



World Wildlife Fund, Inc. and Subsidiaries

Consolidated Financial Statements,
Supplemental Material,
Schedule of Expenditures of Federal Awards
and Independent Auditor's Required by
Government Auditing Standards and the
Uniform Guidance
Years Ended June 30, 2021 and 2020

World Wildlife Fund, Inc. and Subsidiaries

Consolidated Financial Statements, Supplemental Material, Schedule of
Expenditures of Federal Awards and Independent Auditor's Reports
Required by *Government Auditing Standards* and the Uniform Guidance
Years Ended June 30, 2021 and 2020

World Wildlife Fund, Inc. and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
World Wildlife Fund, Inc. and Subsidiaries
Washington, D.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **World Wildlife Fund, Inc. and Subsidiaries (WWF)**, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of WWF as of June 30, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 WWF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 WWF'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WWF'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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental material comprising the consolidating schedule of financial position, consolidating schedule of activities, reconciliation of total expenses per the indirect expense allocation to the consolidated statement of functional expenses, and consolidated schedule of indirect expense allocation are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal*



Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 on our consideration of WWF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WWF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WWF's internal control over financial reporting and compliance.

BDO USA, LLP

December 15, 2021

Consolidated Financial Statements

World Wildlife Fund, Inc. and Subsidiaries

Consolidated Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 66,364,268	\$ 56,703,010
Short-term investments	112,830,423	9,175,052
Accounts receivable	6,818,950	5,600,579
Contributions receivable, current portion	30,070,116	24,135,176
Pledges receivable, current portion	26,813,212	33,074,321
Advances to third parties	10,656,472	9,683,254
Prepaid assets	8,770,060	8,752,609
Other current assets	694,746	504,627
Total current assets	263,018,247	147,628,628
Noncurrent assets		
Long-term investments	282,671,032	222,595,717
Investments at cost	1,734,161	-
Pledges receivable, net of current	16,579,195	10,884,080
Contributions receivable, net of current portion	10,398,433	6,794,533
Long-term trust receivables	43,018,107	39,748,475
Other noncurrent assets	4,811,141	2,567,880
Land, building, and equipment, net	76,697,531	77,759,297
Total noncurrent assets	435,909,600	359,571,756
Total assets	\$ 698,927,847	\$ 507,200,384
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 30,072,072	\$ 22,897,373
Grants payable	26,137,877	18,270,283
Deferred revenue	318,712	300,000
Refundable advances	11,834,344	11,847,890
Short-term operating lease liability	501,894	-
Current portion of long-term debt	3,375,000	3,215,000
Total current liabilities	72,239,899	56,530,546
Noncurrent liabilities		
Long-term debt, net of current portion	39,588,551	42,897,584
Long-term operating lease liability	632,388	-
Long-term refundable advances	1,384,100	-
Other long-term liabilities	10,658,252	9,990,207
Interest rate swap liability	-	11,756,776
Total noncurrent liabilities	52,263,291	64,644,567
Total liabilities	124,503,190	121,175,113
Net assets		
Without donor restrictions	221,958,299	156,319,924
With donor restrictions	352,466,358	229,705,347
Total net assets	574,424,657	386,025,271
Total liabilities and net assets	\$ 698,927,847	\$ 507,200,384

See accompanying notes to consolidated financial statements.

World Wildlife Fund, Inc. and Subsidiaries

Consolidated Statements of Activities

<i>Years Ended June 30,</i>	Without Donor Restriction	With Donor Restriction	Total 2021	Without Donor Restriction	With Donor Restriction	Total 2020
Operating revenues						
Revenue						
Contributions	\$ 101,101,049	\$ 179,309,424	\$ 280,410,473	\$ 79,166,358	\$ 82,676,153	\$ 161,842,511
Government grants and contracts	41,797,162	348,594	42,145,756	43,424,233	1,611,406	45,035,639
WWF network revenue	-	25,044,246	25,044,246	-	24,691,892	24,691,892
Royalties, service contracts, and other	7,606,444	-	7,606,444	11,388,259	-	11,388,259
In-kind contributions	73,827,024	-	73,827,024	84,500,663	-	84,500,663
Nonoperating income allocated to operations	23,008,128	2,607,379	25,615,507	34,872,874	2,285,582	37,158,456
Total operating revenues	247,339,807	207,309,643	454,649,450	253,352,387	111,265,033	364,617,420
Net assets released from restrictions	110,562,430	(110,562,430)	-	94,655,951	(94,655,951)	-
Net operating revenues	357,902,237	96,747,213	454,649,450	348,008,338	16,609,082	364,617,420
Commercial building operations						
Revenues	2,287,670	-	2,287,670	6,086,875	-	6,086,875
Expenses	5,588,827	-	5,588,827	6,515,642	-	6,515,642
Loss from commercial building operations, net	(3,301,157)	-	(3,301,157)	(428,767)	-	(428,767)
Total revenues and other income, net	354,601,080	96,747,213	451,348,293	347,579,571	16,609,082	364,188,653
Operating expenses						
Program services						
Conservation field and policy programs	180,592,986	-	180,592,986	172,947,786	-	172,947,786
Public education	108,610,993	-	108,610,993	115,422,452	-	115,422,452
Total program services	289,203,979	-	289,203,979	288,370,238	-	288,370,238
Supporting services						
Finance and administration	22,988,316	-	22,988,316	20,075,616	-	20,075,616
Fundraising	42,408,785	-	42,408,785	40,381,048	-	40,381,048
Total supporting services	65,397,101	-	65,397,101	60,456,664	-	60,456,664
Total operating expenses	354,601,080	-	354,601,080	348,826,902	-	348,826,902
Change in net assets before nonoperating activities	-	96,747,213	96,747,213	(1,247,331)	16,609,082	15,361,751
Nonoperating activities						
Bequests, endowments, and split income gifts	32,887,919	8,505,722	41,393,641	28,804,005	6,980,360	35,784,365
Gain (loss) on interest rate swaps	3,144,082	-	3,144,082	(2,206,226)	-	(2,206,226)
Income (loss) from investments, net	50,592,403	21,896,320	72,488,723	(424,473)	(197,597)	(622,070)
Gain (loss) on foreign currency exchange	241,234	-	241,234	(170,768)	-	(170,768)
Change in donor restrictions	1,780,865	(1,780,865)	-	3,126,060	(3,126,060)	-
Total nonoperating activities	88,646,503	28,621,177	117,267,680	29,128,598	3,656,703	32,785,301
Total allocated to operations	(23,008,128)	(2,607,379)	(25,615,507)	(34,872,874)	(2,285,582)	(37,158,456)
Change in net assets from nonoperating activities	65,638,375	26,013,798	91,652,173	(5,744,276)	1,371,121	(4,373,155)
Change in net assets	65,638,375	122,761,011	188,399,386	(6,991,607)	17,980,203	10,988,596
Net assets at beginning of year	156,319,924	229,705,347	386,025,271	163,311,531	211,725,144	375,036,675
Net assets at end of year	\$ 221,958,299	\$ 352,466,358	\$ 574,424,657	\$ 156,319,924	\$ 229,705,347	\$ 386,025,271

See accompanying notes to consolidated financial statements.

World Wildlife Fund, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

Year Ended June 30, 2021	Conservation Field and Policy Programs					Public Education	Total Program Services	Finance and Administration	Fundraising	Total Supporting Services	2021 Total Operating Expenses	Commercial Building	2021 Total Expenses
	Global Conservation	Markets and Policy	Country Offices	Program Management	Total Conservation Field and Policy Programs								
Project grants and contracts	\$ 56,340,987	\$ 13,867,668	\$ 28,289,327	\$ 270,586	\$ 98,768,568	\$ 2,271,687	\$ 101,040,255	\$ 3,100,935	\$ 557,173	\$ 3,658,108	\$ 104,698,363	\$ -	\$ 104,698,363
Salaries and benefits	25,479,232	17,182,645	17,906,837	6,023,967	66,592,681	10,728,032	77,320,713	13,401,850	15,408,732	28,810,582	106,131,295	-	106,131,295
In-kind contributions	2,696,632	-	54,837	175,242	2,926,711	69,413,547	72,340,258	860,837	625,929	1,486,766	73,827,024	-	73,827,024
Printing and publications	46,532	9,415	446,111	1,161	503,219	6,222,668	6,725,887	1,300	6,614,196	6,615,496	13,341,383	-	13,341,383
Office supplies, postage, and shipping	103,725	131,083	1,187,266	2,671	1,424,745	5,354,862	6,779,607	12,554	5,090,009	5,102,563	11,882,170	-	11,882,170
Advertising	2,543	-	3,328	-	5,871	4,630,941	4,636,812	-	3,904,073	3,904,073	8,540,885	-	8,540,885
Other	96,087	-	421,684	1,126,224	1,643,995	1,137,886	2,781,881	1,049,946	2,325,869	3,375,815	6,157,696	-	6,157,696
Audio visual	15,403	-	478,370	28	493,801	2,754,954	3,248,755	-	2,514,683	2,514,683	5,763,438	-	5,763,438
Facilities	1,691,028	645,578	1,060,736	154,589	3,551,931	783,641	4,335,572	442,376	835,329	1,277,705	5,613,277	-	5,613,277
Occupancy costs	-	-	-	-	-	-	-	-	-	-	-	5,587,175	5,587,175
Dues, fees and subscriptions	434,720	325,695	164,592	17,354	942,361	1,358,780	2,301,141	1,308,369	903,667	2,212,036	4,513,177	-	4,513,177
Premiums	481	320	789	164	1,754	2,021,536	2,023,290	1,484	1,738,402	1,739,886	3,763,176	-	3,763,176
Field office rent, vehicles, and equipment	37,657	94,974	1,182,522	7,003	1,322,156	151,395	1,473,551	1,654,108	254,677	1,908,785	3,382,336	-	3,382,336
Professional fees and contracts	153,404	46,164	363,775	97,489	660,832	910,670	1,571,502	510,821	862,698	1,373,519	2,945,021	1,652	2,946,673
Mailing list rental	-	-	-	-	-	796,230	796,230	-	685,146	685,146	1,481,376	-	1,481,376
Conferences and meetings	35,404	38,244	827,080	3,448	904,176	14,558	918,734	122,703	20,470	143,173	1,061,907	-	1,061,907
Information technology services	90,102	11,126	203,252	6,880	311,360	44,131	355,491	392,888	17,293	410,181	765,672	-	765,672
Telephone	32,280	17,898	206,915	6,426	263,519	2,124	265,643	108,306	13,643	121,949	387,592	-	387,592
Staff travel and expenses	24,990	7,721	228,067	14,528	275,306	13,351	288,657	19,839	36,796	56,635	345,292	-	345,292
	\$ 87,281,207	\$ 32,378,531	\$ 53,025,488	\$ 7,907,760	\$ 180,592,986	\$ 108,610,993	\$ 289,203,979	\$ 22,988,316	\$ 42,408,785	\$ 65,397,101	\$ 354,601,080	\$ 5,588,827	\$ 360,189,907

See the accompanying notes to the consolidated financial statements.

