AFRICAN WILDLIFE FOUNDATION®

Consolidated Financial Statements

For the Year Ended June 30, 2014
(With Summarized Financial Information for the Year Ended June 30, 2013)

and
Report Thereon

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

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Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
African Wildlife Foundation, Inc.
and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the African Wildlife Foundation, Inc. and Subsidiary (collectively referred to as AWF), which comprise the consolidated statement of financial position as of June 30, 2014 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.

Auditor's 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 auditor's 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the African Wildlife Foundation, Inc. and Subsidiary as of June 30, 2014, 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 2013 consolidated financial statements, and our report dated October 23, 2013, expressed an unmodified audit opinion on those consolidated audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Raffa, P.C.

Raffa, P.C.

Washington, DC
October 9, 2014

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position
As of June 30, 2014
(With Summarized Financial Information as of June 30, 2013)

	2014	2013
ASSETS		
Cash & cash equivalents	$ 4,027,712	$ 3,724,601
Investments	26,813,292	22,332,129
Pledges & bequests receivable	7,557,260	4,404,716
Public sector grants receivable	851,722	968,222
Advances to partners	222,973	475,715
Prepaid expenses & other assets	844,145	415,406
Accounts receivable	701,266	200,131
Loans receivable	4,369,005	2,349,224
Property & equipment, net	4,158,539	4,389,190
TOTAL ASSETS	**49,545,914**	**39,259,334**
LIABILITIES		
Accounts payable & accrued expenses	1,890,155	1,523,384
Refundable advances	2,786,095	1,910,151
Notes payable & lines of credit	5,441,000	3,096,961
Deferred rent & lease incentives	187,421	227,441
Deferred compensation liability	162,268	104,407
Annuities payable	84,431	103,906
Total liabilities	**10,551,370**	**6,966,250**
NET ASSETS		
Unrestricted net assets	26,435,724	23,895,112
Temporarily restricted net assets	9,446,505	6,125,657
Permanently restricted net assets	3,112,315	2,272,315
Total net assets	**38,994,544**	**32,293,084**
TOTAL LIABILITIES & NET ASSETS	**$ 49,545,914**	**$ 39,259,334**

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Activities & Changes in Net Assets
For the Year Ended June 30, 2014
(With Summarized Financial Information for the Year Ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
OPERATING REVENUE & SUPPORT					
Gifts from individuals	$ 5,497,047	$ 6,103,402	$ 840,000	$ 12,440,449	$ 8,819,604
Legacy gifts	1,854,877	12,938	-	1,867,815	829,974
Corporate & foundation support	464,686	529,455	-	994,141	1,425,509
Public sector support	11,339,248	606	-	11,339,854	10,924,096
Royalties, events & other income	1,214,449	90,788	-	1,305,237	495,911
Payout from board designated reserves	1,127,830	-	-	1,127,830	181,904
In-kind contributions	182,769	-	-	182,769	68,375
Net assets released from program restrictions	3,676,618	(3,676,618)	-	-	-
Total operating revenue & support	**25,357,524**	**3,060,571**	**840,000**	**29,258,095**	**22,745,373**
OPERATING EXPENSES					
Program services					
Conservation programs	18,553,255	-	-	18,553,255	16,466,052
Education & outreach	2,315,078	-	-	2,315,078	1,600,028
Total program services	20,868,333	-	-	20,868,333	18,066,080
Supporting services					
Finance & administration	1,126,484	-	-	1,126,484	1,132,281
Fundraising	2,192,192	-	-	2,192,192	1,808,485
Total supporting services	3,318,676	-	-	3,318,676	2,940,766
Total operating expenses	**24,187,009**	**-**	**-**	**24,187,009**	**21,006,846**
Change in net assets from operating activities	**1,170,515**	**3,060,571**	**840,000**	**5,071,086**	**1,738,527**
NON OPERATING ACTIVITIES					
Investment earnings	875,142	52,329	-	927,471	1,336,966
Unrealized gains (losses) on investments	1,622,265	214,419	-	1,836,684	(146,956)
Unrealized gains (losses) on trusts & annuities	520	(6,471)	-	(5,951)	(8,136)
Payout from board designated reserves	(1,127,830)	-	-	(1,127,830)	(181,904)
Change in net assets from non operating activities	**1,370,097**	**260,277**	**-**	**1,630,374**	**999,970**
CHANGE IN NET ASSETS	**2,540,612**	**3,320,848**	**840,000**	**6,701,460**	**2,738,497**
Net assets, beginning of year	23,895,112	6,125,657	2,272,315	32,293,084	29,554,587
NET ASSETS, END OF YEAR	**$ 26,435,724**	**$ 9,446,505**	**$ 3,112,315**	**$ 38,994,544**	**$ 32,293,084**

