AFRICAN WILDLIFE FOUNDATION

Consolidated Financial Statements

For the Year Ended June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

and
Report Thereon

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the African Wildlife Foundation, Inc. and Subsidiaries (collectively referred to as AWF), which comprise the consolidated statement of financial position as of June 30, 2019, 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 Financial Statements

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

Auditors' Responsibility

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

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

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

MARCUMGROUP
MEMBER

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Opinion

In our opinion, the 2019 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the African Wildlife Foundation, Inc. and Subsidiaries as of June 30, 2019, 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

AWF's 2018 financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP, and whose report dated October 22, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the financial statements from which it has been derived.

Marcum LLP

Washington, DC
February 4, 2020

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position
As of June 30, 2019
(With Summarized Financial Information as of June 30, 2018)

		2019		2018
ASSETS				
Cash & cash equivalents	$	4,821,219	$	10,117,402
Investments		30,145,511		28,964,819
Pledges & bequests receivable, net		3,477,327		4,376,153
Public sector grants receivable		2,022,160		888,446
Prepaid expenses & other assets		978,732		742,072
Accounts receivable		563,221		407,544
Loans receivable, net		4,273,674		5,943,346
Property & equipment, net		4,462,010		4,703,211
TOTAL ASSETS	**$**	**50,743,854**	**$**	**56,142,993**
LIABILITIES				
Accounts payable & accrued expenses	$	1,624,014	$	2,044,053
Refundable advances		1,309,499		3,980,515
Notes payable & line of credit		4,762,500		6,250,000
Deferred rent & lease incentives		1,796,620		1,781,539
Annuities payable		39,028		48,771
Total liabilities		**9,531,661**		**14,104,878**
NET ASSETS				
Without donor restrictions		28,533,481		30,399,154
With donor restrictions		12,678,712		11,638,961
Total net assets		**41,212,193**		**42,038,115**
TOTAL LIABILITIES & NET ASSETS	**$**	**50,743,854**	**$**	**56,142,993**

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING REVENUE & SUPPORT				
Gifts from individuals	$ 8,809,028	$ 3,932,158	$ 12,741,186	$ 10,751,635
Legacy gifts	1,854,215	160,450	2,014,665	1,868,256
Corporate & foundation support	1,021,266	1,785,140	2,806,406	3,587,383
Public sector support	10,351,198	-	10,351,198	9,165,019
Events & other income	1,049,509	41,200	1,090,709	1,047,381
In-kind contributions	2,903,319	-	2,903,319	150,450
Net assets released from program restrictions	5,115,133	(5,115,133)	-	-
Total operating revenue & support	**31,103,668**	**803,815**	**31,907,483**	**26,570,124**
OPERATING EXPENSES				
Program services				
Conservation programs	21,441,676	-	21,441,676	19,003,715
Education & outreach	7,997,495	-	7,997,495	4,202,733
Total program services	29,439,171	-	29,439,171	23,206,448
Supporting services				
Finance & administration	1,448,097	-	1,448,097	1,193,413
Fundraising	3,565,225	-	3,565,225	3,761,830
Total supporting services	5,013,322	-	5,013,322	4,955,243
Total operating expenses	**34,452,493**	**-**	**34,452,493**	**28,161,691**
Change in net assets from operating activities	**(3,348,825)**	**803,815**	**(2,545,010)**	**(1,591,567)**
NONOPERATING ACTIVITIES				
Investment earnings, net	584,794	102,816	687,610	655,055
Unrealized gains on investments	898,358	154,455	1,052,813	1,440,627
Unrealized losses on trusts & annuities	-	(21,335)	(21,335)	(21,076)
Change in net assets from nonoperating activities	**1,483,152**	**235,936**	**1,719,088**	**2,074,606**
CHANGE IN NET ASSETS	**(1,865,673)**	**1,039,751**	**(825,922)**	**483,039**
Net assets, beginning of year	30,399,154	11,638,961	42,038,115	41,555,076
NET ASSETS, END OF YEAR	**$ 28,533,481**	**$ 12,678,712**	**$ 41,212,193**	**$ 42,038,115**