World Wildlife Fund, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

Year Ended June 30, 2020	Conservation Field and Policy Programs					Public Education	Total Program Services	Finance and Administration	Fundraising	Total Supporting Services	2020 Total Operating Expenses	Commercial Building	2020 Total Expenses
	Global Conservation	Markets and Policy	Country Offices	Program Management	Total Conservation Field and Policy Programs								
Project grants and contracts	\$ 51,713,006	\$ 6,878,862	\$ 25,465,678	\$ 468,102	\$ 84,525,648	\$ 2,263,733	\$ 86,789,381	\$ 633,529	\$ 906,412	\$ 1,539,941	\$ 88,329,322	\$ 19,750	\$ 88,349,072
Salaries and benefits	27,271,003	15,726,517	18,571,270	4,646,715	66,215,505	9,773,490	75,988,995	11,247,992	14,443,664	25,691,656	101,680,651	-	101,680,651
In-kind contributions	3,693,148	-	92,788	-	3,785,936	79,770,921	83,556,857	630,007	313,799	943,806	84,500,663	-	84,500,663
Printing and publications	43,651	17,522	501,421	5,509	568,103	6,243,008	6,811,111	3,610	6,840,377	6,843,987	13,655,098	-	13,655,098
Office supplies, postage, and shipping	127,919	13,435	1,180,705	11,515	1,333,574	4,938,643	6,272,217	55,602	4,865,265	4,920,867	11,193,084	-	11,193,084
Advertising	-	237	-	-	237	3,480,916	3,481,153	-	3,012,912	3,012,912	6,494,065	-	6,494,065
Other	141,127	67,147	(5,941)	145,288	347,621	1,604,240	1,951,861	671,047	2,853,464	3,524,511	5,476,372	-	5,476,372
Audio visual	7,604	10,670	509,446	2,400	530,120	1,329,584	1,859,704	-	1,251,966	1,251,966	3,111,670	-	3,111,670
Facilities	1,922,541	562,679	1,246,824	131,493	3,863,537	814,256	4,677,793	444,124	915,108	1,359,232	6,037,025	-	6,037,025
Occupancy costs	-	-	-	-	-	-	-	-	-	-	-	6,457,537	6,457,537
Dues, fees and subscriptions	556,697	265,445	113,671	33,197	969,010	2,815,827	3,784,837	556,719	2,223,688	2,780,407	6,565,244	6,028	6,571,272
Premiums	10,185	2,996	3,963	3,041	20,185	1,571,404	1,591,589	1,764	1,364,622	1,366,386	2,957,975	-	2,957,975
Field office rent, vehicles, and equipment	425,837	25,588	1,619,930	10,388	2,081,743	4,387	2,086,130	1,296,096	153,372	1,449,468	3,535,598	-	3,535,598
Professional fees and contracts	243,852	176,493	636,928	183,766	1,241,039	461,184	1,702,223	2,929,098	539,381	3,468,479	5,170,702	32,327	5,203,029
Conferences and meetings	271,903	136,326	2,690,603	30,820	3,129,652	56,305	3,185,957	223,282	81,363	304,645	3,490,602	-	3,490,602
Information technology services	68,978	12,157	140,351	934	222,420	68,356	290,776	1,181,410	126,334	1,307,744	1,598,520	-	1,598,520
Telephone	53,282	20,228	227,474	13,765	314,749	2,670	317,419	91,609	16,355	107,964	425,383	-	425,383
Staff travel and expenses	1,319,307	720,147	1,688,869	70,384	3,798,707	223,528	4,022,235	109,727	472,966	582,693	4,604,928	-	4,604,928
	\$ 87,870,039	\$ 24,636,449	\$ 54,683,980	\$ 5,757,317	\$ 172,947,786	\$ 115,422,452	\$ 288,370,238	\$ 20,075,616	\$ 40,381,048	\$ 60,456,664	\$ 348,826,902	\$ 6,515,642	\$ 355,342,544

See the accompanying notes to the consolidated financial statements.

World Wildlife Fund, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30,	2021	2020
Cash flows from operating activities		
Change in net assets	\$188,399,385	\$ 10,988,596
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	5,786,422	4,119,978
Write-off of fully depreciated furniture and equipment	(744,621)	-
Amortization of leasing commissions	89,630	239,391
Amortization of bond premium	(8,713)	(8,713)
Unrealized and realized (gain) loss on investments	(69,919,872)	3,017,065
(Gain) loss on interest rate swaps	(3,144,082)	2,206,226
Permanently restricted contributions received	(1,000,000)	(11,643)
Accretion on multi-year pledges	(44,491)	(356,451)
Change in actuarial value of split interest agreements	(216,014)	(5,277,704)
Change in discount on contributions receivable	(292,174)	253,960
Write-off of uncollectible pledges and accounts receivables	25,000	94,515
Gifts of investments	(106,395,246)	(4,512,559)
Loss on disposal of land, building and equipment	1,030,705	-
Changes in assets and liabilities		
Accounts receivable	(1,218,371)	(2,522,672)
Pledges receivable	585,485	13,699,735
Advances to third parties	(973,218)	2,493,306
Contributions receivable	(9,246,666)	(5,771,274)
Prepaid assets	(17,451)	(3,153,832)
Other current assets	(190,118)	(142,795)
Long-term trust receivables	(3,053,618)	3,324,639
Other noncurrent assets	(1,198,609)	219,713
Accounts payable and accrued expenses	7,174,699	(785,570)
Grants payable	7,867,594	(8,205,959)
Deferred revenue	18,712	(19,459)
Refundable advances	1,370,554	(4,237,551)
Other long-term liabilities	668,045	1,776,671
Net cash provided by operating activities	15,352,967	7,427,613
Cash flows provided by investing activities		
Purchases of land, building and equipment	(5,010,740)	(16,060,345)
Purchases of investments	(55,654,314)	(46,373,936)
Proceeds from sale of investments	65,726,359	74,166,156
Net cash provided by investing activities	5,061,305	11,731,875
Cash flows used in financing activities		
Permanently restricted contributions received	1,000,000	11,643
Payments on long-term debt	(3,215,000)	(3,055,000)
Payment on interest rate swaps	(8,612,694)	-
Amortization of bonds issuance costs	74,680	78,987
Net cash used in financing activities	(10,753,014)	(2,964,370)
Increase in cash and cash equivalents	9,661,258	16,195,118
Cash and cash equivalents, beginning of year	\$ 56,703,010	\$ 40,507,892
Cash and cash equivalents, end of year	\$ 66,364,268	\$ 56,703,010
Required supplemental disclosure		
Cash payments for interest	\$ 1,939,320	\$ 2,478,462

See accompanying notes to consolidated financial statements.

World Wildlife Fund, Inc.

Notes to Consolidated Financial Statements

1. Summary of Accounting Policies

Organization

World Wildlife Fund, Inc. (WWF), a Delaware nonprofit corporation, has worked since 1961 to protect the future of nature. WWF's mission is to conserve nature and reduce the most pressing threats to the diversity of life on Earth. The WWF Network, of which WWF-US is a part, is one of the world's leading conservation organizations, working in over 100 countries, with the support of millions of members worldwide. WWF is dedicated to delivering science-based solutions to preserve the diversity and abundance of life on Earth, halt the degradation of the environment, and combat climate change.

WWF focuses its work in six key areas:

Wildlife Conservation - conserving threatened wildlife and wild places to sustain life on Earth.

Forests - conserving the world's most important forests to sustain nature's diversity, benefit our climate, and support human well-being.

Freshwater - protecting the world's freshwater resources and landscapes to support biodiversity and human livelihoods.

Oceans - achieving resilient and productive oceans that support rich biodiversity, food security, and sustainable livelihoods.

Food - producing enough food to nourish everyone in the world while reducing the environmental footprint of food systems.

Climate - creating a climate-resilient and zero-carbon world, powered by renewable energy.

WWF works in partnership with communities, individuals, governments, businesses, and foundations to address the greatest threats to life on this planet and protect the natural resources that sustain and inspire us. Together we are:

- Safeguarding and restoring species and their habitats with both well-proven and innovative technologies, and cutting-edge social and ecological science.
- Supporting the ability of local communities to thrive while conserving the natural resources they depend upon.
- Transforming specific commodity markets to reduce the impact of their production and consumption on natural systems.
- Mobilizing hundreds of millions of people to support conservation.

WWF is the largest member of an international WWF network which has offices in more than 50 countries. The independently incorporated WWF national organizations coordinate their conservation work. WWF-International, a secretariat located near Geneva, Switzerland, provides network services. WWF-US, WWF-International, and the WWF network are not consolidated, due to the lack of control among the entities.

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WWF-US has 14 offices stationed outside of the US. These country offices are Nepal, Bhutan, Namibia, Mexico, Guatemala, Honduras, Belize, Suriname, Guiana, Ecuador, Peru, Paraguay, Bolivia and Chile.

1250 24 Street LLC (“1250 24 Street”) is a District of Columbia limited liability company incorporated on January 26, 2017 to: (a) have and exercise all powers conferred by the laws of the District of Columbia on limited liability companies, and (b) do any and all things necessary, convenient, or incidental for the achievement of the foregoing. Currently, 1250 24 Street leases and operates the building owned by WWF at 1250 24th Street, Northwest Washington, D.C. WWF has 100% membership interest in 1250 24 Street LLC.