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2014
(With Summarized Financial Information for the Year Ended June 30, 2013)

	PROGRAM SERVICES					SUPPORTING SERVICES				
	Conservation Programs	**Program Management**	**Total Conservation Services**	**Education & Outreach**	**Total Program Services**	**Finance & Administration**	**Fundraising**	**Total Supporting Services**	**2014 TOTAL**	**2013 TOTAL**
Salaries & benefits	$ 4,465,766	$ 2,130,938	$ 6,596,704	$ 747,633	$ 7,344,337	$ 694,621	$ 1,253,365	$ 1,947,986	$ 9,292,323	$ 8,180,420
Professional fees & construction	2,124,725	146,365	2,271,090	559,196	2,830,286	157,039	250,033	407,072	3,237,358	3,237,570
Travel & meetings	842,815	337,917	1,180,732	30,375	1,211,107	17,310	130,009	147,319	1,358,426	1,236,985
Partner expenses	3,649,549	520	3,650,069	-	3,650,069	-	-	-	3,650,069	2,666,270
Supplies	942,787	120,622	1,063,409	28,925	1,092,334	71,138	20,826	91,964	1,184,298	994,026
Printing	40,171	12,920	53,091	172,603	225,694	6,176	184,026	190,202	415,896	462,227
Occupancy & maintenance	302,992	150,508	453,500	-	453,500	271,255	-	271,255	724,755	729,168
Vehicle operations & depreciation	376,068	73,215	449,283	777	450,060	545	-	545	450,605	580,034
Postage & delivery	6,645	7,532	14,177	108,221	122,398	17,302	161,539	178,841	301,239	317,384
Equipment rental & maintenance	58,742	32,360	91,102	1,093	92,195	17,715	1,540	19,255	111,450	69,281
Workshops	864,914	73,336	938,250	421,288	1,359,538	-	19,904	19,904	1,379,442	787,524
Scholarships & training	45,798	11,054	56,852	1,057	57,909	2,353	32,091	34,444	92,353	129,851
Communications	207,940	89,811	297,751	18,064	315,815	60,987	2,550	63,537	379,352	299,433
Administrative costs	430,624	86,842	517,466	2,121	519,587	53,363	77,380	130,743	650,330	483,339
Depreciation & amortization	431,800	141,067	572,867	97,539	670,406	134,213	2,004	136,217	806,623	568,304
Promotions & advertising	12,803	6,263	19,066	2,478	21,544	-	8,411	8,411	29,955	25,978
Membership dues	2,144	50,692	52,836	1,190	54,026	2,677	4,356	7,033	61,059	40,216
Exchange rate fluctuations	(90,918)	49,978	(40,940)	-	(40,940)	-	-	-	(40,940)	130,461
In-kind expenses	10,054	-	10,054	84,348	94,402	-	8,014	8,014	102,416	68,375
TOTAL DIRECT EXPENSES	**14,725,419**	**3,521,940**	**18,247,359**	**2,276,908**	**20,524,267**	**1,506,694**	**2,156,048**	**3,662,742**	**24,187,009**	**21,006,846**
Allocation of facilities expenses	246,855	59,041	305,896	38,170	344,066	(380,210)	36,144	(344,066)	-	-
TOTAL	**$ 14,972,274**	**$ 3,580,981**	**$ 18,553,255**	**$ 2,315,078**	**$ 20,868,333**	**$ 1,126,484**	**$ 2,192,192**	**$ 3,318,676**	**$ 24,187,009**	**$21,006,846**