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

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	PROGRAM SERVICES					SUPPORTING SERVICES				
	Conservation Programs	**Program Management**	**Total Conservation Programs**	**Education & Outreach**	**Total Program Services**	**Finance & Administration**	**Fundraising**	**Total Supporting Services**	**2019 TOTAL**	**2018 TOTAL**
Salaries & benefits	$ 5,226,355	$ 2,105,587	$ 7,331,942	$ 1,683,943	$ 9,015,885	$ 510,416	$ 1,987,082	$ 2,497,498	$ 11,513,383	$ 10,675,184
Professional fees & construction	2,895,455	170,362	3,065,817	685,385	3,751,202	823,151	142,793	965,944	4,717,146	3,368,358
Travel & meetings	796,755	258,761	1,055,516	228,137	1,283,653	10,075	225,748	235,823	1,519,476	1,456,713
Partner expenses	2,957,448	15,517	2,972,965	156,424	3,129,389	-	2,153	2,153	3,131,542	4,478,087
Supplies	1,362,978	142,271	1,505,249	196,664	1,701,913	21,229	162,184	183,413	1,885,326	1,262,853
Printing and productions costs	43,227	7,075	50,302	1,347,395	1,397,697	239	702,262	702,501	2,100,198	1,869,985
Occupancy & maintenance	538,460	195,247	733,707	154,702	888,409	33,974	68,994	102,968	991,377	910,406
Vehicle operations & depreciation & amortization	793,935	(48,532)	745,403	84,899	830,302	20,095	33,746	53,841	884,143	813,579
Postage & delivery	22,965	8,282	31,247	3,071	34,318	429	25,020	25,449	59,767	89,163
Equipment rental & maintenance	246,543	3,508	250,051	10,837	260,888	1,786	2,890	4,676	265,564	195,185
Workshops	1,211,590	198,541	1,410,131	432,369	1,842,500	2,611	29,634	32,245	1,874,745	2,078,415
Scholarships & training	43,760	10,791	54,551	4,400	58,951	-	7,744	7,744	66,695	109,758
Communications	202,410	30,182	232,592	53,754	286,346	9,038	16,049	25,087	311,433	365,344
Bad debt expense	1,723,755	-	1,723,755	-	1,723,755	-	-	-	1,723,755	-
Administrative costs	-	78,856	78,856	28,162	107,018	13,132	149,166	162,298	269,316	180,372
Promotions & advertising	6,932	1,855	8,787	32,134	40,921	1,208	6,909	8,117	49,038	46,686
Membership dues	3,213	36,718	39,931	1,712	41,643	714	2,851	3,565	45,208	41,502
Exchange rate fluctuations	12,687	128,376	141,063	-	141,063	-	-	-	141,063	109,800
In-kind expenses	9,811	-	9,811	2,893,507	2,903,318	-	-	-	2,903,318	110,301
TOTAL EXPENSES	**$ 18,098,279**	**$ 3,343,397**	**$ 21,441,676**	**$ 7,997,495**	**$ 29,439,171**	**$ 1,448,097**	**$ 3,565,225**	**$ 5,013,322**	**$ 34,452,493**	**$ 28,161,691**

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (825,922)	$ 483,039
Adjustments to reconcile change in net cash provided by (used in) operating activities:		
Depreciation & amortization	329,392	348,278
Change in discount on pledges & bequests receivable	(5,534)	4,830
Change in discount on loans receivable	-	(85,502)
Provision for (recovery of) doubtful pledges & bequests receivable	287,162	(4,105)
Provision for (recovery of) doubtful loans receivable	1,059,048	(500,009)
Donation of land	-	400,000
Realized gains on sales of investments	(160,719)	(45,701)
Unrealized gains on investments	(1,052,813)	(1,440,627)
Unrealized losses on beneficial interest in perpetual trusts	21,335	21,076
Changes in assets & liabilities:		
Pledges & bequests receivable	617,198	82,072
Public sector grants receivable	(1,133,714)	659,044
Prepaid expenses & other assets	(236,660)	424,333
Accounts receivable	(155,677)	(16,609)
Accounts payable & accrued expenses	(420,039)	421,989
Refundable advances	(2,671,016)	3,025,655
Deferred rent & lease incentives	15,081	1,769,909
Deferred compensation liability	-	(233,004)
Annuities payable	(9,743)	128
Net cash provided by (used in) operating activities	**(4,342,621)**	**5,314,796**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property & equipment	(88,191)	(1,956,633)
Purchases of investments	(582,615)	(2,335,720)
Sales of investments	594,120	1,551,880
Issuance of loans receivable	(92,047)	(62,492)
Proceeds received from retirement of loans receivable	702,671	289,134
Net cash provided by (used in) investing activities	**533,938**	**(2,513,831)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable & line of credit	(1,487,500)	-
Net cash used in financing activities	**(1,487,500)**	**-**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**(5,296,183)**	**2,800,965**
Cash & cash equivalents, beginning of year	10,117,402	7,316,437
CASH & CASH EQUIVALENTS, END OF YEAR	**$ 4,821,219**	**$ 10,117,402**

