AFRICAN WILDLIFE FOUNDATION®

Consolidated Financial Statements

For the Year Ended June 30, 2015
(With Summarized Financial Information for the Year Ended June 30, 2014)

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 Consolidated 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, 2015, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2015, 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 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, 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
November 6, 2015

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position
As of June 30, 2015
(With Summarized Financial Information as of June 30, 2014)

	2015	2014
ASSETS		
Cash & cash equivalents	$ 2,123,974	$ 4,027,712
Investments	27,345,511	26,813,292
Pledges & bequests receivable	10,409,468	7,557,260
Public sector grants receivable	1,401,333	851,722
Advances to partners	326,822	222,973
Prepaid expenses & other assets	634,533	844,145
Accounts receivable	389,855	701,266
Loans receivable	5,386,970	4,369,005
Property & equipment, net	3,857,916	4,158,539
TOTAL ASSETS	**51,876,382**	**49,545,914**
LIABILITIES		
Accounts payable & accrued expenses	2,103,861	1,890,155
Refundable advances	1,549,686	2,786,095
Notes payable & lines of credit	5,518,750	5,441,000
Deferred rent & lease incentives	138,300	187,421
Deferred compensation liability	175,881	162,268
Annuities payable	74,860	84,431
Total liabilities	**9,561,338**	**10,551,370**
NET ASSETS		
Unrestricted net assets	27,851,685	26,435,724
Temporarily restricted net assets	11,351,044	9,446,505
Permanently restricted net assets	3,112,315	3,112,315
Total net assets	**42,315,044**	**38,994,544**
TOTAL LIABILITIES & NET ASSETS	**$ 51,876,382**	**$ 49,545,914**

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

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2015
(With Summarized Financial Information for the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
OPERATING REVENUE & SUPPORT					
Gifts from individuals	$ 6,272,962	$ 6,872,656	$ -	$ 13,145,618	$ 12,440,449
Legacy gifts	3,619,272	65,271	-	3,684,543	1,867,815
Corporate & foundation support	939,108	1,486,035	-	2,425,143	994,141
Public sector support	12,330,200	-	-	12,330,200	11,339,854
Royalties, events & other income	1,359,750	117,170	-	1,476,920	1,305,237
Payout from reserves	2,942,252	25,200	-	2,967,452	1,127,830
In-kind contributions	98,950	-	-	98,950	182,769
Net assets released from program restrictions	6,563,004	(6,563,004)	-	-	-
Total operating revenue & support	**34,125,498**	**2,003,328**	**-**	**36,128,826**	**29,258,095**
OPERATING EXPENSES					
Program services					
Conservation programs	21,991,074	-	-	21,991,074	18,553,255
Education & outreach	2,344,379	-	-	2,344,379	2,315,078
Total program services	24,335,453	-	-	24,335,453	20,868,333
Supporting services					
Finance & administration	919,917	-	-	919,917	1,126,484
Fundraising	2,454,154	-	-	2,454,154	2,192,192
Total supporting services	3,374,071	-	-	3,374,071	3,318,676
Total operating expenses	**27,709,524**	**-**	**-**	**27,709,524**	**24,187,009**
Change in net assets from operating activities	**6,415,974**	**2,003,328**	**-**	**8,419,302**	**5,071,086**
NON-OPERATING ACTIVITIES					
Investment losses (earnings)	(572,236)	119,894	-	(452,342)	927,471
Unrealized losses (gains) on investments	(1,479,082)	(193,220)	-	(1,672,302)	1,836,684
Unrealized losses on trusts & annuities	(6,443)	(263)	-	(6,706)	(5,951)
Payout from reserves	(2,942,252)	(25,200)	-	(2,967,452)	(1,127,830)
Change in net assets from non operating activities	**(5,000,013)**	**(98,789)**	**-**	**(5,098,802)**	**1,630,374**
CHANGE IN NET ASSETS	**1,415,961**	**1,904,539**	**-**	**3,320,500**	**6,701,460**
Net assets, beginning of year	26,435,724	9,446,505	3,112,315	38,994,544	32,293,084
NET ASSETS, END OF YEAR	**$ 27,851,685**	**$ 11,351,044**	**$ 3,112,315**	**$ 42,315,044**	**$ 38,994,544**

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

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2015
(With Summarized Financial Information for the Year Ended June 30, 2014)

