

FAUNA & FLORA INTERNATIONAL USA, INC.

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fauna & Flora International USA, Inc.
Washington, D.C.

Opinion

We have audited the financial statements of Fauna & Flora International USA, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fauna & Flora International USA, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fauna & Flora International USA, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fauna & Flora International USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fauna & Flora International USA, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fauna & Flora International USA, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
October 6, 2022

See accompanying notes.

FAUNA & FLORA INTERNATIONAL USA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,457,854	\$ 695,109
Unconditional promises to give	1,117,216	171,187
Prepaid expenses	5,788	5,788
Deposit	22,000	22,000
Total assets	\$ 2,602,858	\$ 894,084
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 9,060	\$ 9,492
Payable to FFI	638,534	93,012
Total liabilities	647,594	102,504
NET ASSETS		
Without donor restrictions	641,503	409,823
With donor restrictions	1,313,761	381,757
Total net assets	1,955,264	791,580
Total liabilities and net assets	\$ 2,602,858	\$ 894,084

See accompanying notes.

FAUNA & FLORA INTERNATIONAL USA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 843,945	\$ 6,507,001	\$ 7,350,946
EXPENSES			
Grants to Support Conservancy	5,573,188	-	5,573,188
Management and General	131,781	-	131,781
Fundraising	482,293	-	482,293
Total expenses	6,187,262	-	6,187,262
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	5,574,997	(5,574,997)	-
Change in net assets	231,680	932,004	1,163,684
Net assets at beginning of year	409,823	381,757	791,580
Net assets at end of year	<u>\$ 641,503</u>	<u>\$ 1,313,761</u>	<u>\$ 1,955,264</u>

See accompanying notes.

FAUNA & FLORA INTERNATIONAL USA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 768,463	\$ 855,601	\$ 1,624,064
EXPENSES			
Grants to Support Conservancy	903,055	-	903,055
Management and General	67,701	-	67,701
Fundraising	120,860	-	120,860
Total expenses	1,091,616	-	1,091,616
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	652,004	(652,004)	-
Change in net assets	328,851	203,597	532,448
Net assets at beginning of year	80,972	178,160	259,132
Net assets at end of year	<u>\$ 409,823</u>	<u>\$ 381,757</u>	<u>\$ 791,580</u>

See accompanying notes.

FAUNA & FLORA INTERNATIONAL USA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

<u>2021</u>	Grants to Support Conservancy	Management and General	Fundraising	Total
Grants and assistance	\$ 5,573,188	\$ -	\$ -	\$ 5,573,188
Personnel	-	-	282,625	282,625
Professional fees	-	83,508	190,466	273,974
Conferences and meetings	-	774	-	774
Occupancy	-	34,729	-	34,729
Equipment	-	2,216	-	2,216
Travel	-	-	8,022	8,022
Insurance	-	1,091	-	1,091
Office expenses	-	9,463	1,180	10,643
Total expenses	\$ 5,573,188	\$ 131,781	\$ 482,293	\$ 6,187,262
	Grants to Support Conservancy	Management and General	Fundraising	Total
<u>2020</u>	Conservancy	and General	Fundraising	Total
Grants and assistance	\$ 903,055	\$ -	\$ -	\$ 903,055
Personnel	-	-	21,935	21,935
Professional fees	-	20,627	96,921	117,548
Occupancy	-	34,422	-	34,422
Equipment	-	4,546	-	4,546
Travel	-	-	452	452
Insurance	-	1,533	-	1,533
Office expenses	-	6,573	1,552	8,125
Total expenses	\$ 903,055	\$ 67,701	\$ 120,860	\$ 1,091,616

See accompanying notes.

FAUNA & FLORA INTERNATIONAL USA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,163,684	\$ 532,448
Adjustments to reconcile change in net assets to change in cash		
Increase in assets		
Unconditional promises to give	(946,029)	(58,578)
Prepaid expenses	-	(275)
Deposit	-	(22,000)
Increase (decrease) in liabilities		
Accounts payable	(432)	(21,590)
Payable to FFI	545,522	(157,439)
	762,745	272,566
Change in cash	762,745	272,566
Cash at beginning of year	695,109	422,543
Cash at end of year	\$ 1,457,854	\$ 695,109

See accompanying notes.

FAUNA & FLORA INTERNATIONAL USA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Fauna & Flora International USA, Inc. (FFI USA) is a non-profit organization created in 2016 that works to conserve threatened species and ecosystems worldwide, choosing solutions that are sustainable, based on sound science, and that take account of human needs. FFI USA is funded by contributions and grants.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a 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 statements of activities as net assets released from restrictions.

Expense Allocation

Expenses are classified according to the program services and supporting activities for which they were incurred and are reported on a functional basis in the accompanying statements of functional expenses. Direct costs associated with specific programs are recorded as program services expenses. Direct costs associated with management and general and fundraising are recorded as supporting activities.

Income Tax Status

FFI USA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, FFI USA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAUNA & FLORA INTERNATIONAL USA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management’s Review

Management has evaluated subsequent events through October 6, 2022, the date which the financial statements were available to be issued.

NOTE 2—NET ASSETS

At December 31, 2021 and 2020, net assets with donor restrictions are restricted for conservation projects.

NOTE 3—CONCENTRATIONS

Contributions

For the years ended December 31, 2021 and 2020, 83% and 58% of FFI USA’s support was received from three and five donors, respectively.

Credit Risk

FFI USA maintains its cash balances at one financial institution located in Washington, D.C. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, FFI USA’s cash balances exceed FDIC Insurance amount.

NOTE 4—TRANSACTIONS WITH RELATED PARTIES

FFI USA is related to Fauna & Flora International (FFI) through common board members. For the years ended December 31, 2021 and 2020, FFI USA paid FFI grants to support conservancy of \$5,573,188 and \$903,055, respectively.

At December 31, 2021 and 2020, amounts payable to FFI consist of the following:

	2021	2020
Grants	\$ 475,320	\$ 78,500
FFI staff time	162,430	9,164
Membership income	-	1,290
Office expenses	784	4,058
Payable to FFI	\$ 638,534	\$ 93,012

NOTE 5—CONDITIONAL PROMISE TO GIVE

FFI USA has a contribution for which the donor’s promise to give is conditioned upon FFI USA incurring certain qualifying contingencies. At December 31, 2021, the conditional promise to give totals \$4,000,000. The promise will be recognized as revenue when the respective condition is met in the subsequent year.

FAUNA & FLORA INTERNATIONAL USA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6—LIQUIDITY AND AVAILABILITY

The following reflects FFI USA's financial assets as of the date of the statements of financial position, reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions.

	2021	2020
Financial assets at year-end:		
Cash	\$ 1,457,854	\$ 695,109
Unconditional promises to give	1,117,216	171,187
Total financial assets at year-end	\$ 2,575,070	\$ 866,296
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(1,313,761)	(381,757)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,261,309	\$ 484,539

As part of FFI USA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations comes due.

NOTE 7—RETIREMENT PLAN

During 2021, FFI USA established a 401(k) salary deferral retirement plan for all eligible employees. All employees who have completed 3 months of employment are eligible to participate in the plan. FFI USA contributes the equivalent of 3% of an employee's annual compensation. FFI USA retirement plan expense under this plan for the year ended December 31, 2021 totaled \$4,795.