AFRICAN WILDLIFE FOUNDATION

Consolidated Financial Statements

For the Year Ended June 30, 2017
(With Summarized Financial Information for the Year Ended June 30, 2016)

and
Report Thereon

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

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

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, 2017, 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. 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, 2017, 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.

Continued

Report on Summarized Comparative Information

We have previously audited AWF's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Raffa, P.C.

Raffa, P.C.

Washington, DC
October 25, 2017

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position
As of June 30, 2017
(With Summarized Financial Information as of June 30, 2016)

	2017	2016
ASSETS		
Cash & cash equivalents	$ 7,316,437	$ 4,398,637
Investments	26,715,727	25,916,070
Pledges & bequests receivable, net	4,458,950	6,158,343
Public sector grants receivable	1,547,490	2,077,503
Advances to partners	306,417	6,176
Prepaid expenses & other assets	859,988	1,163,012
Accounts receivable	390,935	592,801
Loans receivable, net	5,584,477	5,957,648
Property & equipment, net	3,494,856	3,523,323
TOTAL ASSETS	**$ 50,675,277**	**$ 49,793,513**
LIABILITIES		
Accounts payable & accrued expenses	$ 1,622,064	$ 2,245,322
Refundable advances	954,860	972,026
Notes payable & line of credit	6,250,000	6,250,000
Deferred rent & lease incentives	11,630	79,796
Deferred compensation liability	233,004	194,717
Annuities payable	48,643	46,233
Total liabilities	**9,120,201**	**9,788,094**
NET ASSETS		
Unrestricted net assets	29,248,994	27,938,617
Temporarily restricted net assets	9,193,767	8,954,487
Permanently restricted net assets	3,112,315	3,112,315
Total net assets	**41,555,076**	**40,005,419**
TOTAL LIABILITIES & NET ASSETS	**$ 50,675,277**	**$ 49,793,513**

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, 2017
(With Summarized Financial Information for the Year Ended June 30, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
OPERATING REVENUE & SUPPORT					
Gifts from individuals	$ 7,954,497	$ 3,660,433	$ -	$ 11,614,930	$ 8,730,671
Legacy gifts	1,022,211	5,339	-	1,027,550	1,160,257
Corporate & foundation support	914,046	2,036,450	-	2,950,496	2,186,962
Public sector support	8,600,341	-	-	8,600,341	12,259,679
Royalties, events & other income	1,255,063	13,928	-	1,268,991	1,083,204
Payout from reserves	3,791,749	37,450	-	3,829,199	2,702,558
In-kind contributions	114,751	-	-	114,751	83,108
Net assets released from program restrictions	5,897,728	(5,897,728)	-	-	-
Total operating revenue & support	**29,550,386**	**(144,128)**	**-**	**29,406,258**	**28,206,439**
OPERATING EXPENSES					
Program services					
Conservation programs	18,142,341	-	-	18,142,341	21,370,000
Education & outreach	3,957,214	-	-	3,957,214	2,971,033
Total program services	22,099,555	-	-	22,099,555	24,341,033
Supporting services					
Finance & administration	1,050,769	-	-	1,050,769	934,923
Fundraising	2,766,109	-	-	2,766,109	2,854,809
Total supporting services	3,816,878	-	-	3,816,878	3,789,732
Total operating expenses	**25,916,433**	**-**	**-**	**25,916,433**	**28,130,765**
Change in net assets from operating activities	**3,633,953**	**(144,128)**	**-**	**3,489,825**	**75,674**
NONOPERATING ACTIVITIES					
Investment earnings (losses)	(667,156)	115,439	-	(551,717)	1,485,548
Unrealized gains (losses) on investments	2,135,329	308,607	-	2,443,936	(1,182,741)
Unrealized gains (losses) on trusts & annuities	-	(3,188)	-	(3,188)	14,452
Payout from reserves	(3,791,749)	(37,450)	-	(3,829,199)	(2,702,558)
Change in net assets from nonoperating activities	**(2,323,576)**	**383,408**	**-**	**(1,940,168)**	**(2,385,299)**
CHANGE IN NET ASSETS	**1,310,377**	**239,280**	**-**	**1,549,657**	**(2,309,625)**
Net assets, beginning of year	27,938,617	8,954,487	3,112,315	40,005,419	42,315,044
NET ASSETS, END OF YEAR	**$ 29,248,994**	**$ 9,193,767**	**$ 3,112,315**	**$ 41,555,076**	**$ 40,005,419**