	PROGRAM SERVICES					SUPPORTING SERVICES				
	Conservation Programs	Program Management	Total Conservation Services	Education & Outreach	Total Program Services	Finance & Administration	Fundraising	Total Supporting Services	2015 TOTAL	2014 TOTAL
Salaries & benefits	$ 4,852,442	$ 2,165,633	$ 7,018,075	$ 755,110	$ 7,773,185	$ 585,206	$ 1,270,537	$ 1,855,743	$ 9,628,928	$ 9,292,323
Professional fees & construction	2,672,089	216,856	2,888,945	540,578	3,429,523	83,009	407,838	490,847	3,920,370	3,237,358
Travel & meetings	971,754	181,747	1,153,501	55,582	1,209,083	15,142	188,291	203,433	1,412,516	1,358,426
Partner expenses	5,574,027	10,017	5,584,044	-	5,584,044	-	-	-	5,584,044	3,650,069
Supplies	1,072,074	142,236	1,214,310	8,428	1,222,738	89,249	40,405	129,654	1,352,392	1,184,298
Printing	141,089	15,730	156,819	151,429	308,248	-	224,305	224,305	532,553	415,896
Occupancy & maintenance	274,706	126,168	400,874	-	400,874	272,642	-	272,642	673,516	724,755
Vehicle operations & depreciation	409,693	20,939	430,632	2,293	432,925	-	-	-	432,925	450,605
Postage & delivery	20,151	7,929	28,080	87,553	115,633	22,199	176,424	198,623	314,256	301,239
Equipment rental & maintenance	112,539	12,483	125,022	-	125,022	29,126	3,977	33,103	158,125	111,450
Workshops	1,176,016	60,205	1,236,221	470,417	1,706,638	1,131	13,038	14,169	1,720,807	1,379,442
Scholarships & training	71,299	8,730	80,029	679	80,708	469	3,607	4,076	84,784	92,353
Communications	169,640	90,519	260,159	3,001	263,160	65,235	3,498	68,733	331,893	379,352
Administrative costs	456,268	127,180	583,448	48,010	631,458	9,381	72,612	81,993	713,451	650,330
Depreciation & amortization	131,182	147,787	278,969	97,539	376,508	135,387	2,001	137,388	513,896	806,623
Promotions & advertising	11,336	3,056	14,392	2,786	17,178	-	11,322	11,322	28,500	29,955
Membership dues	2,790	46,921	49,711	12,444	62,155	532	682	1,214	63,369	61,059
Exchange rate fluctuations	35,109	109,140	144,249	-	144,249	-	-	-	144,249	(40,940)
In-kind expenses	9,197	15,246	24,443	74,507	98,950	-	-	-	98,950	102,416
TOTAL DIRECT EXPENSES	**18,163,401**	**3,508,522**	**21,671,923**	**2,310,356**	**23,982,279**	**1,308,708**	**2,418,537**	**3,727,245**	**27,709,524**	**24,187,009**
Allocation of facilities expenses	267,483	51,668	319,151	34,023	353,174	(388,791)	35,617	(353,174)	-	-
TOTAL	**$ 18,430,884**	**$ 3,560,190**	**$ 21,991,074**	**$ 2,344,379**	**$ 24,335,453**	**$ 919,917**	**$ 2,454,154**	**$ 3,374,071**	**$ 27,709,524**	**$24,187,009**

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

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2015
(With Summarized Financial Information for the Year Ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,320,500	$ 6,701,460
Adjustments to reconcile change in net cash provided by operating activities:		
Depreciation and amortization	403,208	419,615
Amortization of discount on pledges & bequests receivable	(71,789)	94,158
Amortization of discount on loans receivable	73,507	184,725
Lease incentive amortization	32,068	32,068
Provision for doubtful pledges & bequests receivable	146,338	135,113
Provision for doubtful loans receivable	62,732	154,833
Realized losses (gains) on sales of investments	976,978	(485,358)
Unrealized losses (gains) on investments	1,672,302	(1,836,684)
Unrealized losses on beneficial interest in perpetual trusts	6,706	6,471
Changes in assets & liabilities:		
Pledges & bequests receivable	(2,926,757)	(3,381,815)
Public sector grants receivable	(549,611)	116,500
Advances to partners	(103,849)	252,742
Prepaid expenses & other assets	202,906	(435,210)
Accounts receivable	311,411	(501,135)
Accounts payable & accrued expenses	213,706	366,771
Refundable advances	(1,236,409)	875,944
Deferred rent & lease incentives	(81,189)	(72,088)
Deferred compensation liability	13,613	57,861
Annuities payable	(9,571)	(19,475)
Net cash provided by operating activities	**2,456,800**	**2,666,496**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property & equipment	(102,585)	(188,964)
Purchases of investments	(14,872,557)	(17,795,870)
Sales of investments	11,691,058	15,636,749
Issuance of loans receivable	(1,401,864)	(2,400,000)
Proceeds received from retirement of loans receivable	247,660	40,661
Net cash used in investing activities	**(4,438,288)**	**(4,707,424)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle payments on notes payable & lines of credit	(1,707,083)	(2,038,961)
Proceeds received from issuance of notes payable & lines of credit	1,784,833	4,383,000
Net cash provided by financing activities	**77,750**	**2,344,039**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**(1,903,738)**	**303,111**
Cash & cash equivalents, beginning of year	4,027,712	3,724,601
CASH & CASH EQUIVALENTS, END OF YEAR	**$ 2,123,974**	**$ 4,027,712**
Supplemental cash flow information: actual cash payments for interest	*$ 39,166*	*$ 24,590*