1. Organization

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

At the beginning of the fiscal year, Umiliki Investments (Umiliki) was a wholly owned subsidiary of AWF, Inc. Established on March 8, 2011, in Mauritius as an investment holding company, Umiliki specializes in providing debt-based finance to qualifying conservation enterprises in multiple geographies across Africa. Umiliki wholly owns two Mauritius-based subsidiary investment holding companies, AWC CBI Limited (CB1), established on March 31, 2011, and AWC CB2 Limited (CB2), established on February 6, 2014. Umiliki, and its subsidiaries CB1 and CB2, specialize in conservation impact investment and, through its subsidiaries, provides debt-based investment capital to qualifying conservation enterprises in multiple geographies across Africa.

During the year ended June 30, 2019, AWF, Inc. restructured Umiliki and its subsidiaries. As such, Umiliki transferred its ownership of CB1 and CB2 to AWF, Inc. and the remaining entity of Umiliki was sold to a third party. As of June 30, 2019, AWF, Inc. wholly owns Mauritius-based investment holding companies CB1 and CB2.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements as of and for the year ended June 30, 2019, include activities of AWF, Inc. as well as the activities of CB1 and CB2. Collectively, these entities are referred to as AWF. All material intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

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

Cash and Cash Equivalents

Cash includes funds in checking accounts.

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities which are measured at fair value on a recurring basis, as of and for the year ended June 30, 2019, AWF has categorized its applicable financial instruments into a required fair value hierarchy.

2. Summary of Significant Accounting Policies (continued)
Fair Value Measurement (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, 2019, only AWF's investments, as described in Note 3 of these consolidated financial statements, were measured at fair value on a recurring basis.

Investments

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

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

Receivables

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

2. Summary of Significant Accounting Policies (continued)

Property and Equipment and Related Depreciation and Amortization

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

Classification of Net Assets

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

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

Revenue Recognition

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 from public sector grants 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 net assets with donor restrictions if they are received with donor or grantor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Gifts from individuals and corporate & foundation support not designated for specific purposes by the donor are recorded as net assets without donor restrictions when received.

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

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

Functional Allocation of Expenses

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

Transactions in Foreign Currencies

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

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, 2019, AWF had not recognized an impairment loss.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Measure of Operations

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

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. AWF has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

3. Investments

AWF's investments as of June 30, 2019, were composed of the following:

	Cost	*Market*
Mutual funds:		
Equity funds	$ 17,094,782	$ 21,519,294
Fixed-income funds	8,527,962	8,626,217
Total	***$ 25,622,744***	***$ 30,145,511***

AWF's investments measured at fair value as of June 30, 2019, were as follows:

	Total	*Level 1*	*Level 2*	*Level 3*
Mutual funds:				
Equity funds:				
Large blend fund	$13,595,539	$13,595,539	$ -	$ -
Global equity fund	7,875,782	7,875,782	-	-
Large growth fund	16,409	16,409	-	-
Large value fund	13,632	13,632	-	-
Foreign large blend fund	10,287	10,287	-	-
Small growth fund	2,857	2,857	-	-
Small blend fund	3,251	3,251	-	-
Diversified emerging markets	1,537	1,537	-	-
Fixed-income funds:				
Total return bond funds	4,594,295	4,594,295	-	-
Short term bond funds	1,763,476	1,763,476	-	-
Intermediate term bond funds	2,268,446	2,268,446	-	-
Total	***$ 30,145,511***	***$ 30,145,511***	***$ -***	***$ -***