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2017
(With Summarized Financial Information for the Year Ended June 30, 2016)

	PROGRAM SERVICES					SUPPORTING SERVICES				
	Conservation Programs	Program Management	Total Conservation Services	Education & Outreach	Total Program Services	Finance & Administration	Fundraising	Total Supporting Services	2017 TOTAL	2016 TOTAL
Salaries & benefits	$ 3,656,097	$ 2,243,802	$ 5,899,899	$ 1,483,615	$ 7,383,514	$ 639,355	$ 1,355,162	$ 1,994,517	$ 9,378,031	$ 9,577,889
Professional fees & construction	1,417,246	162,042	1,579,288	688,910	2,268,198	125,628	222,192	347,820	2,616,018	3,650,199
Travel & meetings	661,720	302,152	963,872	159,447	1,123,319	5,943	151,379	157,322	1,280,641	1,256,255
Partner expenses	4,768,678	-	4,768,678	102,062	4,870,740	-	-	-	4,870,740	6,422,638
Supplies	559,427	212,354	771,781	101,759	873,540	81,493	38,883	120,376	993,916	1,017,281
Printing	50,434	4,321	54,755	598,875	653,630	30,605	780,667	811,272	1,464,902	1,562,102
Occupancy & maintenance	168,179	121,664	289,843	2,841	292,684	304,272	-	304,272	596,956	654,098
Vehicle operations & depreciation	505,824	18,120	523,944	11,073	535,017	677	4,118	4,795	539,812	367,967
Postage & delivery	20,392	5,786	26,178	5,798	31,976	21,623	30,248	51,871	83,847	50,069
Equipment rental & maintenance	41,846	11,336	53,182	334	53,516	2,783	26	2,809	56,325	90,721
Workshops	1,203,300	120,405	1,323,705	488,197	1,811,902	3,349	3,974	7,323	1,819,225	1,608,564
Scholarships & training	44,267	12,103	56,370	40,341	96,711	-	14,436	14,436	111,147	74,457
Communications	121,803	48,480	170,283	13,569	183,852	60,662	1,870	62,532	246,384	327,321
Administrative costs	937,506	284,518	1,222,024	16,133	1,238,157	51,615	110,400	162,015	1,400,172	857,796
Depreciation & amortization	3,767	118,683	122,450	56,827	179,277	133,099	1,998	135,097	314,374	431,086
Promotions & advertising	10,606	2,235	12,841	5,066	17,907	2,039	4,182	6,221	24,128	22,320
Membership dues	797	61,070	61,867	9,690	71,557	299	667	966	72,523	34,044
Exchange rate fluctuations	3,616	(71,075)	(67,459)	-	(67,459)	-	-	-	(67,459)	42,850
In-kind expenses	7,748	-	7,748	107,003	114,751	-	-	-	114,751	83,108
TOTAL DIRECT EXPENSES	14,183,253	3,657,996	**17,841,249**	3,891,540	**21,732,789**	1,463,442	2,720,202	**4,183,644**	**25,916,433**	**28,130,765**
Allocation of facilities expenses	239,359	61,733	301,092	65,674	366,766	(412,673)	45,907	(366,766)	-	-
TOTAL	**$ 14,422,612**	**$ 3,719,729**	**$ 18,142,341**	**$ 3,957,214**	**$ 22,099,555**	**$ 1,050,769**	**$ 2,766,109**	**$ 3,816,878**	**$ 25,916,433**	**$ 28,130,765**