1250 24 LLC (“1250 24”) is a District of Columbia limited liability company incorporated on November 15, 2016 to: (a) have and exercise all powers conferred by the laws of the District of Columbia on limited liability companies, and (b) do any and all things necessary, convenient, or incidental for the achievement of the foregoing. Currently, 1250 24 leases and operates a portion of the building owned by WWF at 1250 24th Street, Northwest Washington, D.C. WWF has 100% membership interest in 1250 24 LLC.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of WWF, 1250 24 Street and 1250 24 (collectively as “WWF”). All significant intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements include the accounts of WWF and its LLC companies, collectively referred to hereafter as WWF, where WWF has control in the form of majority voting interest in the Board of Directors, management of the leadership position or a majority source of funding. The account of WWF includes financial activity of the WWF-US country offices.

Basis of Accounting

The consolidated financial statements of WWF have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Accounting Pronouncements Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. ASU 2016-02 applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. ASU 2016-02 is effective for WWF’s fiscal years beginning after December 15, 2018 with early adoption permitted. In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which allowed not-for-profit entities that have not issued its financial statements as of June 3, 2020, to extend the effectivity of these standards by one year.

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Notes to Consolidated Financial Statements

WWF adopted the guidance under FASB ASC Topic 842 for fiscal year ending June 30, 2021. WWF applied a modified retrospective transition approach which resulted in the capitalization of some existing operating leases. Accordingly, WWF recorded an asset and a liability on the consolidated statements of financial position to recognize the rights and obligations arising from leasing arrangements with lease terms greater than 12 months. WWF recorded right-of-use (ROU) assets amounting to \$1,057,625 included in other noncurrent assets and operating lease liability totaling \$1,134,282 reported in the statements of financial position as of June 30, 2021. Further disclosure of the impact of adopting ASU 2016-02 is disclosed in Note 9 of the consolidated financial statements.

WWF elected the practical expedient approach in transition period which includes not reassessing definition of a lease, lease classification, and initial direct costs or the use of hindsight. As a result of the adoption of ASC 842 an opening balance to net assets as of July 1, 2020 was added to WWF consolidated financial statements. The new standard provides practical expedients for an entity's transition to the new standard. Management elected the short-term lease (leases 12 months or less in duration) recognition exemption for all leases that qualify. WWF accounts for short-term leases on a straight-line basis over the lease term. For those leases that qualify for the exemption, WWF did not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. Management has also elected the practical expedient to not separate lease and non-lease components for all leases. While the new standard identifies common area building maintenance as a non-lease component of real estate lease contracts, management applied the practical expedient to account for real estate leases and associated common area maintenance service components as a single, combined operating lease component.

In some field office locations, the initial lease term of the related lease has expired. The continuation of the lease is based on a month-to-month business arrangement. In each of these cases management analyzed whether WWF is reasonably certain to extend given current programmatic plans in the region, availability of comparable alternatives, lessor's right to terminate, and other economic criteria. As a result of those analyses, WWF concluded it is reasonably certain that in some instances a renewal option would be exercised, and the related future expected payments are reflected in the ROU asset and lease liability. WWF management has elected the practical expedient to utilize the risk-free, Treasury yield curve, rate when calculating the lease liabilities. This discount rate is applied to three portfolios of leases. Management has concluded the application does not create a material difference when compared to individually determined discount rates applied to each of the leases in the portfolio. The weighted average discount rate associated with operating leases as of June 30, 2021 is 2.83%.

In August 2017, the FASB issued ASU 2017-02, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. These amendments refine and expand hedge accounting for both financial (e.g., interest rate) and commodity risks. Its provisions create more transparency around how economic results are presented, both on the face of the financial statements and in the footnotes. It also makes certain targeted improvements to simplify the application of hedge accounting guidance. The ASU is effective for WWF's consolidated financial statements for fiscal years beginning after December 15, 2019. The adoption of this ASU did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The ASU is effective

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for WWF's consolidated financial statements for fiscal years beginning after December 15, 2019. The adoption of this ASU did not have a material impact on the consolidated financial statements.

In October 2018, the FASB issued ASU 2018-16, *Derivatives and Hedging (Topic 815) Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting*. In the United States, eligible benchmark interest rates under Topic 815 are interest rates on direct Treasury obligations of the U.S. government (UST), the London Interbank Offered Rate (LIBOR) swap rate, and the Overnight Index Swap (OIS) Rate based on the Fed Funds Effective Rate. When the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, in August 2017, it introduced the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Rate as the fourth permissible U.S. benchmark rate. The new ASU adds the OIS rate based on SOFR as a U.S. benchmark interest rate to facilitate the LIBOR to SOFR transition and provide sufficient lead time for entities to prepare for changes to interest rate risk hedging strategies for both risk management and hedge accounting purposes. The ASU is effective for WWF's consolidated financial statements for fiscal years beginning after December 15, 2019. The adoption of this ASU did not have a material impact on the consolidated financial statements.

Accounting Pronouncements to be Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. ASU 2016-13 is effective for fiscal years beginning after December 15, 2020. Early adoption may be selected for fiscal years beginning after December 15, 2018. WWF must apply the amendments in ASU 2016-13 through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective except for certain exclusions.

In November 2018, the FASB issued ASU 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction Between Topic 808 and Topic 606*. A collaborative arrangement is a contractual arrangement under which two or more parties actively participate in a joint operating activity and are exposed to significant risks and rewards that depend on the activity's commercial success. The ASU provides guidance on how to assess whether certain transactions between collaborative arrangement participants should be accounted for within the revenue recognition standard. The ASU also provides more comparability in the presentation of revenue for certain transactions between collaborative arrangement participants. It accomplishes this by allowing organizations to only present units of account in collaborative arrangements that are within the scope of the revenue recognition standard together with revenue accounted for under the revenue recognition standard. The parts of the collaborative arrangement that are not in the scope of the revenue recognition standard should be presented separately from revenue accounted for under the revenue recognition standard. The ASU is effective for WWF's consolidated financial statements for fiscal years beginning after December 15, 2020. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

In May 2019, the FASB issued ASU 2019-05, *Financial Instruments - Credit Losses (Topic 326)*. The amendments in this Update provide entities that have certain instruments within the scope of Subtopic 326-20, *Financial Instruments—Credit Losses—Measured at Amortized Cost*, with an option to irrevocably elect the fair value option in Subtopic 825-10, *Financial Instruments—Overall*, applied

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on an instrument-by-instrument basis for eligible instruments, upon adoption of Topic 326. The fair value option election does not apply to held-to-maturity debt securities. An entity that elects the fair value option should subsequently apply the guidance in Subtopics 820-10, *Fair Value Measurement Overall*, and 825-10. This ASU is effective for fiscal years beginning after December 15, 2020. Early adoption may be selected for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes*. This ASU removes specific exceptions to the general principals in Topic 740 and eliminates the need for an organization to analyze whether it applied certain provisions in a given period. This ASU is effective for WWF's fiscal year ending June 30, 2022. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. This ASU is available to be adopted by WWF from March 12, 2020 through December 31, 2022. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. This ASU must be applied on a retrospective basis and is effective for WWF's fiscal year ending June 30, 2022. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

Basis of Presentation

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). Based on the existence or absence of donor-imposed restrictions, WWF classifies resources as follows:

- *Net assets without donor restrictions* - net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations. Board-designated net assets are net assets without donor restrictions designated by the Board of Directors. Board-designated reserves result primarily from bequests received that are designated for use in operations by the Board of Directors.
- *Net assets with donor restrictions* - net assets with donor restrictions are the net assets that are contributions and endowment investment earnings subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by the passage of time or can be fulfilled and removed by action of WWF pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

WWF reports unconditional contributions restricted by donors as increases in net assets with donor restrictions in the reporting period in which the revenue is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets

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with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. WWF reports conditional contributions with restrictions by donors as increases in net assets without donor restrictions in the reporting period in which the condition has been satisfied and revenue has been recognized, and when the time restriction ends, or purpose restriction is accomplished.

Cash and Cash Equivalents

Cash and cash equivalents are cash and limited period investments with original maturities of three months or less, except for those investments funds held as part of the investment portfolio.

Financial Risks

WWF maintains cash balances with federally insured institutions as well as in accounts located outside the United States. Accounts at federally insured institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank at June 30, 2021 and 2020. At June 30, 2021 and 2020, WWF held \$65,589,322 and \$53,868,700 in uninsured accounts, respectively. WWF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

WWF has operations in many countries around the world, many of which have politically and economically volatile environments and whose governments are still in developing stages. As a result, WWF may have financial risks associated with these operations including, but not limited to, such matters as the assessment of additional local taxes and foreign currency risk.

Financial Instruments and Credit Risk

Financial instruments which potentially subject WWF to a concentration of credit risk consist principally of investments held at creditworthy financial institutions. By policy, these investments are kept within limits designed to prevent risk caused by concentration. Credit risk with respect to pledges receivable is considered limited due to the large WWF donor base. Credit risk with respect to contributions receivable relates to amounts due from the U.S. government and entities in the WWF network. Credit risk is considered limited due to the large number of entities from which amounts are due.

Funds Maintained in Foreign Accounts

Certain items reflected in the consolidated statements of financial position, including cash and cash equivalents of \$3,741,270 and \$3,051,974 in local currencies and \$5,347,469 and \$10,187,073 in U.S. dollars at June 30, 2021 and 2020, respectively, are maintained at financial institutions in foreign countries. For financial reporting purposes, the year-end foreign currency balances are translated into U.S. dollars using current exchange rates in effect at the date of the consolidated statements of financial position.

Advances to Third Parties

Advances to third parties consist primarily of advances to WWF's subgrantees for future program implementation for those awards considered to be conditional contributions made to subgrantees. Advances to third parties totaled \$10,656,472 and \$9,683,254 as of June 30, 2021 and 2020, respectively.

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Accounts Receivable

Accounts receivable are stated at their net realizable value. Accounts receivable consist primarily of noninterest-bearing amounts due for royalty, service and other contracts. The allowance method is used to determine the uncollectible amounts. The allowance is based on prior years' experience and management's analysis of subsequent collections. If actual collection experience changes, revisions to the allowance may be required. Uncollectible accounts are written off when all efforts to collect these receivables have been exhausted.

