



AFRICAN WILDLIFE FOUNDATION

Consolidated Financial Statements

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)



and
Report Thereon



AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
African Wildlife Foundation, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the African Wildlife Foundation, Inc. and Subsidiaries (collectively referred to as AWF), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 2020 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the African Wildlife Foundation, Inc. and Subsidiaries as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited AWF's 2019 consolidated financial statements, and in our report dated February 4, 2020, we expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Washington, DC
February 9, 2021

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position

As of June 30, 2020

(With Summarized Financial Information as of June 30, 2019)

	2020	2019
ASSETS		
Cash & cash equivalents	\$ 5,595,065	\$ 4,821,219
Investments (Note 3)	31,019,447	30,145,511
Pledges & bequests receivable, net (Note 4)	3,712,705	3,688,139
Public sector and other grant receivable	2,718,089	2,022,160
Prepaid expenses & other assets	739,471	767,920
Accounts receivable	115,597	563,221
Loans receivable, net (Note 5)	684,454	4,273,674
Property & equipment, net (Note 6)	4,123,355	4,462,010
Right of use asset	4,363,588	-
TOTAL ASSETS	<u>\$ 53,071,771</u>	<u>\$ 50,743,854</u>
LIABILITIES		
Accounts payable & accrued expenses	\$ 2,118,036	\$ 1,624,014
Refundable advances	1,012,195	1,309,499
Notes payable	-	4,762,500
Loan payable (Note 8)	802,337	-
Lease liability	6,042,452	1,796,620
Annuities payable	157,528	39,028
Total liabilities	<u>10,132,548</u>	<u>9,531,661</u>
NET ASSETS		
Without donor restrictions (Note 10)	28,516,802	28,533,481
With donor restrictions (Notes 11, 12)	14,422,421	12,678,712
Total net assets	<u>42,939,223</u>	<u>41,212,193</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 53,071,771</u>	<u>\$ 50,743,854</u>

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

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
OPERATING REVENUE & SUPPORT				
Gifts from individuals	\$ 9,995,959	\$ 3,986,710	\$ 13,982,669	\$ 12,741,186
Legacy gifts	2,907,752	79,718	2,987,470	2,014,665
Corporate & foundation support	1,027,195	2,570,625	3,597,820	2,806,406
Public sector support	8,071,701	-	8,071,701	10,351,198
Events & other income	417,299	609	417,908	1,090,709
In-kind contributions	1,596,475	-	1,596,475	2,903,319
Net assets released from program restrictions	5,224,273	(5,224,273)	-	-
Total operating revenue & support	29,240,654	1,413,389	30,654,043	31,907,483
EXPENSES				
<i>Program services</i>				
Conservation programs	19,690,431	-	19,690,431	21,441,676
Education & outreach	5,908,999	-	5,908,999	7,997,495
<i>Total program services</i>	<i>25,599,430</i>	<i>-</i>	<i>25,599,430</i>	<i>29,439,171</i>
<i>Supporting services</i>				
Finance & administration	1,127,791	-	1,127,791	1,448,097
Fundraising	3,518,710	-	3,518,710	3,565,225
<i>Total supporting services</i>	<i>4,646,501</i>	<i>-</i>	<i>4,646,501</i>	<i>5,013,322</i>
Total expenses	30,245,931	-	30,245,931	34,452,493
Change in net assets from operating activities	(1,005,277)	1,413,389	408,112	(2,545,010)
NONOPERATING ACTIVITIES				
Investment earnings, net	2,420,394	337,015	2,757,409	687,610
Unrealized gains (losses) on investments	(1,478,296)	-	(1,478,296)	1,052,813
Unrealized losses on trusts & annuities	-	(6,695)	(6,695)	(21,335)
Gain on sale of subsidiaries	46,500	-	46,500	-
Change in net assets from nonoperating activities	988,598	330,320	1,318,918	1,719,088
CHANGE IN NET ASSETS	(16,679)	1,743,709	1,727,030	(825,922)
Net assets, beginning of year	28,533,481	12,678,712	41,212,193	42,038,115
NET ASSETS, END OF YEAR	\$ 28,516,802	\$ 14,422,421	\$ 42,939,223	\$ 41,212,193