AFRICAN WILDLIFE FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2017
(With Summarized Financial Information for the Year Ended June 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,549,657	$ (2,309,625)
Adjustments to reconcile change in net cash provided by operating activities:		
Depreciation & amortization	336,138	398,319
Change in discount on pledges & bequests receivable	(9,514)	(51,767)
Change in discount on loans receivable	(130,190)	107,429
Lease incentive amortization	32,068	32,068
Provision for doubtful pledges & bequests receivable	(79,224)	(237,187)
Provision for doubtful loans receivable	379,652	130,904
Realized losses (gains) on sales of investments	1,157,065	(910,674)
Unrealized losses (gains) on investments	(2,443,936)	1,168,289
Unrealized losses on beneficial interest in perpetual trusts	3,188	9,710
Changes in assets & liabilities:		
Pledges & bequests receivable	1,788,131	4,540,080
Public sector grants receivable	530,013	(676,170)
Advances to partners	(300,241)	320,646
Prepaid expenses & other assets	303,024	(479,120)
Accounts receivable	201,866	(183,845)
Accounts payable & accrued expenses	(623,258)	106,355
Refundable advances	(17,166)	(577,661)
Deferred rent & lease incentives	(100,234)	(90,572)
Deferred compensation liability	38,287	18,837
Annuities payable	2,410	(28,626)
Net cash provided by operating activities	**2,617,736**	**1,287,390**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property & equipment	(411,437)	(63,727)
Sales of property & equipment	103,766	-
Purchases of investments	(3,051,744)	(28,057,559)
Sales of investments	3,535,770	29,170,321
Issuance of loans receivable	(50,407)	(814,373)
Proceeds received from retirement of loans receivable	174,116	-
Net cash provided by investing activities	**300,064**	**234,662**
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable & line of credit	(500,000)	(1,666,639)
Proceeds received from issuance of notes payable & line of credit	500,000	2,419,250
Net cash provided by financing activities	**-**	**752,611**
NET INCREASE IN CASH & CASH EQUIVALENTS	**2,917,800**	**2,274,663**
Cash & cash equivalents, beginning of year	4,398,637	2,123,974
CASH & CASH EQUIVALENTS, END OF YEAR	**$ 7,316,437**	**$ 4,398,637**
Supplemental cash flow information: actual cash payments for interest	*$ 8,720*	*$ 16,723*

1. Organization

The African Wildlife Foundation, Inc. (AWF, Inc.), together with the people of Africa, 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.

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, Inc.

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, Inc.

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, Inc.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements as of and for the year ended June 30, 2017, include activities of AWF, Inc. as well as the activities of AWC. AWC's activities include those of 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 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, 2017, 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, 2017, 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 money market funds and equity and fixed-income mutual funds. 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 and changes in net assets as 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.

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 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 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.

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

2. Summary of Significant Accounting Policies (continued)
Revenue Recognition (continued)

restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities and changes in net assets 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 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.

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, 2017, AWF had 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 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, earned in excess of AWF's aggregate authorized payout to operations is recognized as nonoperating activities.

3. Investments

AWF's investments as of June 30, 2017, were composed of the following:

	Cost	***Market***
Money market funds	$ 27,319	$ 27,319
Mutual funds:		
Equity funds	16,686,644	18,895,034
Fixed-income funds	7,807,078	7,793,374
Total	***$ 24,521,041***	***$ 26,715,727***

3. Investments (continued)

AWF's investments measured at fair value as of June 30, 2017 were as follows:

	Total	*Level 1*	*Level 2*	*Level 3*
Money market funds	$ 27,319	$ 27,319	$ -	$ -
Mutual funds:				
Equity funds:				
Large blend fund	11,318,916	11,318,916	-	-
Foreign large blend fund	9,273	9,273	-	-
Global equity fund	7,536,290	7,536,290	-	-
Large growth fund	11,988	11,988	-	-
Large value fund	12,054	12,054	-	-
Diversified emerging markets	1,426	1,426	-	-
Small growth fund	2,440	2,440	-	-
Small blend fund	2,647	2,647	-	-
Fixed-income funds:				
Total return bond funds	4,167,763	4,167,763	-	-
Intermediate term bond fund	1,589,137	1,589,137	-	-
Short term	2,036,474	2,036,474	-	-
Total	***$ 26,715,727***	***$ 26,715,727***	***$ -***	***$ -***

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

Money market and equity and fixed-income mutual funds – Value based on quoted prices in an active market.

Investment income for the year ended June 30, 2017, was composed of the following:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Unrealized gains	$ 2,135,329	$ 308,607	$ -	$ 2,443,936
Investment earnings (losses):				
Interest and dividends	565,476	85,976	-	651,452
Realized gains (losses)	(1,196,128)	39,063	-	(1,157,065)
Investment fees	(36,504)	(9,600)	-	(46,104)
Total investment earnings (losses)	(667,156)	115,439	-	(551,717)
Total investment income	***$ 1,468,173***	***$ 424,046***	***$ -***	***$ 1,892,219***

4. Pledges & Bequests Receivable

As of June 30, 2017, pledges and bequests receivable consisted of $4,313,934 in pledges and $501,908 in bequests and were promised as follows:

	Amount
Due in less than one year	$ 3,350,842
Due in one to five years	1,265,000
Due in more than five years	200,000
Subtotal	4,815,842
Less: discount	(116,100)
Less: allowance for uncollectible pledges and bequests	(240,792)
Total pledges and bequests receivable	***$ 4,458,950***

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 0.21% to 4.92% was used to determine the net present value factor.