Contributions Receivable

Conditional contributions consist primarily of awards from contracts with the U.S. federal government, as well as bilateral and multilateral awards. Contributions receivable related to these awards are not recorded until the conditions within the arrangements have been satisfied by WWF. These receivables are expected to be collected within one year, and are recorded at their net realizable value.

Contributions from the WWF network are also included in contributions receivable. These receivables arise from unconditional awards from WWF network members. Network receivables that are expected to be collected within one year are recorded at net realizable value. Network receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows which approximates their fair value. The discounts on those amounts are computed using an average treasury bond corporate rate based on the number of years until the contract arrangements expire. Amortization of the discount is recorded as additional network revenue.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows which approximates their fair value. The discounts on those amounts are computed using treasury bond corporate rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue. An allowance is made for uncollectible pledges based upon management's judgment and an analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Prepaid Assets

Prepaid assets include amounts paid in advance in the normal course of business, premiums which are miscellaneous items provided to donors and others, and other miscellaneous assets of WWF.

Investments

The fair value of marketable investments in equity and debt securities (which includes both domestic and foreign issues) and U.S. government obligations are based on the published current market value at June 30, 2021 and 2020. The fair values of WWF's investments in limited partnerships are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners in the absence of readily ascertainable market values.

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Notes to Consolidated Financial Statements

Certain limited partnerships and corporate investments have no readily determinable market value and are valued at fair value as estimated by the general partners and corporations. Because of the inherent uncertainty of valuation, it is possible that estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. In addition, certain investments may also have risk associated with concentrations of investments in one geographic region and in certain industries. The limited partnership's ability to liquidate certain of its investments may be inhibited since the issuers may be privately held or the limited partnership may own a relatively large portion of the issuers' equity securities.

Long-term investments represent Board-designated reserves, endowments, charitable gift annuities, and pooled income funds held for long-term investment. Short-term investments consist of investments with a maturity date of 12 months or less.

Investments at cost

Investments at cost represent investments valued at acquisition cost. WWF invested in two early-stage companies that focus on developing natural product alternatives that primarily use seaweed, including seaweed production.

Bond Issuance Costs

Costs associated with issuance of bonds have been deferred and are amortized over the terms of the bonds. WWF uses the straight-line method, which approximates the effective interest method. The bond issuance costs are presented as direct deduction from the face amount of the related liability. Bond issuance costs totaled \$4,311,047 for the years ended June 30, 2021 and 2020, and accumulated amortization related to the bond issuance costs totaled \$3,771,177 and \$3,696,496 as of June 30, 2021 and 2020, respectively. See Note 8.

Land, Building, and Equipment

Land, building, and equipment are recorded at cost. WWF capitalizes all expenditures for property and equipment over \$5,000. Depreciation for equipment, furniture and software is computed using the straight-line method, with the half-year convention over the estimated useful lives of the assets. Depreciation and amortization for the building, building improvements and tenant improvements is computed using the straight-line method.

The estimated useful lives of WWF's assets are as follows:

Office equipment	3 years
Office furniture and fixtures	5 - 8 years
Software and applications	3 - 11 years
Building and tenant improvements	15 years
Building	40 years

The estimated useful life of tenant improvements is the lesser of the term of the lease or life of the asset.

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Impairment of Long-Lived Assets

WWF reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the long-lived asset is reduced, by a charge to the consolidated statements of activities, to the carrying value.

Other Noncurrent Assets

Other noncurrent assets consist of the assets for WWF's 457(b) pension and international retirement plans recorded at fair market value, leasing commissions, ROU asset, and deferred rent receivable.

Split Income Gifts

WWF has been named as beneficiary in various split income gifts that include charitable gift annuities and remainder trusts. The values of all split income gifts have been determined using discount rates that range from 1.2% to 1.5%, based upon rates approved by the Internal Revenue Service (IRS) as of the date of the gift.

Charitable Trusts - WWF acts as trustee for various revocable and irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets to WWF, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace WWF as the beneficiary of the trust, WWF records the assets placed in trust at fair value, with an equal and offsetting liability until such time that WWF receives distributions from the trust in accordance with its terms. If the trust is irrevocable, the trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income.

Charitable Gift Annuities - Under charitable gift annuity contracts, WWF receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future payments to the beneficiary is reduced by payments made to the beneficiary and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

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As of June 30, 2021 and 2020, \$12,694,433 and \$10,109,077, respectively, was included as long-term investments in the consolidated statements of financial position and represent split income gifts for which WWF serves as the trustee. These gifts are recorded at the discounted present value of the gifts based on 2000CM mortality tables for split income gifts received prior to January 1, 2015, and the 2012 Individual Annuity Reserving (IAR) mortality tables for split income gifts received after January 1, 2015. WWF recognizes a liability for the portion of the split income gifts that is determined to be payable to beneficiaries under the terms of the agreements where WWF is the trustee. As of June 30, 2021 and 2020, these liabilities totaled \$7,475,678 and \$7,504,604, respectively, and are recorded within other long-term liabilities in the consolidated statements of financial position.

Income from these gifts is recorded as investment income and changes in the value are included in bequests, endowments, and split income gifts in the accompanying consolidated statements of activities.

Beneficial Interests in Charitable Trusts Held by Others - WWF has been named as an irrevocable beneficiary of various charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, WWF has neither possession nor control over the assets of the trusts.

At the date WWF receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the consolidated statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

For split income gifts, for which WWF does not serve as the trustee, WWF included a gain of \$5,562,998 and \$5,277,705 in bequests, endowments, and split income gifts on the accompanying consolidated statements of activities for the years ended June 30, 2021 and 2020, respectively.

WWF's beneficial interest in these gifts, which amounted to \$43,018,107 and \$39,748,475 at June 30, 2021 and 2020, respectively, is also recorded at the discounted present value of the gifts and is reported as long-term trust receivables in the accompanying consolidated statements of financial position.

In addition to these gifts, WWF has been named as the beneficiary in various agreements that are either revocable, or for which a reasonable valuation cannot be calculated, or allow the donor or beneficiary to change WWF's right to receive the assets. Such agreements are therefore not recorded in the accompanying consolidated financial statements.

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Grants Payable

Grants are primarily made to other conservation organizations. The grants are accrued when WWF makes a legally enforceable unconditional pledge to the other organization. For grants that are for a period of more than one year, the future payments are discounted and recorded as the present value of their estimated future cash flows, which approximates their fair value. The discounts on those amounts are computed using treasury bond corporate rates applicable to the years in which the promises were made.

Deferred Revenue

Funds received in advance of satisfying contractual performance obligations are recorded as deferred revenue in the consolidated statements of financial position. As of June 30, 2021 and 2020, WWF had \$318,712 and \$300,000, respectively, in deferred revenue related to royalties and service contracts included in consolidated statements of financial position.

Refundable Donor Advances

A transfer of assets (i.e. cash received) that is related to a conditional contribution is accounted for as a refundable donor advance in the accompanying consolidated statements of financial position until the donor conditions have been substantially met or explicitly waived by the donor. As of June 30, 2021 and 2020, refundable donor advances amounted to \$11,834,344 and \$11,847,890, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities and are further described in Note 13. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Allocation of Joint Costs

WWF reports the costs of all materials and activities that include a fundraising appeal as fundraising costs unless certain specific conditions are met, in which case the joint costs may be allocated between fundraising and program expenses. WWF evaluates all programs that include fundraising to determine which programs would meet the requirements for allocation of costs. WWF allocates joint costs based on the relative direct cost method whereby costs are allocated to each of the components on the basis of their respective direct costs (i.e., costs incurred in connection with the multipurpose materials or activity that are specifically identifiable to each program or function). In fiscal years 2020 and 2019, WWF incurred joint costs of \$52,883,905 and \$47,120,036, respectively, for informational materials and activities that included a fundraising appeal. Of the joint costs incurred, \$24,249,262 and \$21,659,962 were allocated to fundraising expenses, and \$28,634,643 and \$25,460,074 were allocated to program expenses, for the years ending June 30, 2021 and 2020, respectively.

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Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interpretation of Relevant Law

The Board of Directors has determined that an enacted version of the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to WWF's endowment funds. When a donor expresses intent clearly in a written gift instrument, WWF follows the donor's instructions. When a donor's intent is not so expressed, WWF shall spend an amount from the fund that is prudent, consistent with the purposes of the fund, relevant economic factors, and the donor's intent that the fund continues in perpetuity.

Investment Policy Statement

As careful stewards of our donors' contributions, and to be respectful of their intent to support and further WWF's conservation efforts, WWF seeks to manage the investment portfolio to maximize funding for conservation while prudently managing risk. Careful management of the assets is designed to ensure a total return (income plus capital change) necessary to preserve and enhance (in real dollar terms) the principal of the fund and at the same time, provide a dependable source of support for current operations and programs. The investment portfolio includes donor-restricted funds that WWF must hold in perpetuity or for donor-specified period(s) as well as board-designated funds. The primary investment objective of the pool is to attain a net average annual total real return of 5% over rolling ten-year periods. Actual returns in any given period may vary from this amount but should be attainable over a series of ten-year periods.

Reclassifications

Certain prior year amounts have been reclassified in the consolidated financial statements and accompanying notes to conform to the current year presentation.

2. Revenue Recognition

WWF's significant revenue recognition policies are outlined below.

Contracts with Customers Accounted for in Accordance with ASC 606

WWF recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration WWF expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, WWF combines it with other performance obligations until a distinct bundle of goods or services exists. For the following items, disaggregated by type, performance obligations are satisfied over time and the related revenue is recognized as services are rendered. WWF management expects that the period between when WWF transfers goods and services to their customers and when the customers pay for those goods and services will be one year or less. Therefore, WWF has elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant

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financing component. Invoices resulting from WWF's contracts with customers are generally due within 30 days of the invoice date. Royalties, service contracts and other revenue consists of the following:

- Royalties - WWF grants customers a license to access WWF's trademark in exchange for royalty payments. The trademark represents symbolic intellectual property which does not have significant stand-alone functionality as the utility of the trademark to the customer is serviced from its association with WWF's on-going business activities to support and maintain the value of the trademark. The right to access the intellectual property is satisfied over time as WWF fulfills its promise to grant the customer the right to use the trademark and as WWF supports and maintains the intellectual property. Certain of WWF's royalty contracts contain variable elements based on usage or sales. This variable element of consideration is recognized when the sale or usage occurs. Royalty revenue totaled \$4,340,307 and \$7,151,571 for the years ended June 30, 2021 and 2020, respectively.
- Service Contracts - From time to time, WWF enters into arrangements with customers to provide services that ultimately further the conservation of nature yet provide reciprocal value to the customer. Services range from providing customers assistance with corporate environmental policies, procuring appropriate organizations to perform work on behalf of the customer, and providing WWF's international entity's with various administrative services.