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2014
(With Summarized Financial information for the Year Ended June 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,701,460	$ 2,738,497
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	419,615	349,449
Amortization of discount on pledges & bequests receivable	94,158	(23,627)
Amortization of discount on loans receivable	184,725	259,720
Lease incentive amortization	32,068	32,068
Provision for doubtful pledges & bequests receivable	135,113	36,275
Provision for doubtful loans receivable	154,833	87,623
Realized gains on sales of investments	(485,358)	(951,530)
Unrealized losses (gains) on investments	(1,836,684)	146,956
Unrealized losses on beneficial interest in perpetual trusts	6,471	8,136
Changes in assets & liabilities:		
Pledges & bequests receivable	(3,381,815)	(45,947)
Public sector grants receivable	116,500	642,525
Advances to partners	252,742	(475,716)
Prepaid expenses & other assets	(435,210)	(89,671)
Accounts receivable	(501,135)	(49,571)
Accounts payable & accrued expenses	366,771	373,865
Refundable advances	875,944	865,196
Deferred rent & lease incentives	(72,088)	(63,250)
Deferred compensation liability	57,861	30,075
Annuities payable	(19,475)	(1,437)
Net cash provided by operating activities	**2,666,496**	**3,869,636**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property & equipment	(188,964)	(546,098)
Purchases of investments	(17,795,870)	(18,035,054)
Sales of investments	15,636,749	16,433,460
Issuance of loans receivable	(2,400,000)	(1,417,690)
Proceeds received from retirement of loans receivable	40,661	-
Net cash used in investing activities	**(4,707,424)**	**(3,565,382)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle payments on capital lease obligation	-	(3,402)
Principle payments on notes payable & lines of credit	(2,038,961)	(1,789,000)
Proceeds received from issuance of notes payable & lines of credit	4,383,000	3,313,999
Net cash provided by financing activities	**2,344,039**	**1,521,597**
NET INCREASE IN CASH & CASH EQUIVALENTS	**303,111**	**1,825,851**
Cash & cash equivalents, beginning of year	3,724,601	1,898,750
CASH & CASH EQUIVALENTS, END OF YEAR	**$ 4,027,712**	**$ 3,724,601**
Supplemental cash flow information: actual cash payments for interest	*$ -*	*$ 48,421*

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

1. Organization

The African Wildlife Foundation, Inc. (AWF, Inc.), together with the people of Africa, work to ensure the wildlife and wild lands of Africa will endure forever. 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.

AWC Limited, also known as "African Wildlife Capital" (AWC), is a wholly owned subsidiary of AWF, Inc. Established on March 8, 2011, in Mauritius as an investment holding company, AWC specializes in providing debt-based finance to qualifying conservation enterprises in multiple geographies across Africa. AWC's investments in conservation enterprises are selected so as to further the mission of AWF.

AWC CB1 Limited (CB1) is a wholly owned subsidiary of AWC. Established on March 31, 2011, in Mauritius as an investment holding company, CB1 specializes in providing debt-based finance to qualifying conservation enterprises in multiple geographies across Africa. CB1's investments in conservation enterprises are selected so as to further the mission of AWF.

AWC CB2 Limited (CB2) is a wholly owned subsidiary of AWC. Established on February 6, 2013 in Mauritius as an investment holding company, CB2 specializes in providing debt-based finance to qualifying conservation enterprises in multiple geographies across Africa. CB2's investments in conservation enterprises are selected so as to further the mission of AWF.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements as of and for the year ending June 30, 2014 include activities of AWF, Inc. as well as the activities of AWC. AWC's activities include CB1 and CB2. Collectively, these entities are referred to as AWF. All material intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash includes funds in checking accounts. Cash and money market funds held in certain investment portfolios are considered investments as such amounts are not used for general operating purposes.

Fair Value Measurements

In accordance with the accounting standards for fair value measurements for those assets which are measured at fair value on a recurring basis, as of and for the year ended June 30, 2014, AWF has categorized its applicable financial instruments into a required fair value hierarchy.