1. Organization

The African Wildlife Foundation, Inc. (AWF, Inc.), together with the people of Africa, works 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 financing 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, 2014, in Mauritius as an investment holding company, CB2 specializes in providing debt-based financing 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, 2015, 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. Money market funds held in certain board-designated investment reserves 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 and liabilities which are measured at fair value on a recurring basis, as of and for the year ended June 30, 2015, 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, 2015, 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 money market funds, equity and fixed income mutual funds, exchange traded funds, multi-strategy mutual funds, 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 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 income 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 reports by AWF, Inc., AWF, Inc. recognizes grant expense to the extent of allowable direct and

2. Summary of Significant Accounting Policies (continued)

Advances to Partners (continued)

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 and equipment 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. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

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.

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.

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.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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 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 market value as of the date of the gift. In-kind contributions recorded relate to an ongoing advertising campaign and rent, the rent expense for which is classified within conservation programs and the advertising expenses within education program 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.

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.

Impairment of Long-Lived Assets

In accordance with the provisions of Federal Accounting Standards Board (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, 2015, AWF has not recognized an impairment loss.

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 (GAAP) 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, 2015, $686,783 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, 2015, were comprised of the following:

	Cost	***Market***
Money market funds	$ 1,100,726	$ 1,100,726
Mutual funds:		
Equity funds	6,216,872	6,790,595
Fixed income funds	5,505,559	5,429,093
Multi-strategy funds	5,109,010	4,821,084
Exchange traded funds:		
Equity funds	5,198,166	6,150,048
Real asset fund	866,664	785,242
Master limited partnership exchange traded note	2,427,225	2,268,723
Total	***$ 26,424,222***	***$ 27,345,511***

4. Investments (continued)

AWF has used the following fair value measurements as of June 30, 2015:

	Total	***Level 1***	***Level 2***	***Level 3***
Money market funds	$ 1,100,726	$ 1,100,726	$ -	$ -
Mutual funds:				
Equity funds:				
Global equity fund	2,578,372	2,578,372	-	-
Diversified Pacific fund	2,018,001	2,018,001	-	-
Global value fund	1,626,251	1,626,251	-	-
Asia small companies fund	567,971	567,971	-	-
Fixed income funds:				
Total return bond funds	1,924,615	1,924,615	-	-
Intermediate term bond fund	2,429,662	2,429,662	-	-
Inflation protection bond fund	804,793	804,793	-	-
Floating rate bond fund	270,023	270,023	-	-
Multi-strategy funds:				
World allocation fund	2,678,695	2,678,695	-	-
Tactical allocation fund	1,613,106	1,613,106	-	-
Income solution fund	529,283	529,283	-	-
Exchange traded funds:				
Equity funds:				
Consumer staples fund	1,824,746	1,824,746	-	-
Equity energy fund	801,732	801,732	-	-
Japan hedged equity fund	632,117	632,117	-	-
Growth index fund	1,379,642	1,379,642	-	-
Large value fund	1,511,811	1,511,811	-	-
Gold real asset fund	785,242	785,242	-	-
Master limited partnership exchange traded note	2,268,723	2,268,723	-	-
Total	***$27,345,511***	***$27,345,511***	***$ -***	***$ -***