Certain of these arrangements require WWF to complete milestones in order to be entitled to payment. WWF, therefore, recognizes revenue over time using the output method as those milestones are achieved. There are no variable consideration elements to these milestone-based contracts. Total revenue recognized for the years ended June 30, 2021 and 2020, related to these milestone-based service contracts was \$0 and \$964,477, respectively.

For other service arrangements, WWF has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of WWF's performance completed to date. Therefore, WWF recognizes revenues in the amount to which WWF has the right to invoice. WWF elected not to disclose information about unsatisfied performance obligations because of WWF's right to invoice. Revenue related to these service arrangements totaled \$3,018,398 and \$3,018,594 for the years ended June 30, 2021 and 2020, respectively.

Revenue Accounted for in Accordance with ASU 2018-08

Government Grants and Contracts

Within the consolidated statements of activities, government grants and contracts revenue consist of the following:

- U.S. Federal Grants - Grants awarded by federal agencies or passed through to WWF from another donor that received funding from the U.S. federal government are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. U.S. Federal Grant revenue totaled \$20,361,893 and \$17,553,569 for the years ended June 30, 2021 and 2020, respectively.
- Bilateral Contributions - Bilateral contributions include support received from foreign governments that are generally considered to be nonreciprocal transactions. These arrangements are governed by various stipulations that are related to the purpose of the agreement and regulations of the foreign government providing the support. Revenue is

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recognized when qualified expenditures are incurred and conditions under the grant agreement are met. Certain contributions from foreign governments may be unconditional contributions and are recorded as revenue at the time the agreement is executed. Bilateral contributions totaled \$9,077,352 and \$12,039,651 for the years ended June 30, 2021 and 2020, respectively.

- *Multilateral Contributions* - Multilateral contributions include support received from institutions created by a group of countries to provide financing for the purpose of development such as the Global Environmental Facility, World Bank, United Nations (UN) and others. Contributions from these donors may be either conditional or unconditional transactions. Depending on the type of agreement, WWF may record revenue at the time the agreement is executed for unconditional contributions, or as conditions are satisfied for conditional contributions. Multilateral contributions totaled \$12,706,511 and \$15,442,418 for the years ended June 30, 2021 and 2020, respectively.

Network Revenue

WWF global network offices contribute support to WWF for its country programs. Contributions from network offices are recognized as unconditional contributions upon execution of the agreement with the WWF global network offices.

Included in WWF network revenues on the consolidated statements of activities for the years ended June 30, 2021 and 2020 are revenues from WWF-Netherlands of \$6,700,511 and \$2,136,688, respectively. WWF network revenues are recognized as unconditional contributions and revenue is recognized when the agreements are received and executed.

Contribution Revenue

WWF receives support from individuals, foundations, corporations, and other NGO's in support of WWF's mission. Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, WWF receives promises to give that have certain conditions such as meeting specific performance-related barriers or limit the discretion on WWF's use of the funds. Other contributions may have revocable features to the promise to give. Conditional promises to give are recognized when the conditions are substantially met.

In-Kind Contributions

Radio and television stations and certain publications have contributed advertising time and space to WWF at no charge. The estimated fair values of the advertisements are based on independent third-party valuations and reported as in-kind contribution revenue and program expense in the period in which the advertisements are run. Certain other in-kind contributions have also been received and recorded at fair-market value in the period in which each contribution was made.

Non-Operating Income Allocated to Operations

Contributions, except for bequests and endowments, are reported as revenue from operating activities in the appropriate category of net assets. The Board of Directors has designated that bequests and endowments are not generally available for use in operations; therefore, these contributions are recognized as nonoperating activities in the appropriate category of net assets.

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Investment income, including realized and unrealized gains and losses, in excess of amounts utilized in operations based on the organization's spending policy, is accounted for as an increase or decrease in non-operating activities. It is classified as unrestricted unless its use is restricted by explicit donor stipulations or by law.

Trusts and Bequests

Split interest (trust) contributions are only recorded when the agreement becomes irrevocable. WWF's remainder value is revalued every year. Bequest contributions are recorded only after probate and the legal process has been completed.

3. Accounts Receivable

Management believes amounts recorded in accounts receivable to be collectible based on historical collection experience, write-offs, and other factors and, therefore, has not recorded an allowance against the accounts receivable as of June 30, 2021 and 2020. Accounts receivable is comprised of the following at June 30:

	2021	2020
Service contracts	\$ 3,086,911	\$ 3,075,639
Others	3,732,039	2,524,940
	\$ 6,818,950	\$ 5,600,579

During the years ended June 30, 2021 and 2020, WWF determined that \$0 and \$66,693, respectively, of accounts receivable were uncollectible based on review of outstanding amounts and are included as part of fundraising expenses on the accompanying consolidated statements of activities.

4. Contributions Receivable

Management believes amounts recorded in contributions receivable to be collectible based on historical collection experience, write-offs, and other factors and, therefore, has not recorded an allowance against the accounts receivable as of June 30, 2021 and 2020. Contributions receivable is comprised of the following at June 30:

	2021	2020
WWF Network, net of discount	\$ 20,431,516	\$ 14,325,825
Government grants and contracts	15,160,047	14,388,204
Others	4,876,986	2,215,680
	\$ 40,468,549	\$ 30,929,709

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Of total contributions receivable, network receivables have amounts that are expected to be due in future years. These amounts were estimated based on the remaining contract value and numbers of years left on the award. The interest rates used to discount the amounts expected to be collected in future years range from 0.32% to 3.71% and 0.60% to 3.71% for the years ended June 30, 2021 and 2020, respectively.

	2021	2020
Less than a year	\$ 30,070,116	\$ 24,135,176
One-to-five years	10,485,811	7,174,085
Subtotal	40,555,927	31,309,261
Less: discount to present value	(87,378)	(379,552)
Subtotal	40,468,549	30,929,709
Less: current portion of contributions receivable	(30,070,116)	(24,135,176)
Non-current portion of contributions receivable	\$ 10,398,433	\$ 6,794,533

5. Pledges Receivable

Unconditional promises to give consisted of the following at June 30:

	2021	2020
Less than a year	\$ 26,813,212	\$ 33,074,321
One-to-five years	15,218,895	8,952,985
More than five years	2,348,715	2,964,001
Subtotal	44,380,822	44,991,307
Less: discount to present value	(738,415)	(782,906)
Less: allowance for uncollectible pledges	(250,000)	(250,000)
Subtotal	43,392,407	43,958,401
Less: current portion of pledges receivable	(26,813,212)	(33,074,321)
Non-current portion of pledges receivable	\$ 16,579,195	\$ 10,884,080

The interest rates used to discount the amounts expected to be collected in future years range from 0.32% to 3.71% and 0.49% to 3.71% as of June 30, 2021 and 2020, respectively. During the years ended June 30, 2021 and 2020 WWF, determined that \$25,000 and \$27,822 of pledges receivable were uncollectible based on collection history and were written off. These costs are included as fundraising expenses in the consolidated statements of activities.

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6. Investments

Investments consisted of the following at June 30:

	2021	2020
Money market funds	\$ 181,420	\$ 244,227
Partnership investments	286,016,380	146,555,108
Mutual funds	72,698,460	55,304,152
Common collective trusts	11,572,161	8,797,177
Debt and equity securities	25,033,034	20,091,879
Total investments	395,501,455	230,992,543
Less: short-term investments	(112,830,423)	(9,175,052)
Long-term investments	\$ 282,671,032	\$ 221,817,491

Investment return (loss) consisted of the following for the years ended June 30:

	2021	2020
Dividends and interest income	\$ 4,883,525	\$ 4,161,769
Realized and unrealized gains (losses), net	69,919,872	(3,017,065)
Less: investment expenses	(2,314,674)	(1,766,774)
Income (loss) from investments, net	\$ 72,488,723	\$ (622,070)

WWF received donated securities with a fair value of \$106,395,246 and \$4,512,559 during the years ended June 30, 2021 and 2020, respectively, to be used for unrestricted activities.

In January 2014, WWF entered into a 'stranded assets' total return swap. WWF pays the total return from an index of coal and tar sands companies and receives the total return on the S&P 500 Index which settles quarterly. The swap is designed to hedge against portfolio risk specifically attributed to coal and tar sand business sectors. As of June 30, 2021, WWF had no outstanding swap agreements. The fair market value of the swaps was a net receivable position of \$33,808 as of June 30, 2020 and is included in accounts receivable in the consolidated statements of financial position. See related Note 8.

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7. Land, Building, and Equipment

Land, building, and equipment consisted of the following at June 30:

	2021	2020
Land	\$ 17,436,974	\$ 17,436,974
Building	45,752,825	45,982,829
Furniture, equipment and software	47,015,034	28,880,454
New enterprise resource management system implementation project in process	-	14,952,333
Building and tenant improvements	32,964,842	31,938,639
	143,169,675	139,191,229
Less: accumulated depreciation and amortization	(66,472,144)	(61,431,932)
Land, building, and equipment, net	\$ 76,697,531	\$ 77,759,297

WWF has allocated the building operating costs and interest expense between non-commercial and commercial building operations expense based on occupancy percentages. The non-commercial portion of these costs is allocated to program expense and supporting services expense by using the Modified Total Direct Cost (MTDC) method of indirect cost allocation as defined in Uniform Guidance, *Cost Principles for Non-Profit Organizations*. The MTDC method applies indirect costs using total salaries, benefits, and other expenses (less equipment, vehicles, and other purchases) as the base of distribution and is considered to be in agreement with U.S. GAAP.