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

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	PROGRAM SERVICES					SUPPORTING SERVICES			2020 TOTAL	2019 TOTAL
	Conservation Programs	Program Management	Total Conservation Programs	Education & Outreach	Total Program Services	Finance & Administration	Fundraising	Total Supporting Services		
Salaries & benefits	\$ 4,778,554	\$ 2,764,417	\$ 7,542,971	\$ 1,890,590	\$ 9,433,561	\$ 608,602	\$ 2,013,512	\$ 2,622,114	\$ 12,055,675	\$ 11,337,184
Contractors & consultants	1,328,403	149,826	1,478,229	113,396	1,591,625	103,769	104,813	208,582	1,800,207	1,743,948
Professional fees	8,715	55,195	63,910	19,542	83,452	81,147	1,991	83,138	166,590	962,948
Construction costs	670,610	7,910	678,520	-	678,520	-	-	-	678,520	1,494,926
Travel & meetings	874,065	224,402	1,098,467	149,350	1,247,817	27,357	168,135	195,492	1,443,309	1,553,912
Partner expenses	3,111,440	5,848	3,117,288	25,810	3,143,098	-	1,235	1,235	3,144,333	3,464,717
Supplies	921,569	36,816	958,385	7,652	966,037	21,572	3,548	25,120	991,157	1,206,198
Computer software & hardware	90,718	116,285	207,003	390,122	597,125	48,570	144,652	193,222	790,347	873,200
Printing and productions costs	48,754	1,772	50,526	1,697,030	1,747,556	963	603,570	604,533	2,352,089	2,262,902
Occupancy & maintenance	509,582	332,876	842,458	104,877	947,335	88,598	111,114	199,712	1,147,047	1,010,462
Vehicle operations	288,524	(53,296)	235,228	5,372	240,600	-	3,310	3,310	243,910	280,559
Depreciation & amortization	81,109	226,824	307,933	23,986	331,919	7,999	25,395	33,394	365,313	329,392
Postage & delivery	13,831	8,910	22,741	15,397	38,138	3,748	32,099	35,847	73,985	63,035
Equipment rental & maintenance	325,270	48,654	373,924	7,727	381,651	29,417	1,485	30,902	412,553	521,117
Training & workshops	1,040,486	227,032	1,267,518	90,168	1,357,686	17,960	91,524	109,484	1,467,170	1,908,718
Communications	158,247	132,824	291,071	18,099	309,170	49,262	2,435	51,697	360,867	311,524
Taxes & administrative costs	93,690	70,527	164,217	44,039	208,256	3,234	43,239	46,473	254,729	220,945
Bad debt expense	-	253,132	253,132	-	253,132	-	-	-	253,132	1,262,579
Promotions & advertising	3,270	1,753	5,023	40,377	45,400	-	2,240	2,240	47,640	49,038
Dues and subscriptions	18,256	45,057	63,313	1,218	64,531	9,752	4,986	14,738	79,269	55,889
Interest and other financial expenses	264,470	69,066	333,536	-	333,536	25,839	159,461	185,300	518,836	505,424
Exchange rate fluctuations	(57,104)	59,909	2,805	5	2,810	2	(34)	(32)	2,778	130,558
In-kind professional services	332,233	-	332,233	1,264,242	1,596,475	-	-	-	1,596,475	2,903,318
TOTAL EXPENSES	\$ 14,904,692	\$ 4,785,739	\$ 19,690,431	\$ 5,908,999	\$ 25,599,430	\$ 1,127,791	\$ 3,518,710	\$ 4,646,501	\$ 30,245,931	\$ 34,452,493