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, 2015, was composed of the following:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Unrealized losses	$ (1,479,082)	$ (193,220)	$ -	$ (1,672,302)
Investment earnings:				
Interest and dividends	628,660	84,787	-	713,447
Realized gains (losses)	(1,037,576)	60,598	-	(976,978)
Investment fees	(163,320)	(25,491)	-	(188,811)
Total investment earnings	(572,236)	119,894	-	(452,342)
Total investment income	***$ (2,051,318)***	***$ (73,326)***	***$ -***	***$ (2,124,644)***

5. Pledges & Bequests Receivable

As of June 30, 2015, pledges and bequests receivable consist of $9,707,694 in pledges and $701,774 in bequests and are promised as follows:

	Amount
Due in less than one year	$ 6,733,840
Due in one to five years	4,210,212
Due in more than five years	200,000
Subtotal	11,144,052
Less: discount	(177,381)
Less: allowance for uncollectible pledges and bequests	(557,203)
Total pledges and bequests receivable	***$10,409,468***

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 0.10% - 4.92% was used to determine the net present value factor.

6. Loans Receivable

As of June 30, 2015, $5,386,970 was receivable as follows:

	AWF, Inc.	*AWC*	*Total*
Principle due within one year	$ 280,604	$ 308,799	$ 589,403
Principle due in one to five years	46,600	5,749,701	5,796,301
Subtotal	*327,204*	*6,058,500*	*6,385,704*
Less: discount	(3,876)	(627,305)	(631,181)
Less: allowance for uncollectible accounts	(64,628)	(302,925)	(367,553)
Total loans receivable	***$ 258,700***	***$ 5,128,270***	***$ 5,386,970***

7. Property & Equipment and Accumulated Depreciation and Amortization

AWF held the following property and equipment as of June 30, 2015:

	Cost	*Accumulated Depreciation and Amortization*	*Net*
Buildings	$ 2,239,665	$ (207,676)	$ 2,031,989
Land	993,157	-	993,157
Software	1,301,040	(880,487)	420,553
Furniture and equipment	729,571	(508,456)	221,115
Leasehold improvements	448,489	(292,248)	156,241
Vehicles	301,048	(266,187)	34,861
Total property and equipment	***$ 6,012,970***	***$ (2,155,054)***	***$ 3,857,916***

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. Depreciation expense totaled approximately $450,000 for the year ended June 30, 2015.

8. Notes Payable

Notes payable consisted of the following as of June 30, 2015:

	Long Term Debt	*Total*
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, 2015, $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
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, 2015, $3,018,750 has been drawn down via unsecured promissory notes from each of the six external investors. Interest payments are due quarterly based on an interest rate of 3.00%. The promissory notes have a common maturity date of October 24, 2023.	3,018,750	3,018,750
Total Notes Payable	***$ 5,518,750***	***$ 5,518,750***

The scheduled future principal payments at June 30, 2015, are as follows:

Year Ended June 30,	*Amount*
2016	$ -
2017	-
2018	-
2019	-
2020	-
Thereafter	5,518,750
Total	***$ 5,518,750***

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, 2015, uninsured amounts totaled $1,819,623.

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.

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, 2019. The Washington, DC, lease provides for rent adjustments based on increases in real estate taxes and operating expenses, increases in the base rent of three percent per year, and three months' rental abatement. The lease also provides for an allowance of up to $227,150 for building improvements and furniture which was exercised by AWF in a previous year. Under GAAP, 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, 2015, the future minimum rental payments required under the leases are as follows:

Year Ended June 30,	***Amount***
2016	$ 416,685
2017	367,806
2018	361,291
2019	55,537
Total	***$ 1,201,319***

Rent expense for the year ended June 30, 2015, totaled $498,557 and is included under occupancy and maintenance expense in the accompanying consolidated statement of functional expenses.

9. Commitments, Contingencies and Risks (continued)

OMB Circular A-133

AWF, Inc. has instructed its independent auditors to audit its Federal programs for the year ended June 30, 2015, 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 2015 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, 2014. For the year ended June 30, 2015, revenue from United Stated government grants and contracts that ended during the fiscal year has been recognized using the provisional indirect cost rate then in place. Revenue from United Stated government grants and contracts that were active as of June 30, 2015, has been recognized using the actual rate achieved, which is more 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's financial position as of June 30, 2015, or results of operations for the year then ended.