2. Summary of Significant Accounting Policies (continued)
Fair Value Measurements (continued)

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 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, 2014, only AWF's investments, as described in Note 4 of these consolidated financial statements, were measured at fair value on a recurring basis.

Investments

Investments consist of cash held for investment purposes, money market funds, mutual funds and exchange traded funds, consisting of equity and real asset exchange traded funds, and a master limited partner exchange traded note. Quoted market prices are used to value AWF's securities.

The change in the unrealized appreciation or depreciation of investments is included in the accompanying consolidated statement of activities as non-operating 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 in the accompanying consolidated statement of activities as non-operating activities.

Advances to Partners

AWF, Inc. periodically advances grant funds to partners under the terms of its various restricted program grants and cost reimbursable grant agreements and records these amounts as advances to partners. Upon submission of the required financial reports by the partners detailing the amount of funds expended under these grant agreements during each quarter and upon the approval of such

2. Summary of Significant Accounting Policies (continued)
Advances to Partners (continued)

reports by AWF, Inc., AWF, Inc. recognizes grant expense to the extent of allowable direct and indirect expenses incurred by the partners. Any amount advanced by AWF, Inc. in excess of expenses incurred by the partners is reflected in advances to partners in the accompanying consolidated statement of financial position.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to ten years for furniture, equipment software and vehicles and forty 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. Accordingly, AWF expenses such purchases in the period in which those expenses are incurred. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Impairment of Long-Lived Assets

In accordance with the provisions of FASB Accounting Standards Codification (ASC) 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, 2014, AWF has not recognized an impairment loss.

Classification of Net Assets

Unrestricted net assets include revenue derived from unrestricted 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.

Temporarily restricted net assets represent amounts that are specifically restricted by the donor for specific programs or future use.

Permanently restricted net assets 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.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Public sector support is recognized as revenue and support as allowable costs are incurred in accordance with the grant terms. Accordingly, costs incurred but not yet reimbursed are reflected as public sector grants receivable in the accompanying consolidated statement of financial position. Refundable advances represent the portion of payments received that have not yet been expended. Public sector support includes grants and contracts from various world governments, including the United States of America.

Gifts from individuals and corporate and foundation support are recognized as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Gifts from individuals and corporate and foundation support not designated for specific purposes by the donor are recorded as unrestricted revenue when the unconditional promise to give is received.

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, the expense for which is classified within AWF's public education program and in-kind donated assets and rent.

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 and other supporting service benefited based on total direct expenses.

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.

2. Summary of Significant Accounting Policies (continued)

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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, earned in excess of AWF's aggregate authorized payout to operations is recognized as non-operating activities.

3. Restricted Cash and Cash Equivalents

Under the terms of various grants agreements, AWF is required to maintain separate cash accounts for activity related to these grants. As of June 30, 2014, $ 1,166,969 of AWF's cash balance as reported in the accompanying consolidated statement of financial position is restricted as required under the terms of these agreements.

4. Investments

AWF's investments as of June 30, 2014 were comprised of the following:

	Cost	***Fair Value***
Money market funds	$ 383,491	$ 383,491
Cash	17,501	17,501
Mutual funds:		
Equity funds	7,889,455	9,075,049
Fixed income funds	5,239,370	5,186,579
Multi-strategy funds	4,700,139	4,876,210
Exchange traded funds:		
Equity funds	2,928,800	3,776,712
Real asset fund	716,337	729,316
Master limited partnership exchange traded note	2,344,871	2,768,434
Total	***$ 24,219,964***	***$ 26,813,292***

4. Investments (continued)

AWF has used the following fair value measurements as of June 30, 2014:

	Total	***Level 1***	***Level 2***	***Level 3***
Money market funds	$ 383,491	$ 383,491	$ -	$ -
Cash	17,501	17,501	-	-
Mutual funds:				
Equity funds:				
Global equity fund	3,218,339	3,218,339	-	-
Diversified Pacific fund	1,922,586	1,922,586	-	-
Global value fund	1,866,063	1,866,063	-	-
European stock index fund	1,533,382	1,533,382	-	-
Asia small companies fund	534,679	534,679	-	-
Fixed income funds:				
Total return bond funds	3,120,885	3,120,885	-	-
Intermediate term bond fund	1,526,527	1,526,527	-	-
Floating rate bond fund	539,167	539,167	-	-
Multi-strategy funds:				
World allocation fund	2,779,998	2,779,998	-	-
Tactical allocation fund	1,582,149	1,582,149	-	-
Income solution fund	514,063	514,063	-	-
Exchange traded funds:				
Equity funds:				
Consumer staples fund	1,566,340	1,566,340	-	-
Japan hedged equity fund	1,107,244	1,107,244	-	-
Growth index fund	1,103,128	1,103,128	-	-
Gold real asset fund	729,316	729,316	-	-
Master limited partnership exchange traded note	2,768,434	2,768,434	-	-
Total	***$ 26,813,292***	***$ 26,813,292***	***$ -***	***$ -***

AWF used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Money market, mutual funds and exchange traded funds – Value based on quoted prices in an active market.

4. Investments (continued)

Investment income for the year ended June 30, 2014 was comprised of the following:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Unrealized gains	$ 1,622,265	$ 214,419	$ -	$ 1,836,684
Investment earnings:				
Interest and dividends	637,932	45,571	-	683,503
Realized gains	443,604	41,754	-	485,358
Investment fees	(206,394)	(34,996)	-	(241,390)
Total investment earnings	875,142	52,329	-	927,471
Total investment income	***$ 2,497,407***	***$ 266,748***	***$ -***	***$ 2,764,155***

5. Pledges & Bequests Receivable

As of June 30, 2014, pledges and bequests receivable consist of $7,060,871 in pledges and $496,389 in bequests and are promised as follows:

	Amount
Due in less than one year	$ 2,961,919
Due in one to five years	5,055,375
Due in more than five years	200,000
Subtotal	*8,217,294*
Less: discount	(249,170)
Less: allowance for uncollectible pledges and bequests	(410,864)
Total pledges and bequests receivable	***$ 7,557,260***

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. The discount rate range of 0.09% - 4.92% was used to determine the net present value factor.

6. Loans Receivable

As of June 30, 2014, $4,369,005 of loans was outstanding as follows:

	AWF, Inc.	*AWC*	*Total*
Principle due within one year	$ 216,350	$ 393,944	$ 610,294
Principle due in one to five years	57,698	4,596,896	4,654,594
Subtotal	*274,048*	*4,990,840*	*5,264,888*
Less: discount	(2,219)	(578,843)	(581,062)
Less: allowance for uncollectible accounts	(65,536)	(249,285)	(314,821)
Total loans receivable	***$ 206,293***	***$ 4,162,712***	***$ 4,369,005***

Loan payments expected to be received beyond one year are recorded at the present value of expected future cash flows using a risk adjusted discount rate. The discount rate range of 0.09% - 4.92% was used to determine the net present value factor.

7. Property & Equipment and Accumulated Depreciation and Amortization

AWF held the following property and equipment as of June 30, 2014:

	Cost	*Accumulated Depreciation and Amortization*	*Net*
Buildings	$ 2,229,746	$ (162,987)	$ 2,066,759
Land	961,961	-	961,961
Software	1,239,570	(672,890)	566,680
Furniture and equipment	773,477	(477,229)	296,248
Leasehold improvements	448,489	(236,643)	211,846
Vehicles	353,347	(298,302)	55,045
Total property and equipment	***$ 6,006,590***	***$ (1,848,051)***	***$ 4,158,539***

Depreciation related to vehicles is stated as part of the cost element "vehicle operations and depreciation" in the accompanying consolidated statement of functional expenses. All other depreciation and amortization is stated as such in the accompanying consolidated statement of functional expenses. Total depreciation and amortization totaled $419,615 for the year ended June 30, 2014.