3. Investments (continued)

Investment income for the year ended June 30, 2019, was composed of the following:

	Without Donor Restrictions	*With Donor Restrictions*	*Total*
Unrealized gains	$ 898,358	$ 154,455	$ 1,052,813
Investment earnings:			
Interest and dividends	484,692	84,831	569,523
Realized gains	136,611	24,108	160,719
Investment fees	(36,509)	(6,123)	(42,632)
Total investment earnings	584,794	102,816	687,610
Total investment income	***$ 1,483,152***	***$ 257,271***	***$ 1,740,423***

4. Pledges & Bequests Receivable

As of June 30, 2019, pledges and bequests receivable consisted of $3,732,241 in pledges and $49,045 in bequests and were promised as follows:

	Amount
Due in less than one year	$ 1,722,423
Due in one to five years	1,858,863
Due in more than five years	200,000
Subtotal	3,781,286
Less: discount	(115,395)
Less: allowance for uncollectible pledges and bequests	(188,564)
Pledges and bequests receivable, net	***$ 3,477,327***

Pledges expected to be received beyond one year are recorded at the present value of expected future cash flows using a risk-adjusted discount rate. A discount rate range of 0.13% to 3.81% was used to determine the net present value factor.

5. Loans Receivable

As of June 30, 2019, net loans receivable totaled $6,130,514 and were receivable as follows:

	AWF, Inc.	*CB1 & CB2*	*Total*
Principal due within one year	$ 219,361	$ 370,268	$ 589,629
Principal due in one to five years	19,361	5,315,513	5,334,874
Subtotal	238,722	5,685,781	5,924,503
Less: discount	(288)	(383,676)	(383,964)
Less: allowance for uncollectible accounts	(119,361)	(1,147,504)	(1,266,865)
Loans receivable, net	***$ 119,073***	***$ 4,154,601***	***$ 4,273,674***

6. Property & Equipment and Accumulated Depreciation & Amortization

AWF held the following property and equipment as of June 30, 2019:

	Cost	*Accumulated Depreciation and Amortization*	*Net*
Buildings	$ 2,247,014	$ (388,096)	$ 1,858,918
Land	993,157	-	993,157
Software	1,159,481	(1,122,671)	36,810
Furniture and equipment	1,122,265	(678,681)	443,584
Leasehold improvements	1,295,547	(241,808)	1,053,739
Vehicles	418,448	(342,646)	75,802
Property and equipment, net	***$ 7,235,912***	***$ (2,773,902)***	***$ 4,462,010***

Depreciation and amortization is stated as part of vehicle operations & depreciation & amortization in the accompanying consolidated statement of functional expenses. Depreciation and amortization expense totaled $329,392 for the year ended June 30, 2019.

7. Notes Payable

Notes payable consisted of the following as of June 30, 2019:

	Long-Term Debt	*Total*
Umiliki		
CB1 is funded by three external investors with a cumulative drawdown limit of up to $2,250,000. As of June 30, 2019, a total of $2,250,000 had been drawn down via unsecured promissory notes from the three 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.	$ 1,858,500	$ 1,858,500
CB2 is funded by five external investors with a cumulative drawdown limit of up to $3,000,000. As of June 30, 2019, a total of $3,000,000 had been drawn down via		

7. Notes Payable (continued)

	Long-Term Debt	*Total*
Umiliki (continued) unsecured promissory notes from the five 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.	$ 2,904,000	$ 2,904,000
Total Notes Payable	***$ 4,762,500***	***$ 4,762,500***

The scheduled future principal payments as of June 30, 2019, were as follows:

Year Ended June 30,	*Amount*
2020	$ -
2021	1,858,500
2022	-
2023	-
2024	2,904,000
Total	***$ 4,762,500***

8. Commitments, Contingencies & Risks

Concentration of Credit Risk

AWF's cash is held in accounts at various domestic and foreign financial institutions. Amounts held in foreign accounts and balances held in domestic accounts that exceed the Federal Deposit Insurance Corporation insurable limit are uninsured. AWF has never experienced nor does management anticipate any losses on its funds. As of June 30, 2019, uninsured amounts totaled approximately $4,564,000.

