years.

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. The website has been fully amortized as of December 31, 2019.

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.

WILD EARTH ALLIES

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019 were determined to be collectible as follows -

Within one year	\$ 673,837
Greater than one year	<u>200,000</u>
Total	\$ 873,837

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, 2019.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Property and equipment consist of the following at December 31, 2019:

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

Depreciation expense was \$9,500 for the year ended December 31, 2019 and is included in the financial statements under depreciation and amortization expense.

WILD EARTH ALLIES

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2019

NOTE 5 – RETIREMENT PLAN

The organization contributed 10% of all eligible employees' salary into a Safe Harbor 401(k) retirement plan for 2019. 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 2019 were \$62,790.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

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

Africa	\$ 203,373
--------	------------

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	\$ 255,382
Americas	139,279
Southeast Asia	234,933
Other Programs	<u>61,888</u>
Total	<u>\$ 691,482</u>

NOTE 7 – CONCENTRATION OF CREDIT RISK

During the year the organization did maintain 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, 2019, the organization's cash balance did not exceed the FDIC limit of \$250,000. Management periodically assesses the financial condition of the financial institution and believes that the risk of any credit loss is minimal.

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, 2019 contained in the lease is as follows:

For the fiscal year ending –	
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>\$ 1,100,150</u>

WILD EARTH ALLIES

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2019

NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 \$89,596 as of December 31, 2019.

Effective February 1, 2019 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, 2019 was \$186,276.

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.

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, 2019, 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, 2019, 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

WILD EARTH ALLIES

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2019

NOTE 10 – INCOME TAXES (CONTINUED)

a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2019, 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, 2019, the statute of limitations for tax years 2016 through 2018 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	\$ 1,074,334
Less those unavailable for general expenditures within one year due to:	
Restriction by donor for purpose	203,373
Receivables without donor restriction not collectible within One year	<u>200,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 670,961</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 5, 2020, the date the financial statements were available to be issued. There were no subsequent events identified through November 5, 2020, which were required to be disclosed in these financial statements.

The COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closings of businesses and organizations. The extent of the impact of COVID-19 on the organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the organization's funders, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.