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

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,727,030	\$ (825,922)
<i>Adjustments to reconcile change in net cash provided by (used in) operating activities:</i>		
Depreciation & amortization	365,313	329,392
Change in discount on pledges & bequests receivable	9,310	(5,534)
Change in discount on loans receivable	(288)	-
Provision for doubtful pledges & bequests receivable	190,513	287,162
Provision for doubtful loans receivable	860,868	1,059,048
Realized gains on sales of investments	(1,481,686)	(160,719)
Unrealized losses (gains) on investments	1,478,296	(1,052,813)
Unrealized losses on beneficial interest in perpetual trusts	6,695	21,335
<i>Changes in assets & liabilities:</i>		
Pledges & bequests receivable	(224,389)	617,198
Public sector and other grant receivable	(695,929)	(1,133,714)
Prepaid expenses & other assets	28,449	(236,660)
Accounts receivable	447,624	(155,677)
Accounts payable & accrued expenses	494,022	(420,039)
Refundable advances	(297,304)	(2,671,016)
Lease liability	(117,756)	15,081
Annuities payable	118,500	(9,743)
Net cash provided by (used in) operating activities	<u>2,909,268</u>	<u>(4,342,621)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property & equipment	(26,658)	(88,191)
Purchases of investments	(11,722,241)	(582,615)
Sales of investments	10,845,000	594,120
Proceeds received from retirement of loans receivable	2,728,640	702,671
Net cash provided by investing activities	<u>1,824,741</u>	<u>625,985</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(4,762,500)	(1,579,547)
Proceeds from loan payable	802,337	-
Net cash used in financing activities	<u>(3,960,163)</u>	<u>(1,579,547)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	773,846	(5,296,183)
Cash & cash equivalents, beginning of year	4,821,219	10,117,402
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,595,065</u>	<u>\$ 4,821,219</u>

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

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

1. Organization

The African Wildlife Foundation, Inc. (AWF, Inc.), works to ensure that wildlife and wild lands thrive in modern Africa. To accomplish this mission, AWF, Inc. approaches its work at the landscape level, implementing a variety of efforts that conserve land, protect species and empower people. AWF, Inc. is an international conservation organization headquartered in Nairobi, Kenya, and incorporated in Washington, DC, as an organization exempt under Internal Revenue Code (IRC) Section 501(c)(3). AWF, Inc.'s activities are funded primarily through grants and contributions.

At the beginning of the fiscal year, AWF held two investment holding companies, AWC CB1 Limited (CB1) and AWC CB2 Limited (CB2), that specialized in providing debt-based finance to qualifying conservation enterprises in multiple geographies across Africa. As of close of business on June 30, 2020, AWF, Inc. divested CB1 and CB2 to Okavango Capital Partners.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements as of and for the year ended June 30, 2020, include activities of AWF, Inc. as well as the activities of CB1 and CB2. Collectively, these entities are referred to as AWF. All material intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of AWF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). As such, revenues are recognized when earned and expenses are recognized when the underlying obligations are incurred.

Cash and Cash Equivalents

Cash and cash equivalents includes funds in checking accounts and highly liquid funds with maturities of three months or less.

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities which are measured at fair value on a recurring basis, as of and for the year ended June 30, 2020, AWF has categorized its applicable financial instruments into a required fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

based on the lowest-level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that AWF has the ability to access.

Level 2 - Financial assets whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 - Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of and for the year ended June 30, 2020, only AWF's investments, as described in Note 3 of these consolidated financial statements, were measured at fair value on a recurring basis.

Investments

Investments consist of equity and fixed-income mutual funds and money market funds. Quoted market prices are used to value AWF's securities.

The change in unrealized gains or losses on investments is included in the accompanying consolidated statement of activities as unrealized gains and losses on investments in nonoperating activities. Realized gains and losses on sales of investments are computed on an average cost method and are recorded on the trade date of the transaction and included in investment earnings and losses in the accompanying consolidated statement of activities as nonoperating activities.

Receivables

Accounts, pledges and bequests, and public sector grants receivable are stated at net realizable value. Management believes that all outstanding accounts and public sector grants receivable are fully collectible based on a review of historical collections. Accordingly, an allowance for doubtful accounts has not been recorded for these receivables. Pledges and bequests receivable are reported net of an allowance for doubtful accounts and discount for multiyear pledges and bequests due after more than one year from the fiscal year-end of AWF as reported in Note 4.

