

GLOBAL WILDLIFE CONSERVATION
(Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Global Wildlife Conservation

We have audited the accompanying statements of financial position of Global Wildlife Conservation as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 auditors' 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 Global Wildlife Conservation as of June 30, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Austin, Texas
February 18, 2016

GLOBAL WILDLIFE CONSERVATION
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2015 and 2014

	2015	2014
Assets		
Current Assets:		
Cash and cash equivalents	\$ 555,314	\$ 327,568
Contributions receivable	1,037,765	188,872
Total Current Assets	1,593,079	516,440
Total Assets	\$ 1,593,079	\$ 516,440
Liabilities and Net Assets		
Total Liabilities	\$ 12,125	\$ -
Net Assets:		
Unrestricted	(292,761)	98,824
Temporarily restricted	611,700	417,616
Permanently restricted	1,262,015	-
Total Net Assets	1,580,954	516,440
Total Liabilities and Net Assets	\$ 1,593,079	\$ 516,440

See accompanying notes and independent auditors' report.

GLOBAL WILDLIFE CONSERVATION
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STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Contributions	\$ 442,865	\$ 1,332,070	\$ 1,262,015	\$ 3,036,950
In-kind contributions	57,028	-	-	57,028
Interest income	4,323	-	-	4,323
Total Revenue	504,216	1,332,070	1,262,015	3,098,301
Net assets released from restrictions	1,137,986	(1,137,986)	-	-
Total revenues and net assets released from restrictions	1,642,202	194,084	1,262,015	3,098,301
Expenses:				
Program services	1,626,413	-	-	1,626,413
General and administrative	289,819	-	-	289,819
Fundraising	117,555	-	-	117,555
Total Expenses	2,033,787	-	-	2,033,787
Change in net assets	(391,585)	194,084	1,262,015	1,064,514
Net assets, beginning of year	98,824	417,616	-	516,440
Net assets, end of year	\$ (292,761)	\$ 611,700	\$ 1,262,015	\$ 1,580,954

See accompanying notes and independent auditors' report.

GLOBAL WILDLIFE CONSERVATION
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STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Contributions	\$ 1,224,145	\$ 485,367	\$ -	\$ 1,709,512
In-kind contributions	45,780	-	-	45,780
Interest	349	-	-	349
Other revenue	5,946	-	-	5,946
 Total Revenue	 1,276,220	 485,367	 -	 1,761,587
Net assets released from restrictions	395,529	(395,529)	-	-
 Total revenues and net assets released from restrictions	 1,671,749	 89,838	 -	 1,761,587
 Expenses:				
Program services	1,277,910	-	-	1,277,910
General and administrative	245,107	-	-	245,107
Fundraising	61,277	-	-	61,277
 Total Expenses	 1,584,294	 -	 -	 1,584,294
 Change in net assets	 87,455	 89,838	 -	 177,293
Net assets, beginning of year	11,369	327,778	-	339,147
Net assets, end of year	\$ 98,824	\$ 417,616	\$ -	\$ 516,440

See accompanying notes and independent auditors' report.

GLOBAL WORLD CONSERVATION
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STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

Expense Category	Program Services	General and Administrative	Fundraising	Total
Land conservation	\$ 514,981	\$ -	\$ -	\$ 514,981
Consulting services	432,782	71,385	-	504,167
Salaries	382,729	52,579	74,937	510,245
Payroll taxes	29,240	13,693	5,681	48,614
Other employee benefits	45,662	14,951	13,557	74,170
Travel and related expenses	118,536	59,251	18,528	196,315
Professional fees	56,667	36,409	-	93,076
Office and occupancy	4,799	15,676	181	20,656
Equipment	3,455	-	-	3,455
Other operating expenses	37,562	25,875	4,671	68,108
Total	<u>\$ 1,626,413</u>	<u>\$ 289,819</u>	<u>\$ 117,555</u>	<u>\$ 2,033,787</u>

See accompanying notes and independent auditors' report.

GLOBAL WORLD CONSERVATION
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STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

Expense Category	Program Services	General and Administrative	Fundraising	Total
Land conservation	\$ 230,000	\$ -	\$ -	\$ 230,000
Consulting services	432,694	17,558	4,390	454,642
Salaries	372,988	88,338	22,085	483,411
Payroll taxes	27,611	7,792	1,948	37,351
Other employee benefits	38,608	27,616	6,904	73,128
Travel and related expenses	95,449	56,398	14,099	165,946
Professional fees	28,285	16,094	4,023	48,402
Office and occupancy	4,242	11,805	2,951	18,998
Equipment	25,956	1,380	345	27,681
Other operating expenses	22,077	18,126	4,532	44,735
Total	\$ 1,277,910	\$ 245,107	\$ 61,277	\$ 1,584,294

See accompanying notes and independent auditors' report.