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.

Lease Commitments

AWF has entered into operating leases for its Washington, DC, office as well as its offices throughout Africa. The leases expire at various dates through August 31, 2028. AWF's lease for office space in Washington, DC, is for a period of 11 years and ends on August 31, 2028. The lease allows for 12

8. Commitments, Contingencies & Risks (continued)
Lease Commitments (continued)

months of rent abatement and a tenant allowance of $1,277,040. 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, 2019, the future minimum rental payments required under the leases were as follows:

Year Ended June 30,	***Amount***
2020	$ 723,155
2021	741,259
2022	759,814
2023	778,694
2024	798,250
Thereafter	3,544,938
Total	***$ 7,346,110***

Rent expense for the year ended June 30, 2019, totaled $804,016 and is included under occupancy and maintenance expense in the accompanying consolidated statement of functional expenses.

Compliance Audit

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

Future Capital Sources

As of June 30, 2019, 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. At the beginning of the year, AWF, Inc. was an investor in CB1 with a total commitment of $500,000. During the year, one private investor transferred their commitment of $250,000 to AWF, Inc. leaving AWF, Inc. with a total commitment of $750,000, of which the entire amount had been drawn down as of June 30, 2019. This amount was eliminated in the accompanying consolidated financial statements.

As of June 30, 2019, CB2 had received $4,000,000 in commitments from private investors to finance conservation enterprise loans, all of which had been drawn down through promissory notes. At the beginning of the year, AWF, Inc. was an investor in CB2 with a total commitment of $250,000. During the year, one private investor transferred their commitment of $750,000 to AWF, Inc. leaving AWF, Inc. with a total commitment of $1,000,000, of which the entire amount had been drawn down as of June 30, 2019. This amount was eliminated in the accompanying consolidated financial statements.

8. Commitments, Contingencies & Risks (continued)
Litigation

AWF was a co-defendant in an action brought by a group of individuals who claimed ownership through adverse possession of a private parcel of land purchased for conservation purposes by AWF in fiscal year 2009 in Kenya. The seller of the land was a co-defendant in the suit, as well as the Kenya Wildlife Service, which manages the land on behalf of the Government of Kenya. In July 2018, the High Court of Kenya dismissed the case in favor of AWF and the co-applicants. The plaintiffs filed an appeal to The Court of Appeal of Kenya on July 14, 2018, and this is still pending in court. Management is optimistic that this appeal will be dismissed in due course.

9. Net Assets Without Donor Restrictions
Included in net assets without donor restrictions are funds designated by the Board of Trustees to function as endowments in order to support the future endeavors of AWF. As of June 30, 2019, the board-designated endowment funds totaled $25,576,453, all of which is invested.

10. Net Assets With Donor Restrictions Subject to Time or Purpose
As of June 30, 2019, net assets with donor restrictions subject to time or purpose consisted of the following:

		Amount
Conservation programs	$	9,305,686
Time-restricted		260,711
Total	***$***	***9,566,397***

11. Net Assets With Perpetual Donor Restrictions
As of June 30, 2019, net assets with perpetual donor restrictions represent the following endowment funds established by donors:

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

12. Endowment Funds

Interpretation of Relevant Law

AWF classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. AWF considers the following factors 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 gifts. Deficiencies of this nature are reported as part of net assets without donor restrictions. As of June 30, 2019, AWF's program endowment fund did not have any accumulated deficiencies.