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost and are depreciated or amortized using the straight-line method over the estimated useful lives of the assets, which range from three to 10 years for furniture and equipment, software, and vehicles and 40 years for the buildings. Leasehold improvements are recorded at cost and amortized using the straight-line method over the shorter of the estimated useful life of the improvement or the remaining term of the lease. AWF purchases property and equipment under certain of its grants for use in its foreign field offices. Under the terms of these grant agreements, the grantor retains the right to property and equipment purchased with grant funds. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Right of Use Asset and Lease Liability

The right of use asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using AWF's estimated incremental borrowing rate or implicit rate, when readily determinable. The asset is amortized on a straight-line basis over the lease term and is reflected as rent expense in the accompanying consolidated financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Interest is charged to rent expense for the difference. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the consolidated statement of financial position.

Classification of Net Assets

Net assets without donor restrictions include revenue derived from contributions, public sector grants and contracts, investment income, and other revenue and support received without donor-imposed restrictions. These net assets are available for the operations of AWF.

Net assets with donor restrictions represent amounts that are specifically restricted by the donor for specific programs or future purposes. They also represent amounts received with donor stipulations that require the gift to be held in perpetuity and permit only the income to be used for the purposes designated by the donors.

Revenue Recognition

Unconditional gifts from individuals, legacy gifts and corporate & foundation support are recognized as net assets with donor restrictions if they are received with donor or grantor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Unconditional gifts from individuals, legacy gifts and corporate & foundation support not designated for specific purposes by the donor are recorded as net assets without donor restrictions when received.

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

AWF has grants with U.S. government agencies and other organizations. Support from government grants are conditioned upon certain conditions and are recognized as contributions when the conditions are met. The expenditures under these grants are subject to review by the granting authority. Revenue recognized on unconditional grants for which payments have not been received is reflected as public sector and other grant receivable in the accompanying consolidated statement of financial position. Grant awards received in advance, but not yet expended, are reflected as refundable advances in the accompanying consolidated statement of financial position.

Events & other income, including list rental revenue and income generated from safaris, is recognized at the specific point in time that the service is provided.

In-Kind Contributions

In-kind contributions reflect goods and services donated to AWF and are recorded as revenue and offsetting expense at their estimated fair value as of the date of the gift. In-kind contributions recorded relate to an ongoing advertising campaign and rent of which the rent expense is classified within conservation programs and the advertising expenses within education and outreach.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Accordingly, certain costs have been allocated from supporting services to the programs benefited based on total direct expenses. Occupancy, depreciation & amortization, and information technology expenses are allocated based on direct labor hours incurred by each program or supporting service.

Transactions in Foreign Currencies

AWF conducts many of its programs through field offices in foreign countries and, accordingly, transacts in the local currencies of those countries. AWF records transactions denominated in a foreign currency at the United States dollar equivalent as of the date of the transaction. Assets and liabilities of AWF denominated in a foreign currency are revalued in United States dollars at the current exchange rate as of the consolidated statement of financial position date. Any resulting foreign currency transaction gain or loss is recorded in the accompanying consolidated statement of functional expenses as exchange rate fluctuations.

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

In accordance with the provisions of Federal Accounting Standards Board (FASB) Accounting Standards Codification Topic 360, *Property, Plant and Equipment*, AWF reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2020, AWF had not recognized an impairment loss.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Measure of Operations

In its consolidated statement of activities, AWF includes in its definition of operations all revenue and support that are an integral part of its programs and supporting activities. Investment income, including realized and unrealized gains and losses, is recognized as non-operating activities.

New Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Updated (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. AWF adopted ASU 2014-09 and related amendments on July 1, 2019, using the modified retrospective method and elected to apply the standard only to program service contracts that were not completed as of that date. The adoption of the standard did not impact AWF's results of operations or change in net assets.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, subject to other guidance, and determining whether a contribution is conditional. AWF adopted ASU 2018-08 on July 1, 2019, using the modified prospective basis and the adoption of the standard did not result in a material change to the financial statements or the timing of revenue recognition for AWF's grants and contributions.

