

**WILD EARTH ALLIES, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

WILD EARTH ALLIES, INC.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Wild Earth Allies, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

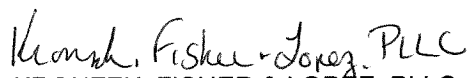
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wild Earth Allies, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

  
KRONZEK, FISHER & LOPEZ, PLLC  
Washington, DC  
August 18, 2021

WILD EARTH ALLIES, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$ 1,498,837
Receivables	885,897
Advances to Field	17,459
Prepaid expenses	10,727
Deposits	18,745
	<hr/>
TOTAL ASSETS	<u>\$ 2,431,665</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable & accrued expenses	\$ 162,004
Notes payable (See Note 7)	319,400
Deferred lease obligation (See Note 8)	113,574
	<hr/>
TOTAL LIABILITIES	594,978
NET ASSETS	
Without donor restrictions	1,105,443
With donor restrictions - purpose restrictions	731,244
	<hr/>
TOTAL NET ASSETS	<u>1,836,687</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,431,665</u>

See accompanying notes to financial statements.

WILD EARTH ALLIES, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
Grants & contributions	\$ 1,912,082	\$ 1,129,182	\$ 3,041,264
Reimbursed expenses	3,405	-	3,405
Other income	1,930	-	1,930
	<u>1,917,417</u>	<u>1,129,182</u>	<u>3,046,599</u>
Net assets released from:			
Satisfaction of program restrictions	<u>601,311</u>	<u>(601,311)</u>	<u>-</u>
Total revenue	<u>2,518,728</u>	<u>527,871</u>	<u>3,046,599</u>
<b>EXPENSES</b>			
Program Services			
Africa	570,822	-	570,822
Americas	117,856	-	117,856
Southeast Asia	691,166	-	691,166
Global Programs	501,153	-	501,153
Total program expenses	<u>1,880,997</u>	<u>-</u>	<u>1,880,997</u>
Support Services			
General & Administrative	133,824	-	133,824
Fundraising	58,430	-	58,430
Total support services	<u>192,254</u>	<u>-</u>	<u>192,254</u>
Total expenses	<u>2,073,251</u>	<u>-</u>	<u>2,073,251</u>
CHANGE IN NET ASSETS	445,477	527,871	973,348
Beginning net assets	<u>659,966</u>	<u>203,373</u>	<u>863,339</u>
Ending net assets	<u>\$ 1,105,443</u>	<u>\$ 731,244</u>	<u>\$ 1,836,687</u>

See accompanying notes to financial statements.

WILD EARTH ALLIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Africa	Americas	Southeast Asia	Global Programs	Total Program	Gen. & Admin.	Fdirsg.	Total Expenses
Salaries	\$ 156,878	\$ 45,327	\$ 201,819	\$ 255,284	\$ 659,308	\$ 51,856	\$ 40,496	\$ 751,660
Payroll txs & benefits	63,415	18,591	73,932	23,201	179,139	12,356	9,188	200,683
Consultants	3,362	338	5,554	138,187	147,441	12,047	-	159,488
Professional fees	10,224	1,773	10,722	1,417	24,136	23,515	-	47,651
Field projects	277,350	35,582	330,393	45,229	688,554	-	-	688,554
Travel/meetings/wkshps	768	97	770	37	1,672	2,406	-	4,078
Supplies	1,027	103	1,236	1,499	3,865	3,680	-	7,545
Printing & duplicating	744	75	933	7,134	8,886	2,668	-	11,554
Postage & shipping	257	70	251	176	754	922	-	1,676
Occupancy	52,681	15,487	61,460	19,354	148,982	9,523	8,746	167,251
Communications	1,134	114	1,108	-	2,356	4,064	-	6,420
Insurance	1,016	102	993	-	2,111	3,639	-	5,750
License & registrations	691	69	676	77	1,513	2,478	-	3,991
Depreciation	-	-	-	9,500	9,500	-	-	9,500
Miscellaneous	1,275	128	1,319	58	2,780	4,670	-	7,450
<b>Total expenses</b>	<b>\$ 570,822</b>	<b>\$ 117,856</b>	<b>\$ 691,166</b>	<b>\$ 501,153</b>	<b>\$ 1,880,997</b>	<b>\$ 133,824</b>	<b>\$ 58,430</b>	<b>\$ 2,073,251</b>

WILD EARTH ALLIES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flow from operating activities:	
Cash received from grants & contributions	\$ 3,047,592
Cash received from other income & reimbursed expenses	5,335
Cash paid to employees and vendors	<u>(2,073,987)</u>
Net cash provided by operating activities	978,940
Cash flow from investing activities:	
Net cash flow from investing activities	-
Cash flow from financing activities:	
Cash received from borrowings	<u>319,400</u>
Net cash flow from financing activities	<u>319,400</u>
Net increase in cash and cash equivalents	1,298,340
Cash and cash equivalents - January 1, 2020	<u>200,497</u>
Cash and cash equivalents - December 31, 2020	<u><u>\$ 1,498,837</u></u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Increase in net assets	\$ 973,348
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	9,500
Changes in assets and liabilities:	
Increase in receivables	(12,060)
Increase in advances to fields	(17,459)
Decrease in prepaid expenses	313
Increase in accounts payable and accrued expenses	1,320
Increase in deferred lease obligation	<u>23,978</u>
Net cash provided by operating activities	<u><u>\$ 978,940</u></u>

See accompanying notes to financial statements.