5. Loans Receivable

As of June 30, 2017, $5,584,477 was receivable as follows:

	AWF, Inc.	***AWC***	***Total***
Principal due within one year	$ 219,116	$ 1,182,478	$ 1,401,594
Principal due in one to five years	38,232	5,652,064	5,690,296
Subtotal	257,348	6,834,542	7,091,890
Less: discount	(1,124)	(618,180)	(619,304)
Less: allowance for uncollectible accounts	(102,867)	(785,242)	(888,109)
Total loans receivable	***$ 153,357***	***$ 5,431,120***	***$ 5,584,477***

6. Property & Equipment and Accumulated Depreciation & Amortization

AWF held the following property and equipment as of June 30, 2017:

	Cost	*Accumulated Depreciation and Amortization*	*Net*
Buildings	$ 2,247,014	$ (297,976)	$ 1,949,038
Land	993,157	-	993,157
Software	1,322,896	(1,260,930)	61,966
Furniture and equipment	960,212	(606,037)	354,175
Leasehold improvements	446,983	(385,595)	61,388
Vehicles	388,647	(313,515)	75,132
Total property and equipment	***$ 6,358,909***	***$ (2,864,053)***	***$ 3,494,856***

Depreciation related to vehicles is stated as part of vehicle operations and depreciation in the accompanying consolidated statement of functional expenses. All other depreciation and amortization are stated as such in the accompanying consolidated statement of functional expenses. Depreciation and amortization expense totaled $336,138 for the year ended June 30, 2017.

7. Notes Payable & Line of Credit

Notes payable consisted of the following as of June 30, 2017:

	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, 2017, a total of $2,500,000 had been drawn down via unsecured promissory notes from 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

7. Notes Payable & Line of Credit (continued)

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, 2017, a total of $3,750,000 had been drawn down via unsecured promissory notes from 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.	$ 3,750,000	$ 3,750,000
Total Notes Payable	***$ 6,250,000***	***$ 6,250,000***

The scheduled future principal payments as of June 30, 2017, were as follows:

Year Ended June 30,	*Amount*
2018	$ -
2019	-
2020	-
2021	2,500,000
2022	-
Thereafter	3,750,000
Total	***$ 6,250,000***

AWF has an unsecured line of credit issued by Bank of America with a limit of up to $1,500,000. Interest payments are due monthly based on the London Interbank Offered Rate or 1.17% as of June 30, 2017, plus 3.25%. The maturity date of the line of credit is November 30, 2017. There was no outstanding balance on the line of credit as of June 30, 2017.

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, 2017, uninsured amounts totaled $7,153,470.

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.

8. Commitments, Contingencies & Risks (continued)

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, 2017. The Washington, DC, lease provides for rent adjustments based on increases in real estate taxes and operating expenses, increases in the base rent of 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. AWF also signed a lease for a new Washington, DC, office in February 2017, effective September 1, 2017, for a period of 11 years, to end on August 31, 2028. This lease allows for 12 months of rent abatement and a tenant allowance of $1,277,040. As of June 30, 2017, the future minimum rental payments required under the leases were as follows:

Year Ended June 30,	***Amount***
2018	$ 124,352
2019	590,318
2020	723,155
2021	741,259
2022	759,814
Thereafter	5,121,882
Total	***$ 8,060,780***

Rent expense for the year ended June 30, 2017, totaled $451,426 and is included under occupancy and maintenance expense in the accompanying consolidated statement of functional expenses.

Office of Management & Budget Uniform Guidance

AWF has instructed its independent auditors to audit its federal programs for the year ended June 30, 2017, in compliance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), 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 the year ended June 30, 2017, will not have a material effect on the financial position of AWF.

8. Commitments, Contingencies & Risks (continued)

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 U.S. Agency for International Development (USAID). These rates are subject to final determination by USAID. For the year ended June 30, 2017, 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 States government grants and contracts that were active as of June 30, 2017, 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 and 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, 2017, or results of operations for the year then ended.

Future Capital Sources

As of June 30, 2017, 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, 2017. This amount was eliminated in the accompanying consolidated financial statements.