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. The new standard applies to capital or operating leases entered into after the standard was issued. AWF early-adopted this standard in 2020.

3. Investments

AWF's investments as of June 30, 2020, were composed of the following:

	<i>Cost</i>	<i>Market</i>
<i>Mutual funds:</i>		
Equity funds	\$ 12,247,349	\$ 14,949,041
Money market funds	10,078,449	10,081,045
Fixed-income funds	<u>5,647,332</u>	<u>5,989,361</u>
<i>Total investments</i>	<u>\$ 27,973,130</u>	<u>\$ 31,019,447</u>

AWF's investments measured at fair value as of June 30, 2020, were as follows:

	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<i>Mutual funds:</i>				
<i>Equity funds:</i>				
Large blend fund	\$ 8,949,206	\$ 8,949,206	\$ -	\$ -
Global equity fund	5,907,813	5,907,813	-	-
Large growth fund	45,328	45,328	-	-
Large value fund	28,754	28,754	-	-
Small growth fund	7,856	7,856	-	-
Small blend fund	6,391	6,391	-	-
Diversified emerging markets	<u>3,693</u>	<u>3,693</u>	-	-
<i>Sub-total equity funds</i>	<u>14,949,041</u>	<u>14,949,041</u>	-	-
<i>Fixed-income funds:</i>				
Long-term bond funds	754,346	754,346	-	-
Short term bond funds	1,330,245	1,330,245	-	-
Total return bond fund	3,010,082	3,010,082	-	-
Intermediate term bond funds	<u>894,688</u>	<u>894,688</u>	-	-
<i>Sub-total fixed-income funds</i>	<u>5,989,361</u>	<u>5,989,361</u>	-	-
Money Market Funds	<u>10,081,045</u>	<u>10,081,045</u>	-	-
<i>Total</i>	<u>\$ 31,019,447</u>	<u>\$ 31,019,447</u>	<u>\$ -</u>	<u>\$ -</u>

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

3. Investments (continued)

Mutual funds and money market funds are valued at the net asset value of shares held by AWF, which represents quoted prices in an active market for identical assets.

4. Pledges & Bequests Receivable

As of June 30, 2020, pledges and bequests receivable consisted of \$3,766,523 in pledges and \$258,939 in bequests and were promised as follows:

	<i>Amount</i>
Due in less than one year	\$ 1,992,700
Due in one to five years	1,819,800
Due in more than five years	<u>212,962</u>
<i>Subtotal</i>	4,025,462
Less: discount	(124,706)
Less: allowance for uncollectible pledges and bequests	<u>(188,051)</u>
<i>Pledges and bequests receivable, net</i>	<u><u>\$ 3,712,705</u></u>

Pledges expected to be received beyond one year are recorded at the present value of expected future cash flows using a risk-adjusted discount rate. A discount rate range of 0.13% to 4.92% was used to determine the net present value factor.

Contributions totaling \$21,790,355 have not been recognized in the accompanying statement of activities because the condition of incurring qualifying expenses related to the conditional grants had not been met as of June 30, 2020.

5. Loans Receivable

As of June 30, 2020, loans receivable totaled \$684,454 and were receivable as follows:

	<i>AWF, Inc.</i>
Principal due within one year	\$ -
Principal due in one to five years	<u>684,454</u>
<i>Loans receivable, net</i>	<u><u>\$ 684,454</u></u>

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

6. Property & Equipment and Accumulated Depreciation & Amortization

AWF held the following property and equipment as of June 30, 2020:

	<i>Cost</i>	<i>Accumulated Depreciation and Amortization</i>	<i>Net</i>
Buildings	\$ 2,247,015	\$ (419,448)	\$ 1,827,567
Land	99 3,157	-	993,157
Leasehold improvement	1,295,547	(357,903)	937,644
Furniture & equipment	1,132,630	(820,532)	312,098
Vehicles	418,447	(374,821)	43,626
Software	<u>1,159,481</u>	<u>(1,150,218)</u>	<u>9,263</u>
<i>Property and equipment, net</i>	<u>\$ 7,246,277</u>	<u>\$ (3,122,922)</u>	<u>\$ 4,123,355</u>

Depreciation and amortization expense totaled \$365,313 for the year ended June 30, 2020.