8. Notes Payable and Lines of Credit

Notes payable and lines of credit consisted of the following as of June 30, 2014:

	Current Maturities	*Long Term Debt*	*Total*
AWF, Inc.			
Unsecured line of credit issued by Bank of America with a limit of up to $1,500,000. Interest payments are due monthly based on the London Interbank Offered Rate, or 2.20% as of June 30, 2014 plus 3.25%. The maturity date of the line of credit is November 30, 2014.	$ 766,000	$ -	$ 766,000
AWC			
CB1 was established to fund debt-based conservation business ventures and is being funded by four external investors with a cumulative drawdown limit of up to $2,500,000. As of June 30, 2014, $625,000 has been drawn down via unsecured promissory notes from each of the four external investors. Interest payments are due quarterly based on an interest rate of 3.00%. The promissory notes have a common maturity date of June 30, 2021.	-	2,500,000	2,500,000

8. Notes Payable and Lines of Credit (continued)

	Current Maturities	*Long Term Debt*	*Total*
CB2 was established to fund debt-based conservation business ventures and is being funded by six external investors with a cumulative drawdown limit of up to $3,750,000. As of June 30, 2014, $2,175,000 has been drawn down via unsecured promissory notes from each of the six external investors. Interest payments are due quarterly based on an interest rate of 3.00%. The promissory notes have a common maturity date of October 24, 2023.	$ -	$ 2,175,000	$ 2,175,000
Total Notes Payable and Lines of Credit	***$ 766,000***	***$ 4,675,000***	***$ 5,441,000***

The scheduled future principal payments at June 30, 2014 are as follows:

Year Ended June 30,	*Amount*
2015	$ 766,000
2016	-
2017	-
2018	-
2019	-
Thereafter	4,675,000
Total	***$ 5,441,000***

9. Commitments, Contingencies and 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, 2014, uninsured amounts totaled approximately $3,856,000.

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.

9. Commitments, Contingencies and Risks (continued)

Lease Commitments

AWF has entered into operating leases for its Washington office as well as its offices throughout Africa. The leases expire at various dates through August 31, 2017. The Washington, DC lease provides for rent adjustments based on increases in real estate taxes and operating expenses, increases in the base rent of 3 percent per year, and three months' rental abatement. The lease also provided for an allowance of up to $227,150 for building improvements and furniture which was exercised by AWF in a previous year. Under accounting principles generally accepted in the United States of America, all fixed rent increases and lease incentives are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent and lease incentives in the accompanying consolidated statement of financial position. As of June 30, 2014, the future minimum rental payments required under the leases are as follows:

	Amount
Year Ended June 30,	
2015	$ 513,941
2016	344,250
2017	331,607
2018	55,537
Total	***$ 1,245,335***

Rent expense for the year ended June 30, 2014 totaled $520,581.

OMB Circular A-133

AWF, Inc. has instructed its independent auditors to audit its Federal programs for the year ended June 30, 2014 in compliance with Circular A-133 issued by the U.S. Office of Management and Budget (OMB). Until such audit is finalized, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that matters arising from the Federal agency's review of the independent auditor's reports for 2014 will not have a material effect on the financial position of AWF, Inc.

Provisional Indirect Cost Rates

Billings under cost reimbursable United States government grants and contracts are calculated using provisional rates that permit recovery of indirect costs in accordance with AWF, Inc.'s negotiated indirect cost rate agreement with USAID. These rates are subject to final determination by USAID six months after the end of each calendar year. AWF, Inc.'s rates have been finalized for the year ended June 30, 2013. For the year ended June 30, 2014, revenue from United Stated government grants and contracts that ended during the fiscal year has been recognized using the provisional

9. Commitments, Contingencies and Risks (continued)
Provisional Indirect Cost Rates (continued)

indirect cost rate then in place. Revenue from United Stated government grants and contracts that were active as of June 30, 2014 has been recognized using the actual rate achieved, which is less than the provisional rate currently approved by USAID. The difference between the revenue recognized under the actual rate versus the provisional rate was not material to these consolidated financial statements. In the opinion of management, adjustments, if any, from the final determination by USAID will not have a material effect on AWF, Inc.'s financial position as of June 30, 2014, or on its results of operations for the year then ended.

Future Capital Sources

As of June 30, 2014, AWC, through CB1, has received $3,000,000 in commitments from private investors to finance conservation enterprise loans, all of which has been drawn down through promissory notes. AWF, Inc. is an investor in CB1, with a total commitment of $500,000, all of which has been drawn down as of June 30, 2014. This loan was eliminated in the accompanying consolidated financial statements.