Depreciation and amortization expense consisted of the following for the years ended June 30:

	2021	2020
Depreciation, commercial building operations	\$ 1,209,052	\$ 1,156,070
Depreciation, all other building and equipment	4,577,370	2,963,908
Amortization of bond premium and issuance costs	65,967	70,274
Total depreciation and amortization	\$ 5,852,389	\$ 4,190,252

The commercial building operations net cash (outflow) inflow was \$(4,484,384) and \$1,823,253 for the fiscal years ended June 30, 2021 and 2020, respectively. Write-off of fully depreciated furniture and equipment was \$744,621 and \$0 as of June 30, 2021 and 2020, respectively.

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8. Long-Term Debt

Long-term debt was as follows at June 30:

	2021	2020
WWF Taxable Variable Rate Bonds, Series 2015	\$ 43,425,000	\$ 46,640,000
Original issue premium, net	78,420	87,134
Less: bond issuance costs, net	(539,869)	(614,550)
Long-term debt	42,963,551	46,112,584
Less: current portion	(3,375,000)	(3,215,000)
Long-term debt, net of current portion	\$ 39,588,551	\$ 42,897,584

On May 20, 2015, WWF's letter of credit provider, paid the entire balance of two previously outstanding Series 2010 and Series 2008B bonds and issued the \$59,700,000 World Wildlife Fund, Inc. Taxable Variable Rate Bonds Series 2015 (Series 2015), the Series 2015 bonds have a maturity date of July 1, 2030 and are subject to variable interest rates. The retired Series 2010 and Series 2008B bonds were utilized to purchase the headquarters building. The interest rate per annum is determined by the remarketing agent on the applicable rate determination date as the lowest average interest rate which, in the opinion of the remarketing agent, under then-existing market conditions, would result in the sale of such bonds (in the daily rate period or weekly rate period, as applicable) at a price equal to the principal amount of such bonds on the rate determination date, plus interest, if any, accrued through the rate determination date.

On the same date, WWF entered into a reimbursement agreement with JP Morgan Chase for the latter to provide a letter of credit covering the entire balance of the Series 2015 bonds.

WWF evaluated the application of ASC 470-50, *Modifications and Extinguishments* and concluded that the refinancing constituted a debt modification. Under ASC 470-50, the existing remaining bond premium issuance costs of the Series 2000B and Series 2010 totaling \$4,311,047 will be amortized over the remaining term of the new Series 2015 bonds.

In July 2021, WWF entered into a loan agreement with a certain bank to settle the outstanding Series 2015 bonds. See Note 22.

Upon issuance of the Series 2015 Bonds, WWF did not change the existing interest rate swaps. The swaps are used to minimize cash flow fluctuations of interest payments caused by the variable nature of the interest rates on the Series 2015 Bonds. The interest on the outstanding principal balance is due monthly at the variable interest rate until maturity of the bonds and the interest on the swaps is due quarterly. As of June 30, 2020, WWF had three interest-rate swap agreements covering \$49,370,000 of outstanding bonds to synthetically fix rates between 3.50% and 5.87%. The weighted average interest rate of the swaps was 5.52% for the fiscal year ended June 30, 2020. As of June 30, 2021, WWF had no outstanding swap agreements as all three were terminated and the related liabilities extinguished in June 2021.

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The swaps are recognized within the consolidated statements of financial position at fair value and are recorded as interest rate swap liability. Changes in the fair value of the swaps are recorded in gain (loss) on interest-rate swaps in the consolidated statements of activities. During the year ended June 30, 2021 and 2020, WWF recorded a gain of \$3,144,082 and a loss of \$(2,206,226) in fair-market value adjustments to the liability of the swaps. The fair market value of the interest rate swap liabilities was \$11,756,776 as of June 30, 2020.

Maturities of debt are as follows:

2022	\$	3,375,000
2023		3,555,000
2024		3,735,000
2025		3,935,000
2026		4,145,000
Thereafter		24,680,000
Less: bond issuance costs, net		(539,869)
Plus: original issue premium, net		78,420
		\$ 42,963,551

WWF incurred aggregate interest expense on the outstanding bonds and swaps of \$1,939,319 and \$2,478,463 for the years ended June 30, 2021 and 2020, respectively, which is allocated among the expenses, including building operations expense, based on internal allocation methods. WWF is subject to liquidity and debt service coverage ratio requirements as well as certain restrictions and limitations with respect to the incurrence of indebtedness, consolidation, and merger and transfer of assets. As of June 30, 2021, WWF was in compliance with these covenants, limitations and restrictions.

9. Commitments and Contingencies

Litigation

In the normal course of business, WWF is from time to time a party to various claims and lawsuits. If management determines, based on the underlying facts and circumstances, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued for. Management does not expect any adverse financial impact from open litigation matters occurring in the normal course of business as of June 30, 2021.

Commitments

Certain alternative investments, which include private equity investments, have rolling lockup periods ranging from one-to-three years. WWF is obligated under certain limited partnership agreements to fund certain partnership investments periodically up to a specified level. At June 30, 2021 and 2020, WWF had unfunded commitments of \$2,323,086 and \$2,400,145. Such commitments are generally called over periods of up to seven years and contain fixed expiration dates or other termination clauses.

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Operating Leases

WWF leases non-headquarters office facilities in the U.S. and internationally under operating leases that expire on various dates through August 2023. Such costs are included within facilities in the consolidated statements of functional expenses. It is expected that WWF will renew leases as necessary in the normal course of its activities.

Operating leases are accounted for in accordance with FASB ASU 2016-02 for fiscal year ended June 30, 2021. As a result, WWF recorded a lease obligation liability equal to the present value of the future payments under the terms of the lease. The discount rate is applied to three portfolios of leases. Management has concluded the application does not create a material difference when compared to individually determined discount rates applied to each of the leases in the portfolio. The weighted average discount rate associated with operating leases as of June 30, 2021 is 2.83%. WWF recorded ROU assets of \$1,057,625 included in other noncurrent assets and short-term and long-term operating lease liabilities of \$501,894 and \$632,388, respectively, in the consolidated statements of financial position as of June 30, 2021. Rental expense for the years ended June 30, 2021 and 2020, was \$792,706 and \$984,475, respectively.

The following is a schedule of the future minimum lease payments as of June 30, 2021:

Years ending June 30,

2022	\$	504,292
2023		310,106
2024		170,196
2025		140,161
2026		12,434
Thereafter		2,090
Total	\$	1,139,279

Tenant Income

The minimum future lease rental income is as follows:

Years ending June 30,

2022	\$	1,122,157
2023		1,079,992
2024		1,315,008
2025		1,003,842
2026		718,545
Thereafter		5,336,916
Total	\$	10,576,460

Additionally, WWF has letters of credit from various banks, which list the tenants as the applicants and WWF as the beneficiary. Letters of credit in favor of WWF as of June 30, 2021 and 2020, total \$302,738 and \$608,674. At June 30, 2021, no amounts had been drawn against the letters of credit.

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Federal Programs

Amounts received and expended by WWF under various federal programs are subject to audit by government agencies. Management believes that adjustments, if any, which might result from such audits would not have a material impact on the financial position of WWF.

Indirect Cost Reimbursement

The reimbursement of indirect costs reflected in the accompanying consolidated financial statements as federal grants revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to WWF's financial position or change in net assets.

10. Employee Benefits

WWF has a tax-deferred defined contribution plan under Section 403(b) of the Internal Revenue Code (IRC) for its employees. WWF's contributions under the 403(b) Plan are based on years of service and range from 3% to 9% of an eligible employee's annual salary. The expenses recorded by WWF for the 403(b) Plan were \$5,278,202 and \$4,715,109 for the years ended June 30, 2021 and 2020, respectively.

WWF has adopted two Deferred Compensation Plans in accordance with Section 457(b) and Section 457(f) of the IRC. The purpose of the 457(b) Plan is to offer certain eligible employees additional deferred compensation and/or the opportunity to defer specified amounts of compensation, on a pretax basis. The assets and liabilities associated with the 457(b) Plan were \$2,850,325 and \$2,153,353 for the years ended June 30, 2021 and 2020, respectively. The assets for the 457(b) Plan are included in other noncurrent assets and the liabilities are included in other long-term liabilities as presented in the consolidated statements of financial position. The purpose of the 457(f) Plan is the retention and recruitment of talent at the executive level. The expenses associated with the 457(f) Plan were \$0 for the years ended June 30, 2021 and 2020. The 457(f) Plan deferrals, which are reflected in other long-term liabilities, amounted to \$332,250 for the years ended June 30, 2021 and 2020, respectively.

During fiscal year 2004, WWF implemented a self-funded health insurance benefit plan under guidelines issued by the U.S. Department of Labor in accordance with the Employee Retirement Income Security Act (ERISA). Under this plan, WWF pays employee health insurance claims directly rather than using a third-party administrative service. To limit potential risk and exposure to higher than estimated claims, WWF has also purchased stop-loss insurance protecting WWF from claims over \$100,000 for individual employees and 125% of the actuarially determined yearly cost for the aggregated claims. The anticipated claims incurred but not reported were \$228,000 and \$277,000 as of June 30, 2021 and 2020, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

11. Income Taxes

WWF has received a determination letter from the Internal Revenue Service (IRS) that grants an exemption from income taxes under Section 501(c)(3) of the IRC except for any income that may be a result of unrelated business transactions. Additionally, the IRS has classified WWF as an organization other than a private foundation as a Section 509(a)(1) organization as referred to in Section 170(b)(1)(A)(vi).

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Under ASC 740-10, *Income Taxes*, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. WWF does not believe there are any material uncertain tax positions and accordingly it will not recognize any liability for unrecognized tax benefits. WWF has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, WWF has filed IRS Form 990 and Form 990-T tax returns as required and all other applicable returns in those jurisdictions where it is required. WWF believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2018. For the years ended June 30, 2021 and 2020 there were no interest or penalties recorded or included in the consolidated statements of activities related to uncertain tax positions.