GLOBAL WILDLIFE CONSERVATION
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STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,064,514	\$ 177,293
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in assets and liabilities:		
Contributions receivable	(848,893)	42,048
Accounts payable	<u>12,125</u>	<u>-</u>
Net Cash Flows From Operating Activities	<u>227,746</u>	<u>219,341</u>
Cash Flows From Financing Activities:		
Payments on long-term debt	<u>-</u>	<u>(75,000)</u>
Net Cash Flows From Financing Activities	<u>-</u>	<u>(75,000)</u>
Net Change in Cash and Cash Equivalents	227,746	144,341
Cash and Cash Equivalents, beginning of year	<u>327,568</u>	<u>183,227</u>
Cash and Cash Equivalents, end of year	<u>\$ 555,314</u>	<u>\$ 327,568</u>
Supplementary Information:		
Cash paid for interest expense	<u>\$ -</u>	<u>\$ 1,512</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent auditors' report.

GLOBAL WILDLIFE CONSERVATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

1. Organization

Global Wildlife Conservation (“GWC”) is a non-profit organization that protects endangered species and habitats through science-based field action. GWC was incorporated in 2008 in the state of California. GWC has built its success upon a foundation of excellence in Exploration, Research and Conservation. GWC envisions a world with diverse and abundant wildlife, a truly Wild World. We are dedicated to ensuring that the species on the verge of extinction aren’t lost but prosper well into the future. Through our three key goals we are bringing together scientists, conservationists, policy makers, industry leaders and you to ensure a truly collaborative approach to species conservation. Our three key goals are to: save species, protect wildlands and build capacity. Through this approach we are ensuring that species conservation remains core to our approach while addressing larger landscape issue challenges and developing a long-term support network to guarantee that our donors and partners investments have the greatest possibility of success. GWC’s revenue is from a diverse range of partners, including private individuals, non-profit organizations, foundations, corporations, government agencies, and international organizations.

During the year ended June 30, 2014, GWC expanded programs to conserve biodiversity around the world.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) as defined by the Financial Accounting Standards Board Accounting Standards Codification. Net assets and revenues, expenses, gains, and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of GWC and changes therein are classified and reported as follows:

Unrestricted Net Assets

These types of net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Temporarily Restricted Net Assets

These types of net assets are subject to donor-imposed stipulations which limit their use by GWC to a specific purpose and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

2. Summary of Significant Accounting Policies (continued)

Permanently Restricted Net Assets

These types of net assets are subject to donor-imposed stipulations, which require them to be maintained permanently. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific use.

Reclassifications

GWC made a reclassification of net assets as of July 31, 2013 in the amount of \$138,809 from unrestricted net assets to temporarily restricted net assets. The total net assets did not change.

Basis of Accounting

GWC's financial statements have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with GAAP.

Accounting Estimates

The preparation of 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.

Cash Equivalents

GWC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, unless designated for investment purposes.

Contributions Receivable

Contributions receivable are recognized as contributions revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Contributions receivable are recorded at net realizable value if expected to be collected in one year and at the present value of their estimated future cash flows if expected to be collected in more than one year, unless otherwise noted. Conditional promises to give are recognized when the condition on which they depend is substantially met.

Contributions receivable are recorded at the amount GWC expects to collect on outstanding balances. GWC has not set up an allowance for uncollectible receivables at June 30, 2015, because management estimates all balances to be collectible. Management closely monitors outstanding balances and write offs.

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FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

2. Summary of Significant Accounting Policies (continued)

Contributions

All contributions are recorded at their fair value and are considered to be available for operations of GWC unless specifically restricted by the donor. Unconditional pledges to give cash and other assets are reported as either temporarily or permanently restricted net assets, if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related temporarily restricted net assets are reclassified to unrestricted net assets. This is reported in the statement of activities and change in net assets as net assets released from restrictions. Conditional pledges to give are recognized only when the conditions on which they depend are substantially met and pledges become unconditional.