As of June 30, 2014, AWC, through CB2, had received $4,000,000 in commitments from private investors to finance conservation enterprise loans of, which $2,325,000 had been drawn down through promissory notes. AWF, Inc. is an investor in CB2, with a total commitment of $250,000, of which $150,000 had been drawn down as of June 30, 2014. This loan was eliminated in the accompanying consolidated financial statements.

Litigation

AWF is a co-defendant in an action brought by a group of individuals that claim ownership through adverse possession of a private parcel of land purchased for conservation purposes by AWF in fiscal year 2009. The seller of the land is a co-defendant in the suit, as is the Kenya Wildlife Service, which received the land as a gift from AWF in November 2011. All of the evidence in the case has been provided and all witnesses heard. A parliamentary report was issued on this matter and concluded that the case is without merit. All of the evidence has been heard; however, the plaintiffs continue to delay the matter. The matter has also been delayed due to the judge presiding over the case being relocated. AWF is petitioning to have the judge finalize the case despite his relocation, given he has heard all of the testimony. Once agreed, the closing statements will be submitted and the case decided. Due to Kenyan court procedures, it is likely that the case may not be decided until December 2015. AWF has consulted widely with external counsel and believes the case will be dismissed. Should the case be decided in favor of the plaintiffs, a full refund of the purchase price ($4,083,583) will be due to AWF from the seller.

10. Unrestricted Net Assets

Unrestricted net assets include funds designated by the Board of Trustees to function as endowments in order to support the future endeavors of AWF. As of June 30, 2014, the Board designated endowment funds totaled $23,204,369, all of which is invested.

11. Temporarily Restricted Net Assets

As of June 30, 2014, temporarily restricted net assets consisted of the following:

Program	***Amount***
Conservation Programs	$ 9,408,553
Time restricted	37,952
Total	***$ 9,446,505***

12. Permanently Restricted Net Assets

Permanently restricted net assets represent the following endowment funds established by donors:

Program	***Amount***
Conservation education and training	$ 1,939,574
Conservation science	1,072,741
General endowment	100,000
Total	***$ 3,112,315***

13. Endowment Funds

Interpretation of Relevant Law

In January 2008, the District of Columbia enacted §44-1631 "The Uniform Prudent Management of Institutional Funds Act of 2007" (UPMIFA), which AWF has interpreted 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. As a result of this interpretation, AWF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, AWF considers the following factors in 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.

13. Endowment Funds (continued)
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 gift(s). Deficiencies of this nature are reported as part of unrestricted net assets. As of June 30, 2014, there were no such deficiencies.

Composition of Endowment Funds by Net Asset Category

As of June 30, 2014, AWF's endowment consists of seven individual funds established for a variety of purposes, and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. AWF's invested endowment fund breaks out as follows:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Donor restricted funds				
Program restricted (4)	$ -	$ 266,300	$ 3,012,315	$ 3,278,615
General endowment (1)	-	9,399	100,000	109,399
Subtotal donor restricted (5)	-	*275,699*	*3,112,315*	*3,388,014*
Board designated funds				
Program restricted (1)	422,148	-	-	422,148
General endowment (1)	22,803,950	-	-	22,803,950
Subtotal board designated (2)	*23,226,098*	-	-	*23,226,098*
Total endowment funds (7)	***$23,226,098***	***$ 275,699***	***$ 3,112,315***	***$ 26,614,112***

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 endowment funds is an overall target total return of at least five percent greater than the sum of actual rates 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 Donor and Purpose-Restricted Endowment Funds

As of June 30, 2014, AWF's endowment 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 to spend five percent of these

13. Endowment Funds (continued)
Spending Policy on Donor and Purpose-Restricted Endowment Funds (continued)

endowment funds' average beginning invested market values for the prior three fiscal years. However, a fund's spending rate is reduced or eliminated if the resulting invested balance of that fund would fall below the fair value of the original gift(s). In establishing this policy, AWF considered its stated return objective with the intent to, over the long term, allow its endowment funds to grow at or above that of inflation. This is consistent with AWF's objective to maintain the purchasing power of the endowment 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, 2014, no spending payouts were withdrawn from donor-restricted endowment funds.