12. Revenues

The following table shows WWF's revenues disaggregated by type for the year ended June 30:

	2021	2020
Contributions	\$ 280,410,473	\$ 161,842,511
Network revenue	25,044,246	24,691,892
Government grants and contracts:		
U.S. federal grants	20,361,893	17,553,569
Bilateral contracts	9,077,352	12,039,651
Multilateral contracts	12,706,511	15,442,419
Subtotal: government grants and contracts	42,145,756	45,035,639
Royalties, service contracts and other:		
Royalties	4,340,306	7,151,571
Service contracts	3,018,398	3,983,071
Other	247,740	253,617
Subtotal: royalties, service contracts and other	7,606,444	11,388,259
In-kind contributions	73,827,024	84,500,663
Nonoperating income allocated to operations	25,615,507	37,158,456
Total operating revenues	\$ 454,649,450	\$ 364,617,420
Commercial building revenue	\$ 2,287,670	\$ 6,086,875
Bequests, endowments, and split income gifts	\$ 41,393,641	\$ 35,784,365

Contracts with Customers - Remaining Performance Obligations

WWF's royalty contracts at June 30, 2021, have a duration greater than one year and contain both fixed and variable elements. Under the practical expedients for performance obligations, variable consideration for future periods need not be disclosed for sales-based or usage-based royalties in exchange for a license of intellectual property. Regarding the royalty fixed payments, as of June 30, 2021 and 2020, approximately \$3,538,863 and \$1,148,676, respectively, is expected to be recognized from the remaining performance obligations in future years.

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WWF's service contracts require WWF to complete milestones in order to be entitled to payment. The expected future contract value to be earned as a result of the completion of the milestones in future years is approximately \$0 and \$159,100, as of June 30, 2021 and 2020, respectively.

Conditional Contributions

At June 30, 2021 and 2020, WWF had received notification of outstanding conditional promises to give of approximately \$9,915,530 and \$79,000, respectively. These intentions and conditional promises are not recognized as assets and, if received, will generally be restricted for specific purposes stipulated by the donors, primarily to support our work around six key areas: forests, marine, freshwater, wildlife, food, and climate.

At June 30, 2021 and 2020, WWF had remaining available award balances on U.S. government, bilateral, and multilateral grants and contracts for sponsored projects of \$181,258,145 and \$148,437,051, respectively. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred. WWF has awarded conditional grants to subrecipients related to performance of these sponsored projects, which have outstanding commitments of up to \$83,442,845 and \$74,287,890 as of June 30, 2021 and 2020, respectively.

13. Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. WWF determines functional expense classification based on the departments to which time and expenses are charged. WWF departments reflect the nature and purpose of each expense that is incurred. Overhead expenses, which include occupancy, depreciation, and amortization, as well as salaries and wages, benefits, payroll taxes, and office expenses of the facilities staff, are allocated based on total expenses excluding in-kind and other unallowable costs to each of the functional categories. Financial and administration consist of accounting, finance, human resources, general information technology and legal service expenses. The following provides a description of each of the program expense categories presented in the consolidated statements of functional expenses:

U.S. programs - non-headquarters departments located within the U.S. that are implementing programmatic work around our six key areas of conservation: forests, marine, freshwater, wildlife, food, and climate.

International programs - departments implementing programmatic work outside the U.S. around our six key areas of conservation, as well as our international country offices.

Program management - departments that provide support directly to programmatic activities including program operations, legal support and information technology support.

Public education - WWF shares information with the American public on nature's value and the importance of conservation through a variety of channels, from our Wild Classrooms educational curriculum, our signature publication World Wildlife Magazine, our public service announcements, our website, and annual international events such as Earth Hour.

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14. Net Assets Without Donor Restrictions

Net assets without donor restrictions include undesignated and Board Designated amounts for the following purposes as of June 30:

	2021	2020
Board Designated for:		
Board Designated Reserves	\$ 153,825,214	\$ 113,013,731
Programmatic Activities	14,691,352	16,361,053
1001 Nature Trust	19,346,029	14,937,076
Building Losses and Others	13,500,000	-
Total Board Designated Quasi-Endowment	201,362,595	144,311,860
Undesignated	20,595,704	12,008,064
Total net assets without donor restrictions	\$ 221,958,299	\$ 156,319,924

Board designated reserves - Board designated reserves consist of funds designated by the Board of Directors to function as endowments and to be used for general operations per board payout policies. The board has established a spending policy for such funds as described in Note 15.

Board designation for programmatic activities - The WWF Board of Directors has designated reserves to support special programmatic initiatives as determined by WWF management and authorizes special payouts from these reserves.

1001 Nature Trust - In 1971 His Royal Highness the Prince of the Netherlands and President of the World Wildlife Fund launched “1001: A Nature Trust” to which he personally invited 1,000 men and women to join him in contributing funds to WWF for use in WWF’s basic operations. This fund was held by WWF-International in Switzerland, separate from WWF-US. WWF-US established its own fund in parallel with WWF International so that invited members living in the United States would be able to contribute to this fund to support operations in the U.S. The Board designated these funds to be used for general operations. The spending policy outlined in Note 15 is followed for the 1001 Nature Trust since it is considered to be a quasi-endowment.

Board designation for building losses and others - In 2021, the Board of Directors designated \$13.5 million to support the building operations during a time of revenue losses due to vacancies as well as for replacement of WWF’s storage area network.

15. Endowments

The endowment consists of 28 individual funds established by donors to provide annual funding for specific activities and general operations. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

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As of June 30, 2021, WWF had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	2021 Totals
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 53,499,416	\$ 53,499,416
Accumulated investment gains	-	32,349,711	32,849,711
Total donor restricted endowment funds	-	85,849,127	85,849,127
Total board-designated quasi-endowment funds	201,362,595	-	201,362,595
Total endowment net assets	\$ 201,362,595	\$ 85,849,127	\$ 287,211,722

As of June 30, 2020, WWF had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	2020 Totals
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 49,180,160	\$ 49,180,160
Accumulated investment gains	-	16,380,025	16,380,025
Total donor restricted endowment funds	-	65,560,185	65,560,185
Total board-designated quasi-endowment funds	144,311,860	-	144,311,860
Total endowment net assets	\$ 144,311,860	\$ 65,560,185	\$ 209,872,045

WWF has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As a result of this interpretation, WWF retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by WWF in a manner consistent with the standard of prudence prescribed by UPMIFA. WWF considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of the organization and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the organization, and the investment policies of WWF.

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From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2021 and 2020, there were no endowment funds that are underwater.

Investment and Spending Policies

WWF has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. WWF's investment policy statement is included in Note 1.

The Board-approved spending policy for fiscal year 2021 and 2020 is as follows:

Donor restricted endowment net assets: payouts on donor restricted endowment net assets are based on specific events or instructions as provided by donors. When specific donor instructions do not exist regarding the payout, the Board approved a payout based on 5% of the average endowment fair market value of the prior three years at December 31.

Board designated quasi-endowment net assets: payouts from the board designated quasi-endowment net assets are based on 100% of the trailing three-year average of available bequests, 5% of the trailing three-year average of Board-designated reserves, other payouts approved by the Board of Directors, and payout balances available from prior years.

In establishing this policy, WWF considered the long-term expected return of the investment portfolio and it is consistent with WWF's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The amounts authorized under this policy are reported as non-operating income on the accompanying consolidated statements of activities. Non-operating income allocated to operations represents the appropriations that are expended during the year.

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The amount expended for the year ended June 30, 2021 was \$25,615,507. Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	2021 Totals
Endowment net assets, beginning of year	\$ 144,311,860	\$ 65,560,185	\$ 209,872,045
Investment return			
Investment income, net	2,068,666	916,935	2,985,601
Net appreciation, realized	7,727,814	3,425,345	11,153,159
Net depreciation, unrealized	39,603,115	17,554,041	57,157,156
Total investment return	49,399,595	21,896,321	71,295,916
Contributions	34,040,316	1,000,000	35,040,316
Appropriation of endowment assets pursuant to spending policy	(26,389,176)	(2,607,379)	(28,996,555)
Other changes:			
Distribution from board-designated quasi-endowment pursuant to spending policy	-	-	-
Endowment net assets, end of year	\$ 201,362,595	\$ 85,849,127	\$ 287,211,722

The amount expended for the year ended June 30, 2020 was \$37,158,456. Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	2020 Totals
Endowment net assets, beginning of year	\$ 149,317,126	\$ 68,031,721	\$ 217,348,847
Investment return			
Investment income, net	1,511,431	669,940	2,181,371
Net appreciation, realized	2,542,383	1,126,909	3,669,292
Net depreciation, unrealized	(4,499,606)	(1,994,446)	(6,494,052)
Total investment return	(445,792)	(197,597)	(643,389)
Contributions	33,812,082	11,643	33,823,725
Appropriation of endowment assets pursuant to spending policy	(38,371,556)	-	(38,371,556)
Other changes:			
Distribution from board-designated quasi-endowment pursuant to spending policy	-	(2,285,582)	(2,285,582)
Endowment net assets, end of year	\$ 144,311,860	\$ 65,560,185	\$ 209,872,045

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Appropriation of assets for expenditure pertains to income from interest and dividends received on endowment assets which may be used by WWF for operations or specific donor-specific designations in accordance with the endowment agreements.

16. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2021	2020
<i>Subject to expenditure for a specified purpose:</i>		
Forests, Oceans, Wildlife, Freshwater Conservation	\$ 106,933,187	\$ 29,464,807
Markets and Food	23,130,903	12,553,156
Public Affairs	23,590,047	12,164,388
International Country Offices	36,278,069	30,127,608
Promises to give for which time restrictions have not lapsed and, the proceeds from which have been restricted by donors for:		
Forests, Oceans, Wildlife and Freshwater Conservation	16,846,728	23,847,783
Markets and Food	13,732,313	8,077,670
Public Affairs	2,070,840	4,915,893
International Country Offices	1,017,036	3,215,382
Total subject to expenditure for a specified purpose:	223,599,123	124,366,687
<i>Subject to the passage of time:</i>		
Beneficial interests in charitable trusts held by others	43,018,108	39,748,475
Promises to give that are not restricted for a purpose by donors, but which are unavailable for expenditure until due	-	30,000
Total subject to the passage of time:	43,018,108	39,778,475
<i>Endowments:</i>		
Original donor-restricted endowment gift and amounts required to be retained by the donor:		
U.S. programs	301,618	301,618
International programs	5,935,268	5,052,000
Education for Nature	19,598,720	18,598,720
General support	19,549,538	18,739,975
Other programs	8,114,272	6,487,847
Total original donor-restricted endowment gifts and amounts required to be retained by the donor:	53,499,416	49,180,160
<i>Accumulated investment gains on endowment funds:</i>		
U.S. programs	641,182	420,107
International programs	1,771,202	844,232
Education for Nature	10,779,902	4,102,992
General support	19,157,425	11,012,694
Total accumulated investment gains on endowment funds	32,349,711	16,380,025
Total endowments:	85,849,127	65,560,185
Total net assets with donor restrictions	\$ 352,466,358	\$ 229,705,347

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WWF has summarized donor-restricted net assets that are subject to purpose restrictions into the following categories based upon donor wishes:

Forests, Oceans, Wildlife, Freshwater Conservation - WWF partners with local communities and other groups to find actions to take to protect freshwater resources from contamination and depletion, reduce overfishing to endure reliable food sources, reduce conflicts between local people and wildlife, employ energy solutions that generate fewer greenhouse gas emissions than the current energy production system, and enact forest management approaches that regenerate or restore critical habitats for wildlife and a range of forest-based products for people.