7. Leases

AWF has entered into operating leases for its Washington, DC, office as well as its offices throughout Africa. The leases expire at various dates through August 31, 2028. AWF's lease for office space in Washington, DC, is for a period of 11 years and ends on August 31, 2028. The lease allows for 12 months of rent abatement and a tenant allowance of \$1,277,040. AWF implemented ASU 2016-02 during the year ended June 30, 2020 and, as a result, has recorded a lease liability equal to the present value of the future payments under the terms of the lease, discounted at an estimated organizational incremental borrowing rate of 2.5%. This liability is reduced as cash payments are made under the terms of the lease. Interest is charged to rent expense for the difference. AWF has also recorded a right of use asset equal to the lease obligation. The asset is amortized on a straight-line basis over the lease term and is reflected as rent expense in occupancy and maintenance expense in the accompanying consolidated statement of functional expenses. As of June 30, 2020, the future minimum rental payments required under the leases were as follows:

<i>Year Ended June 30,</i>	<i>Amount</i>
2021	\$ 775,160
2022	793,715
2023	788,133
2024	801,296
2025	818,182
Thereafter	<u>2,726,756</u>
<i>Total</i>	<u>\$ 6,703,242</u>

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

7. Leases (continued)

Rent expense for the year ended June 30, 2020, totaled \$876,438 and is included under occupancy and maintenance expense in the accompanying consolidated statement of functional expenses.

8. Loan Payable

On April 29, 2020, AWF borrowed \$802,337 from the Small Business Administration (SBA) through the Payroll Protection Program (PPP). The loan was issued by Bank of America. The loan will mature in April 2022 and bears a fixed interest rate of 1% per annum. The loan amount may be eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder used for mortgage interest, rent and utility costs over a specified period of time after the loan was made and based on the assumption that the number of employees and compensation levels were maintained. Subsequent to June 30, 2020, AWF applied for loan forgiveness.

9. Commitments, Contingencies & Risks

Concentration of Credit Risk

AWF's cash is held in accounts at various domestic and foreign financial institutions. Amounts held in foreign accounts and balances held in domestic accounts that exceed the Federal Deposit Insurance Corporation insurable limit are uninsured. AWF has never experienced nor does management anticipate any losses on its funds. As of June 30, 2020, uninsured amounts totaled approximately \$3,096,000.

Foreign Operations

AWF is headquartered in Nairobi, Kenya, and has field offices in various African countries for the purpose of conserving the wildlife and wild lands of Africa. The future results of AWF's programs could be adversely affected by a number of potential factors such as currency fluctuations or changes in the political climate.

Compliance Audit

AWF has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time, although AWF expects such amounts, if any, to be insignificant.

Litigation

AWF was a co-defendant in an action brought by a group of individuals who claimed ownership through adverse possession of a private parcel of land purchased for conservation purposes by AWF in fiscal year 2009 in Kenya. The seller of the land was a co-defendant in the suit, as well as the Kenya

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

9. Commitments, Contingencies & Risks (continued)

Litigation (continued)

Wildlife Service, which manages the land on behalf of the Government of Kenya. In July 2018, the High Court of Kenya dismissed the case in favor of AWF and the co-applicants. The plaintiffs filed an appeal to The Court of Appeal of Kenya on July 14, 2018, and this is still pending in court. Management is optimistic that this appeal will be dismissed in due course.

COVID-19

The novel coronavirus (COVID-19) outbreak has caused business disruption through mandated and voluntary closings of businesses across the world for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. AWF has been able to continue most of its operations in a remote environment; however, at this point, the extent to which COVID-19 may impact AWF's financial condition or results of operations is uncertain.

10. Net Assets Without Donor Restrictions

Included in net assets without donor restrictions are funds designated by the Board of Trustees to function as endowments in order to support the future endeavors of AWF. As of June 30, 2020, the board-designated endowment funds totaled \$26,321,990, all of which is invested.