As of June 30, 2017, AWC, through 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. AWF, Inc. is an investor in CB2 with a total commitment of $250,000, of which the entire amount had been drawn down as of June 30, 2017. This amount was eliminated in the accompanying consolidated financial statements.

Litigation

AWF was a codefendant 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 codefendant in the suit, as well as the Kenya Wildlife Service, which manages the land on behalf of the government of Kenya, and which received the land as a gift from AWF in November 2011. The suit was dismissed in its entirety by the High Court on July 27, 2017, and the plaintiffs were ordered to pay the costs of the suit. The plaintiffs filed an appeal shortly thereafter in July, which is currently being considered in the High Court of Kenya. Given the ruling by the court and the evidence presented, AWF is confident the appeal will be dismissed. However, given the court process in Kenya, this will take time as demonstrated by the eight-year process in the original case.

9. 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, 2017, the board-designated endowment funds totaled $22,465,022, all of which is invested.

10. Temporarily Restricted Net Assets

As of June 30, 2017, temporarily restricted net assets consisted of the following:

Program		*Amount*
Conservation programs	$	9,055,488
Time-restricted		138,279
Total	***$***	***9,193,767***

11. 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***

12. 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.

12. Endowment Funds (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the fair value of the original gift(s). Deficiencies of this nature are reported as part of unrestricted net assets. As of June 30, 2017, AWF's program endowment fund did not have any accumulated deficiencies.

Composition of Endowment Funds by Net Asset Category

As of June 30, 2017, 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 fund broke out as follows:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Donor-restricted funds				
Program-restricted (4)	$ -	$ 588,556	$ 3,012,315	$ 3,600,871
General endowment (1)	-	22,767	100,000	122,767
Subtotal donor-restricted (5)	-	611,323	3,112,315	3,723,638
Board-designated funds				
Program-restricted (1)	473,622	-	-	473,622
General endowment (1)	21,991,400	-	-	21,991,400
Subtotal board-designated (2)	*22,465,022*	-	-	*22,465,022*
Total endowment funds (7)	***$ 22,465,022***	***$ 611,323***	***$ 3,112,315***	***$ 26,188,660***

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.

12. Endowment Funds (continued)

Spending Policy on Donor and Purpose-Restricted Endowment Funds

As of June 30, 2017, 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, 2017, $37,450 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 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, 2017, a total of $3,791,749 was withdrawn from the board-designated endowment, out of which $1,191,749 was for use in operations, $1,600,000 for the emergency species protection program and $1,000,000 for the communication program. This represents 17.14% 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.

12. Endowment Funds (continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2017

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Endowment net assets, beginning	$ 22,117,264	$ 223,974	$ 3,112,315	$ 25,453,553
Investment returns:				
Interest and dividends	563,073	83,932	-	647,005
Realized gains	272,197	39,554	-	311,751
Unrealized gains	2,103,078	305,525	-	2,408,603
Investment fees	(28,188)	(4,212)	-	(32,400)
Total investment returns	2,910,160	424,799	-	3,334,959
Contributions	1,229,347	-	-	1,229,347
Amounts appropriated for expenditure	*(3,791,749)*	*(37,450)*	-	*(3,829,199)*
Endowment net assets, end	***$ 22,465,022***	***$ 611,323***	***$ 3,112,315***	***$ 26,188,660***

Investment earnings on permanently restricted funds for the year ended June 30, 2017, were recognized as temporarily restricted and board-designated endowment fund earnings were designated as unrestricted.

13. 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, 2017, totaled $609,119.

14. Allocation of Joint Costs
During the year ended June 30, 2017, AWF incurred joint costs of $1,410,006 from direct mail campaigns that included both educational materials and fundraising appeals. Of those costs, $956,322 was allocated to fundraising and $453,684 to education and outreach program.

15. 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, 2017, 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, 2017, AWC, CB1 and CB2 did not have any income tax expense and liability.

AWF performed an evaluation of uncertainty in income taxes for the year ended June 30, 2017, 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, 2017, the statute of limitations for tax years 2013 through 2015 remains open with the United States 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 uncertainty in income taxes, if any, in income tax expense. As of June 30, 2017, AWF had no accruals for interest and/or penalties.

16. 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, 2016, from which the summarized information was prepared.

17. Subsequent Events
In preparation of these financial statements, AWF has evaluated transactions and events for potential recognition or disclosure through October 25, 2017, 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.