Spending Policy on Board-Designated General Endowment Fund

The Board of Trustees has adopted a spending policy to use up to seven percent of the beginning invested market value of the Board-designated endowment in current year operations, or a lower amount as agreed through AWF's annual budgeting process. This spending policy takes into account the Board of Trustee's policy to add unrestricted legacy gifts to the Board-designated endowment. AWF generally expects unrestricted legacy gifts to meet or exceed the required annual spending payout from the Board-restricted endowment, resulting in net positive cash flows to the fund on an annual basis. Coupled with AWF's stated return objective, the Board-designated endowment fund is expected to achieve real growth net of inflation over the long-run.

During the year ended June 30, 2014 $1,127,830 was withdrawn from the Board-designated endowment for use in operations. This represents 5.67 percent of the beginning invested market value of the fund, and is included in the accompanying consolidated statement of activities as "Payout from Board Designed Reserves."

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Endowment net assets, beginning	$ 19,896,530	$ -	$ 2,272,315	$ 22,168,845
Investment returns:				
Interest and dividends	637,174	43,318	-	680,492
Realized losses	438,517	47,515	-	486,032
Unrealized gains	1,603,896	210,694	-	1,814,590
Investment fees	(201,015)	(25,828)	-	(226,843)
Total investment returns	2,478,572	275,699	-	2,754,271
Contributions	1,978,826	-	840,000	2,818,826
Amounts appropriated for expenditure	*(1,127,830)*	-	-	*(1,127,830)*
Endowment net assets, end	***$ 23,226,098***	***$ 275,699***	***$ 3,112,315***	***$ 26,614,112***

13. Endowment Funds (continued)

Because of the funds with earnings, all investment earnings on permanently restricted funds for the year ended June 30, 2014 were recognized as temporarily restricted and board designated endowment fund earnings were designated as unrestricted.

14. Retirement Plans

Defined contribution plans

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. In both plans, employees are eligible to participate in the plan upon incurring 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.

Supplemental executive retirement plan

AWF offers its executives an opportunity to defer compensation pursuant to IRC Section 457(b) to supplement such employees' retirement benefits under AWF's 401(k) plan. Employees are fully vested when the plan contributions are made. Under the 457(b) plan, AWF may make contributions on behalf of the employees.

Retirement expense relating to all retirement plans for the year ended June 30, 2014 totaled $684,005.

15. Allocation of Joint Costs

During the year ended June 30, 2014, AWF incurred joint costs of $1,021,005 from direct mail campaigns that included both educational materials and fundraising appeals. Of those costs, $615,236 was allocated to fundraising and $405,769 to education and outreach.

16. 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 income taxes was required as of June 30, 2014, as AWF had no unrelated business income.

AWC, CB1and CB2 are subject to tax on their net income under the laws of Mauritius. Capital gains from sales of securities are exempt from income tax in Mauritius. As of June 30, 2014, AWC, CB1 and CB2 did not have any income tax liability.

AWF performed an evaluation of uncertain tax positions for the year ended June 30, 2014 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, 2014, the statute of limitations for tax years 2010 through 2012 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which AWF files tax returns. It is AWF's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2014, AWF had no accruals for interest and/or penalties.

17. Prior Period Summarized Financial 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AWF's financial statements for the year ended June 30, 2013, from which the summarized information was prepared.

18. Subsequent Events

In July 2014, CB2 committed a new conservation deal with Lima limo for $400,000. AWF received drawdown funds from CB2 investors amounting to $325,000 in June 2014, of which AWF, Inc.'s portion was $25,000. The remaining drawdown funds of $75,000 was received in July 2014.

In preparation of these financial statements, AWF has evaluated transactions and events for potential recognition or disclosure through October 9, 2014, the date the consolidated financial statements were available to be issued. Except for the subsequent events disclosure above, there were no other subsequent events that require recognition of, or disclosure in, the consolidated financial statements.