11. Net Assets With Donor Restrictions Subject to Time or Purpose

As of June 30, 2020, net assets with donor restrictions subject to time or purpose consisted of the following:

	<i>Amount</i>
Conservation programs	\$ 10,966,558
Time-restricted	<u>343,548</u>
Total	<u>\$ 11,310,106</u>

12. Net Assets with Perpetual Donor Restrictions

As of June 30, 2020, net assets with perpetual donor restrictions represent the following endowment funds established by donors:

	<i>Amount</i>
Conservation education and training	\$ 1,939,574
Conservation Science	1,072,741
General endowment	<u>100,000</u>
Total	<u>\$ 3,112,315</u>

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

13. Endowment Funds

Interpretation of Relevant Law

AWF classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. AWF considers the following factors when making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of AWF and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of AWF; and
- (7) The investment policies of AWF.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the fair value of the original gifts. Deficiencies of this nature are reported as part of net assets with donor restrictions. As of June 30, 2020, AWF's program endowment fund did not have any accumulated deficiencies. AWF has interpreted the law to permit spending from underwater endowments in accordance with prudent measures required under law. However, AWF does not intend to appropriate from funds with deficiencies.

Composition of Endowment Funds by Net Asset Category

As of June 30, 2020, AWF's endowment consisted of seven individual funds established for a variety of purposes, and included both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. AWF's invested endowment funds were as follows:

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Donor-restricted funds</i>			
Program-restricted (4)	\$ -	\$ 4,072,583	\$ 4,072,583
General endowment (1)	-	<u>143,804</u>	<u>143,804</u>
<i>Subtotal donor-restricted (5)</i>	<u>-</u>	<u>4,216,387</u>	<u>4,216,387</u>
<i>Board-designated funds</i>			
Program-restricted (1)	573,322	-	573,758
General endowment (1)	<u>25,748,232</u>	-	<u>25,748,232</u>
<i>Subtotal board-designated (2)</i>	<u>26,321,990</u>	<u>-</u>	<u>26,321,990</u>
<i>Total endowment funds (7)</i>	<u>\$ 26,321,990</u>	<u>\$ 4,216,387</u>	<u>\$ 30,538,377</u>

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

13. Endowment Funds (continued)

Return Objectives and Risk Parameters

AWF has adopted an investment policy designed to preserve and protect endowment funds from erosion of purchasing power of principal and earnings that might otherwise be caused by currency inflation over time. The investment performance goal for the aggregate of AWF's various board designated and other invested funds is an overall target total return of at least four percent greater than the rate of inflation (as measured by the Bureau of Labor Statistics Consumer Price Index for all Urban Consumers [CPI-U]) and attendant costs of managing AWF's assets. "Total return" of the portfolio is the combination of interest, dividends and other current earnings, plus capital appreciation (or less capital depreciation) for the period. Within the context of donor restrictions, inflation protection and acceptance of prudent levels of investment risk, AWF may utilize specialized fund manager skills to achieve its investment goals.

Spending Policy on Invested Funds

As of June 30, 2020, AWF's investments included seven individual funds that were either donor-restricted (five funds) or purpose-restricted by the Board of Trustees (two funds). In the absence of specific spending guidelines established by a donor, AWF has a policy that allows spending up to three percent of these funds' average beginning invested market values for the prior three fiscal years, excluding legacy income; to meet board approved budgeted expenditures. Legacy income (bequests) in excess of budgeted amounts is transferred into the reserves. Special circumstances that require additional use of reserves must be approved by the Board of Trustees upon recommendation from the Finance Committee.

In establishing this policy, AWF considered its stated return objective with the intent, over the long term, to allow its invested funds to grow at a rate at or above that of inflation. This is consistent with AWF's objective to maintain the purchasing power of the funds' assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

During the year ended June 30, 2020, a net sum of \$155,000 was contributed to the board designated invested fund.