WILD EARTH ALLIES, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1 - ORGANIZATION**

Wild Earth Allies, Inc. 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, Inc. from Fauna & Flora International, Inc. As Wild Earth Allies, Inc., 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, Inc. program priorities and partnerships around the world, including in the United States.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

New Accounting Pronouncements Adopted – The Organization adopted Accounting Standards Update (ASU) No. 2014-09 Revenue from Contracts with Customers (Topic 606) during the fiscal year. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Additionally, if required, the guidance requires disclosures related to the nature, timing, and uncertainty of revenue that is recognized.

In June 2018, the FASB issued ASU 2018-08, Not-for Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets.

The adoption of these standards by the Organization during the year had no material impact on the accompanying financial statements.

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. All grants and contributions are considered to be available for use at the discretion of the organization unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support that increases the net assets with donor restrictions class.

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.



WILD EARTH ALLIES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2020

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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 and equipment – Property and 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. All capitalized property and equipment have been fully depreciated as of December 31, 2020.

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, 2020 were determined to be collectible as follows -

Within one year	\$ 785,897
Greater than one year	<u>100,000</u>
Total	\$ 885,897

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

WILD EARTH ALLIES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2020

**NOTE 3 – RECEIVABLES (CONTINUED)**

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, 2020.

**NOTE 4 – RETIREMENT PLAN**

The organization contributed 10% of all eligible employees' salary into a Safe Harbor 401(k) retirement plan for 2020. 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 2020 were \$69,995.

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

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

Africa	\$ 224,000
Americas	120,000
Southeast Asia	<u>387,244</u>
Total	<u>\$ 731,244</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	\$ 315,123
Americas	51,700
Southeast Asia	232,656
Global	<u>1,832</u>
Total	<u>\$ 601,311</u>

**NOTE 6 – 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, 2020, the organization's cash balance in excess of FDIC insurance totaled \$1,193,577. Management periodically assesses the financial condition of the financial institution and believes that the risk of any credit loss is minimal.

WILD EARTH ALLIES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2020

**NOTE 7 – NOTES PAYABLE**

On April 7, 2020, the organization received a Paycheck Protection Program Loan of \$169,400 to cover payroll, rent and utility costs. The stipulations were that the loan will be forgiven if the funds were used to cover these costs and then submitted for approval to the US Small Business Administration. If not forgiven, repayment would be 17 consecutive payments in the amount of \$9,533.22 (including interest at 1%) beginning November 7, 2020. While the organization did submit its application for forgiveness, the organization made the decision to include the full amount of the loan balance on the books as a liability at year end due to the uncertainty that the full loan amount would be forgiven. The loan was not forgiven until after the fiscal year ended.

On June 19, 2020, the organization also received an Economic Injury Disaster Loan from the US Small Business Administration (SBA) for \$150,000. The balance of principal and interest of 2.75% is payable 30 years from the date of the promissory note. Installment payments (including principal and interest) of \$641 monthly will begin twenty-four months from the date of the promissory note of June 19, 2020.

Future scheduled payments of long-term debt approximate to be as follows:

For the fiscal years ending –

2022	\$ 4,487
2023	7,692
2024	7,692
2025	7,692
2026	7,692
Thereafter	<u>180,121</u>
Total	<u>\$ 215,376</u>

**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 subsequently received additional rent abatement of \$66,585 to be used against its monthly rent payments effective November 2020 until fully utilized. This additional rent abatement of \$66,585 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, 2020 (contained in the lease and updated for the additional rent abatement) is as follows:

For the fiscal year ending –

December 31, 2021	\$ 138,124
December 31, 2022	180,694
December 31, 2023	185,663
December 31, 2024	190,769
December 31, 2025	<u>196,015</u>
Total	<u>\$ 891,265</u>

WILD EARTH ALLIES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2020

**NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Effective November 1, 2020, monthly rent expense being recognized over the lease on a straight-line basis is \$12,961. (\$1,361,442 divided by 97 months) less (\$66,585 divided by 62 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 \$113,574 as of December 31, 2020.

Total rent expense under this lease for the year ending December 31, 2020 was \$166,278, and is included under "Occupancy" expense.

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 and are included in "Field projects" expense in the financial statements.

**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, 2020, 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 state statutes. No provision for income taxes is required at December 31, 2020, as the Organization had no net unrelated business income

WILD EARTH ALLIES, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2020

**NOTE 10 – INCOME TAXES (CONTINUED)**

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, 2020, 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, 2020, the statute of limitations for tax years 2017 through 2019 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	\$ 2,384,734
Less those unavailable for general expenditures within one year due to:	
Restriction by donor for purpose	731,244
Receivables without donor restriction not collectible within One year	<u>100,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,553,490</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 August 18, 2021, the date the financial statements were available to be issued. There were no subsequent events identified through August 18, 2021 which were required to be disclosed in these financial statements.

The COVID-19 outbreak in the United States continues to cause 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 continue to 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 remains uncertain.