Future Capital Sources

As of June 30, 2015, AWC, through CB1, had received $3,000,000 in commitments from private investors to finance conservation enterprise loans, all of which had been drawn down through promissory notes. AWF, Inc. is an investor in CB1 with a total commitment of $500,000, of which the entire amount had been drawn down as of June 30, 2015. This amount was eliminated in the accompanying consolidated financial statements.

As of June 30, 2015, AWC, through CB2, had received $4,000,000 in commitments from private investors to finance conservation enterprise loans, of which $3,220,000 had been drawn down through promissory notes. AWF, Inc. is an investor in CB2 with a total commitment of $250,000, of which $201,250 had been drawn down as of June 30, 2015. This amount was eliminated in the accompanying consolidated financial statements.

9. Commitments, Contingencies and Risks (continued)

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, who manages the land on behalf of the Government of Kenya who 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 was also delayed due to the judge presiding over the case being relocated. AWF petitioned to have the judge finalize the case despite his relocation, given he has heard all of the testimony. This was declined, a new judge was assigned to the case and AWF has pushed for conclusion. Due to Kenyan court procedures, which are delayed, it is likely that the case may not be decided until 2016. 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

Included in unrestricted net assets 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, 2015, the Board designated endowment funds totaled $23,581,541, all of which is invested.

11. Temporarily Restricted Net Assets

As of June 30, 2015, temporarily restricted net assets consisted of the following:

Program	***Amount***
Conservation Programs	$11,281,319
Time restricted	69,725
Total	***$11,351,044***

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

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. 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.

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, 2015, AWF's one program endowment fund had total accumulated deficiencies of $8,234 which is the result of unfavorable market fluctuations.

Composition of Endowment Funds by Net Asset Category

As of June 30, 2015, AWF's endowment consists of six 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)	$ -	$ 178,475	$ 3,012,315	$ 3,190,790
General endowment (1)	-	6,819	100,000	106,819
Subtotal donor restricted (5)	-	*185,294*	*3,112,315*	*3,297,609*
Board designated funds				
Program restricted (1)	412,845	-	-	412,845
General endowment (1)	23,168,696	-	-	23,168,696
Subtotal board designated (2)	*23,581,541*	-	-	*23,581,541*
Total endowment funds (7)	***$23,581,541***	***$ 185,294***	***$ 3,112,315***	***$ 26,879,150***

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 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, 2015, 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 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, 2015, $25,200 of 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, 2015, a total of $2,942,252 was withdrawn from the Board-designated endowment, out of which $1,242,252 was for use in operations and $1,700,000 for the emergency species protections program. This represents 12.67 % of the beginning invested market value of the fund, and is included in the accompanying consolidated statement of activities and changes in net assets as "Payout from Reserves."

13. Endowment Funds (continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2015

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Endowment net assets, beginning	$ 23,226,098	$ 275,699	$ 3,112,315	$ 26,614,112
Investment returns:				
Interest and dividends	625,793	81,945	-	707,738
Realized gains (losses)	(451,133)	60,830	-	(390,303)
Unrealized losses	(1,475,650)	(187,754)	-	(1,663,404)
Investment fees	(157,359)	(20,226)	-	(177,585)
Total investment returns	(1,458,349)	(65,205)	-	(1,523,554)
Contributions	4,756,044	-	-	4,756,044
Amounts appropriated for expenditure	*(2,942,252)*	*(25,200)*	-	*(2,967,452)*
Endowment net assets, end	***$ 23,581,541***	***$ 185,294***	***$ 3,112,315***	***$ 26,879,150***

Because of the funds with earnings, all investment earnings on permanently restricted funds for the year ended June 30, 2015, 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 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.

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, 2015, totaled $697,726.

15. Allocation of Joint Costs

During the year ended June 30, 2015, AWF incurred joint costs of $1,163,203 from direct mail campaigns that included both educational materials and fundraising appeals. Of those costs, $842,011 was allocated to fundraising and $321,192 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, 2015, 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, 2015, AWC, CB1 and CB2 did not have any income tax expense and liability.

AWF performed an evaluation of uncertain tax positions for the year ended June 30, 2015, 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, 2015, the statute of limitations for tax years 2011 through 2013 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, 2015, 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 GAAP. Accordingly, such information should be read in conjunction with AWF's financial statements for the year ended June 30, 2014, from which the summarized information was prepared.

18. Subsequent Events

In preparation of these financial statements, AWF has evaluated transactions and events for potential recognition or disclosure through November 6, 2015, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the consolidated financial statements.