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2020

13. Endowment Funds (continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2020

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment net assets, beginning	\$ 25,576,452	\$ 4,161,171	\$ 29,737,624
Investment returns:			
Interest and dividends	644,868	27,049	671,917
Realized gains	1,383,304	88,468	1,471,772
Unrealized losses	(1,412,847)	(59,262)	(1,472,108)
Investment fees	<u>(24,787)</u>	<u>(1,040)</u>	<u>(25,827)</u>
Total investment returns	<u>590,538</u>	<u>55,216</u>	<u>645,753</u>
Contributions / transfers	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
<i>Amounts appropriated for expenditure</i>	<u>(845,000)</u>	<u>-</u>	<u>(845,000)</u>
<i>Endowment net assets, end</i>	<u>\$ 26,321,990</u>	<u>\$ 4,216,387</u>	<u>\$ 30,538,377</u>

Investment earnings on funds with perpetual donor restrictions for the year ended June 30, 2020, were recognized as with donor restricted in the accompanying consolidated statement of activities. Board-designated endowment fund earnings were designated as without donor restrictions in the accompanying consolidated statement of activities.

14. Availability and Liquidity

AWF regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. AWF's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2020, were as follows:

Cash and cash equivalents	\$ 5,595,065
Investments	31,019,447
Pledges and bequests receivable	3,712,705
Public sector and other exchange grant receivable	2,718,089
Accounts receivable	<u>115,597</u>
Total Financial Assets Available Within One Year	41,240,898
Less:	
Amounts unavailable for general expenditures within	
One-year due to donors' purpose restriction	(10,966,558)
Amounts unavailable due to being received beyond one year	(2,032,762)
Amounts unavailable to management without Board approval:	
Board-designated for operating reserve and initiatives	<u>(26,321,990)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,919,588</u>

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

14. Availability and Liquidity (continued)

AWF has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of AWF throughout the year. This is done through monitoring and reviewing AWF's liquidity needs on a monthly basis. As a result, management is aware of the nature of AWF's cash flow related to AWF's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, cash needed to meet operational needs are kept in bank checking and savings accounts while excess cash is invested in publicly traded investment vehicles, primarily equity and fixed income mutual funds and money market funds. AWF can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs. Additionally, AWF has board-designated net assets that could be available for current operations with Board approval, if necessary.

15. Retirement Plan

AWF has a retirement savings plan under IRC Section 401(k) that covers all Washington, DC-based salaried employees. AWF's Africa-based employees participate in a separate retirement savings plan located outside the United States of America. In both plans, employees are eligible to participate in the plan upon incurring 1,000 hours of service. All salaried Washington, DC-based employees are fully vested in all employer contributions upon entering the plan. All employer contributions are discretionary.

Retirement expense for the year ended June 30, 2020, totaled \$910,052.

16. Allocation of Joint Costs

During the year ended June 30, 2020, AWF incurred joint costs of \$2,306,114 from direct mail and on-line campaigns that included both educational materials and fundraising appeals. Of those costs, \$552,448 was allocated to fundraising and \$1,753,666 to education and outreach program.

17. Income Taxes

AWF, Inc. is exempt from the payment of taxes on income other than net unrelated business income under IRC Section 501(c)(3) and is not a private foundation. No provision for uncertainty in income taxes was required as of June 30, 2020, as AWF had no significant unrelated business income.

AWF performed an evaluation of uncertainty in income taxes for the year ended June 30, 2020, and determined that there were no matters that would require recognition or disclosure in these consolidated financial statements or which may have an effect on the tax-exempt status of AWF, Inc. As of June 30, 2020, the statute of limitations for certain tax years remained open with the United States federal jurisdiction or the various states and local jurisdictions in which AWF files tax returns, however, no examinations are currently pending or in progress. It is AWF's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest and income tax expense. As of June 30, 2020, AWF had no accruals for interest and/or penalties.

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

18. Reclassification

Certain 2019 balances have been reclassified to conform to the 2020 financial statement presentation.

19. Prior Period Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class and functional area. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with AWF's financial statements for the year ended June 30, 2019, from which the summarized information was prepared.

20. Subsequent Events

In preparation of these consolidated financial statements, AWF has evaluated, for potential recognition or disclosure, transactions and events through February 9, 2021, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the consolidated financial statements.