Functional Allocation of Expenses

The costs of providing the various program services and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes

GWC is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). No provision for income taxes has been made in the accompanying financial statements.

GWC has adopted the recognition requirements for uncertain income tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. GWC has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. GWC believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on GWC's financial position, changes in net assets or cash flows. Accordingly, GWC has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2015 and 2014. GWC is subject to income tax audits for the previous three years which are open. There are currently no income tax audits for any tax periods in progress.

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3. Concentration of Credit Risk

Financial instruments which potentially subject GWC to credit risk consist of cash and cash equivalents and contributions receivable. GWC places its cash and cash equivalents with quality financial institutions and may exceed the amount of insurance provided on such deposits. At June 30, 2015 and 2014, the cash deposits exceeded federal depository insurance by \$207,666 and \$73,277, respectively. GWC does not maintain collateral for its contributions receivable and does not believe significant risk exists.

4. In-kind Contributions

Contributed services are recognized as contributions if the services (1) create or enhance non-financial assets, or (2) require special skills, are performed by people with those skills, and would otherwise be purchased by GWC. Under those criteria, donated professional services and materials are reflected as contribution revenue at their estimated fair value at the date of receipt and are expensed or capitalized as appropriate. GWC received the following in-kind contributions included in the statements of activities during the years ended June 30, 2015 and 2014:

	2015	2014
Donated services including professional fees for legal and accounting	\$ 57,028	\$ 45,780
	\$ 57,028	\$ 45,780

5. Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following purposes:

	2015	2014
Biodiversity assessment expedition	\$ -	\$ 49,197
Land conservation in Palawan	-	75,000
Land conservation projects in Haiti	140,000	-
Captive breeding facility - Saola	136,714	-
Conservation of Saola in Laos and Vietnam	63,862	106,173
Land conservation - Guatemala	55,000	-
Other contributions	216,124	187,246
	\$ 611,700	\$ 417,616

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

6. Endowments

During the year ended June 30, 2015, the GWC created the Walter Steven Sechrest Endowment for Wildlife Protection and the Habitat for Biodiversity Endowment (Endowments). The mission of the Walter Steven Sechrest Endowment for Wildlife Protection is to protect endangered wildlife through anti-poaching efforts, including support to wildlife rangers at nature reserves around the world. The Habitat for Biodiversity Endowment is to protect endangered wildlife through establishing nature reserves around the world, either through private, community, indigenous, or government protection. The Board of Directors of GWC interpret the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Permanently restricted net assets are classified at the original value of gifts donated to the permanent endowment, plus the original value of subsequent gifts to the endowment. Also included are accumulations to the permanent endowment if directed by the donor gift instrument. The remaining portion of the donor restricted endowment fund is classified as temporarily restricted net assets until those funds are appropriated for expenditure by GWC in a manner consistent with the standard of prudence prescribed by UPMIFA.

GWC has investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under the investment policy approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results as stated in GWC’s policy while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, GWC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). GWC targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

GWC has a policy spending rate of 3 to 6% from the unrestricted portion of the Endowment. The withdrawals can be lump sum or spread out over the fiscal year. In determining the total amount to withdraw from the Endowment in any given year, the Investment Committee incorporates a document hybrid method. The Investment Committee must approve any special appropriation or decision not to spend the amount indicated by the spending formula in advance.

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6. Endowments (continued)

Permanently restricted net assets -

The portion of perpetual endowments funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA:

Walter Steven Sechrest Endowment for Wildlife Protection	\$ 1,231,310
Habitat for Biodiversity Endowment	31,705
	<u>\$ 1,263,015</u>

7. Note Payable

On January 27, 2011, GWC borrowed \$150,000 from the Our Children's Earth Foundation, a nonprofit organization whose director is also a GWC board member. The loan proceeds were used for the Sierra Caral of Guatemala conservation project. The loan had an interest rate of 4%. During the year ended June 30, 2014, GWC made principal payments in the amount of \$75,000 plus \$1,512 in interest. The note payable was paid in full during the year ended June 30, 2014.

8. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. GWC has evaluated subsequent events through the date the financial statements were available to be issued, February 18, 2016, and subsequent events to be disclosed are noted below.

Subsequent to June 30, 2015, GWC received a grant in the amount of \$9,300,000 from a nonprofit private foundation. GWC and the foundation agree that the grant is unrestricted and is to be used solely for specific purposes or such other permitted purposes as shall be designated by GWC's board of directors in lieu of a specific purpose.