Composition of Endowment Funds by Net Asset Category

As of June 30, 2019, AWF's endowment consisted of seven individual funds established for a variety of purposes, and included both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. AWF's invested endowment funds were as follows:

	Without Donor Restrictions	*With Donor Restrictions Subject to Time or Purpose*	*With Perpetual Donor Restrictions*	*Total*
Donor-restricted funds				
Program-restricted (4)	$ -	$ 1,048,856	$ 3,012,315	$ 4,061,171
General endowment (1)	-	-	100,000	100,000
Subtotal donor-restricted (5)	-	1,048,856	3,112,315	4,161,171
Board-designated funds				
Program-restricted (1)	101,665	-	-	101,665
General endowment (1)	25,474,788	-	-	25,474,788
Subtotal board-designated (2)	25,576,453	-	-	25,576,453
Total endowment funds (7)	***$ 25,576,453***	***$ 1,048,856***	***$ 3,112,315***	***$ 29,737,624***

12. 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, 2019, 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 up to 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 gifts. In establishing this policy, AWF considered its stated return objective with the intent, over the long term, to allow its endowment funds to grow at a rate at or above that of inflation. This is consistent with AWF's objective to maintain the purchasing power of the 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.

Spending Policy on Board-Designated General Endowment Fund

The Board of Trustees has adopted a spending policy to use up to five percent of the beginning invested fair 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 Trustees' 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, 2019, a total of $550,573 was deducted from the board-designated endowment.

12. Endowment Funds (continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2019

	Without Donor Restrictions	*With Donor Restrictions Subject to Time or Purpose*	*With Perpetual Donor Restrictions*	*Total*
Endowment net assets, beginning	$24,643,874	$ 791,585	$ 3,112,315	$ 28,547,774
Investment returns:				
Interest and dividends	621,303	108,939	-	730,242
Unrealized gains	898,358	154,455	-	1,052,813
Investment fees	(36,509)	(6,123)	-	(42,632)
Total investment returns	1,483,152	257,271	-	1,740,423
Contributions	-	-	-	-
Amounts appropriated for expenditure	(550,573)	-	-	(550,573)
Endowment net assets, end	***$ 25,576,453***	***$ 1,048,856***	***$ 3,112,315***	***$ 29,737,624***

Investment earnings on funds with perpetual donor restrictions for the year ended June 30, 2019, were recognized as with donor restricted in the accompanying consolidated statement of activities and changes in net assets. Board-designated endowment fund earnings were designated as without donor restricted in the accompanying consolidated statement of activities and changes in net assets.

13. Availability and Liquidity

AWF regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. AWF's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2019, were as follows:

Cash and cash equivalents	$ 4,821,219
Accounts receivable	563,221
Pledges receivable within one year	1,722,423
Public sector grants receivable	2,022,160
Investments	30,145,511
Total Financial Assets Available Within One Year	39,274,534
Less:	
Amounts unavailable for general expenditures within one-year due to donor's purpose restriction	7,128,088
Amounts unavailable to management without Board approval:	
Board-designated for operating reserve and initiatives	25,576,453
Financial Assets Available to Meet General Expenditures Within One Year	$ 6,569,993

13. Availability and Liquidity (continued)

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

14. Retirement Plan

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

Retirement expense for the year ended June 30, 2019, totaled $674,210.

15. Allocation of Joint Costs

During the year ended June 30, 2019, AWF incurred joint costs of $2,411,612 from direct mail campaigns that included both educational materials and fundraising appeals. Of those costs, $762,506 was allocated to fundraising and $1,649,106 to education and outreach program.

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 uncertainty in income taxes was required as of June 30, 2019, as AWF had no significant unrelated business income.

CB1 and 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.

AWF performed an evaluation of uncertainty in income taxes for the year ended June 30, 2019, 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, 2019, the statute of limitations for tax years 2014 through 2016 remained open with the

16. Income Taxes (continued)

United States federal jurisdiction or the various states and local jurisdictions in which AWF files tax returns, however, no examinations are currently in progress. It is AWF's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest and income tax expense. As of June 30, 2019, AWF had no accruals for interest and/or penalties.

17. Reclassification

Certain 2018 balances have been reclassified to conform to the 2019 financial statement presentation.

18. Prior Period Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class and functional area. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with AWF's financial statements for the year ended June 30, 2018, from which the summarized information was prepared.

19. Subsequent Events

In preparation of these financial statements, AWF has evaluated, for potential recognition or disclosure, transactions and events through February 4, 2020, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the consolidated financial statements.