Markets and Food - WWF partners with corporations, government agencies, local communities, NGO's, universities, and research institutes to reduce the impact of the production and trade of commodities that most affect our conservation priorities. WWF's goal is to measurably reduce the most significant impacts of individual actors as well as entire industries.

Public Affairs - WWF believes in fostering a safer, healthier, and more resilient future for people and nature. WWF helps individual citizens and some of the world's largest companies rethink the way they produce and consume energy, food, and water. WWF provides decision makers with the results of field studies describing the biological richness of some of the world's most productive regions, research into the loss or degradation of key ecological systems such as the arctic, tropical rainforest, fisheries, coral reefs, river systems and wetlands and solutions based on technology applications, policy incentives and actions that individual citizens can take to protect the planet.

International Country Offices - From Peru's rainforests and the mountains of Bhutan, to Namibia's communal conservancies, the WWF Network brings its science-based and results oriented approach to environmental challenges in 100 countries. WWF supports the creation of resources-based economic opportunities and livelihoods for communities in the world's most remote locations.

Within donor restricted endowment funds, there are certain categories of restrictions on the endowed assets. The categories are described below:

U.S. programs - non-headquarters departments located within the U.S. that are performing programmatic work around our six key areas of conservation: forests, marine, freshwater, wildlife, food, and climate.

International programs - departments implementing programmatic work outside the U.S. around our six key areas of conservation: forests, marine, freshwater, wildlife, food, and climate.

Education for Nature (EFN) - EFN seeks to build the capacity of conservationists in Africa, Asia, and Latin America. To achieve this goal, it provides financial support to individuals and organizations working in conservation from select countries. EFN Scholarships provide funding to individuals at pre-selected institutions for diploma-level study.

General support - the payouts for certain endowments are not restricted for a specific programmatic purpose and are available for general operations of WWF.

Other programs - these endowments are used to support WWF science and other cross-cutting initiatives. WWF constantly looks for new opportunities to improve the effectiveness and efficiency of our conservation work. Sharing that newfound knowledge with scientists across the globe is critical to protecting critical species and places. The members of this team reach out and work with

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individuals across the organization and WWF Network to share data for valid scientific, conservation and educational purposes.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2021	2020
Expiration of time restrictions	\$ 50,301	\$ 24,065
Satisfaction of purpose restrictions		
Forests, Oceans, Wildlife, Freshwater Conservation	45,497,682	29,621,341
Markets and Food	21,277,078	14,802,673
Public Affairs	15,287,264	17,971,993
International Country Offices	25,842,726	29,950,297
Total releases related to time and purposes restrictions	107,955,051	92,370,369
Endowment releases based on spending policy		
U.S. programs	40,969	36,794
International programs	342,725	275,334
Education for Nature	1,236,204	1,156,902
General support	784,043	621,632
Other programs	203,438	194,920
Total endowment releases	2,607,379	2,285,582
Total net assets released from donor restrictions	\$ 110,562,430	\$ 94,655,951

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17. Liquidity and Availability

The following reflects WWF's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date.

<i>June 30,</i>	2021	2020
Total consolidated assets	\$ 698,927,846	\$ 507,200,384
Less: nonfinancial assets:		
Land, building, and equipment, net	(76,697,531)	(77,759,297)
Prepaid assets	(8,770,060)	(8,752,609)
Advances to third parties	(10,656,472)	(9,683,254)
Other current and non-current assets	(5,505,886)	(3,072,507)
Long-term trust receivables	(43,018,107)	(39,748,475)
Financial assets	554,279,790	368,184,242
Less: financial assets unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(223,599,123)	(124,396,687)
Restricted by donors in perpetuity	(53,499,416)	(49,180,160)
Restricted accumulated investment gains on assets held in perpetuity	(32,349,711)	(16,380,025)
Pledges receivable due after one year	(16,579,195)	(10,884,080)
Contributions receivable due after one year	(10,398,433)	(6,794,533)
Charitable gift annuity investments	(7,475,678)	(7,504,604)
Restricted cash for debt payment	(3,375,000)	(3,215,000)
Board designations:		
For building losses and others	(13,500,000)	-
For programmatic activities	(14,691,351)	(16,361,053)
For the 1001 Nature Trust	(19,346,028)	(14,937,076)
Board designated reserves	(153,825,211)	(113,013,731)
Add: board approved spending in 2021 and 2020, respectively, from board designated quasi-endowment		
5% spending policy	7,768,157	7,456,908
Bequest revenue spending policy	27,673,757	23,386,776
Financial assets available to meet cash needs for general expenditures within one year	\$ 41,082,558	\$ 36,360,977

WWF's goal is to maintain financial assets to meet operating expenses in support of WWF's mission. Excess cash is invested in savings accounts and readily marketable equities in accordance with approved investment guidelines. Liquidity excludes board designated amounts held per board policy, but those resources could be deployed to support operating activities with board approval.

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A substantial portion of support to WWF is restricted contributions that require resources to be spent in accordance with donor restrictions. WWF must maintain sufficient resources to meet these requirements, making these assets unavailable for use to meet operating costs.

18. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

ASC 820, *Fair Value*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity securities and publicly traded mutual funds that are actively traded on a major exchange or over-the-counter market.

Level 2 - Valuation methodology inputs may include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Examples include the fair value of municipal bonds which are estimated using recently executed transactions, bid/asked prices, and pricing models that factor in, where applicable, interest rates, bond spreads, and volatility.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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Level 3 - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments.

Some of WWF's investments may be illiquid and WWF may not be able to vary the portfolio in response to changes in economic and other conditions. Some of the investments that are purchased and sold are traded in private, unregistered transactions and are therefore subject to restrictions on resale or otherwise have no established trading market. In addition, if WWF is required to liquidate all or a portion of its portfolio quickly, WWF may realize significantly less than the value at which it previously recorded those investments.

Investments valued at Net Asset Value (NAV) - WWF reports certain investments using NAV per share as determined by investment managers under the so called "practical expedient". The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met. These investment funds are held as units or interest in institutional funds or limited partnerships, which are stated at the NAV or its equivalent. WWF uses the NAV as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV. Pursuant to ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or Its Equivalent)*, WWF has not categorized these investments in levels within the fair value hierarchy table.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although WWF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Mutual funds: WWF's holdings in publicly traded mutual funds consist principally of debt and equity securities carried at their aggregate market value that is determined by quoted market prices. Each of these investments can be liquidated daily. Valuation is based on Level 1 inputs within the hierarchy used in measuring fair value.

Money market funds: Money market funds consist of short-term, or less than one-year, securities representing high-quality, liquid debt and monetary instruments.

Debt and equity securities: Debt and equity securities consist of investments in U.S. government debt and credit securities, U.S. and non-U.S. equity securities, and funds holding similar securities.

Common collective trusts: Common collective trusts are non-registered pooled investment funds. Common collective trust fund shares may be redeemed at net asset value on a daily or monthly basis, depending on the fund, and are included in Level 2 of the fair value hierarchy.

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Long-term trust receivables: Long-term trust receivables consist of charitable remainder trust receivables. The fair value of trust receivables is based on the present value of future expected earnings. Given the fact that these long-term receivables do not have quoted market prices and are not actively traded, their valuation is based on Level 3 inputs within the hierarchy used in measuring fair value.

Partnership investments: Partnership investments consist of alternative investments made in limited partnerships, offshore limited liability companies and private equity concerns. Certain partnership investments in equities are valued using quoted prices in active markets. When market quotations are not available, the fair value is estimated using information provided to WWF by the investment managers or general partners. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose WWF to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments contain varying degrees of risk, WWF's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) and any unfunded commitments in each investment. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. WWF does not directly invest in the underlying securities of the investment funds and due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions. Management measures certain partnership investments at net asset value when the criteria for the use of the practical expedient are met.

Interest rate swap liability: The estimate of fair value of the interest rate swap liability at June 30, 2020 approximates its carrying amount, which represented the amount WWF would pay to exit the swap agreements considering current interest rates. Given that the swaps do not have quoted market prices and are not actively traded, their valuation was based on Level 3 inputs within the hierarchy used in measuring fair value. See Note 8.

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Financial assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 181,420	\$ -	\$ -	181,420
Partnership investments:				
Fixed income	-	-	5,744,820	5,744,820
Equity and other	134,109,304	-	389,082	134,498,386
International	-	-	19,825,558	19,825,558
Specialty	-	-	862,389	862,389
Other tangible assets	-	-	403,402	403,402
Mutual funds:				
Large-Cap	34,501,650	-	-	34,501,650
International	38,196,810	-	-	38,196,810
Common collective trusts:				
Fixed income	-	2,478,334	-	2,478,334
Large-Cap	-	3,345,392	-	3,345,392
Small and Mid-Cap	-	1,119,041	-	1,119,041
International	-	3,152,983	-	3,152,983
Specialty	-	1,476,411	-	1,476,411
Debt and equity securities	24,523,573	509,461	-	25,033,034
Investments reported at net asset value (NAV)*	-	-	-	124,681,825
Total investments	231,512,757	12,081,622	27,225,251	395,501,455
Long-term trust receivables:				
Cash and money market	-	-	459,360	459,360
Mutual funds	-	-	3,492,742	3,492,742
Equity and other	-	-	11,407,922	11,407,922
Large-Cap	-	-	707,980	707,980
Mid-Cap	-	-	128,013	128,013
Small-Cap	-	-	71,863	71,863
International	-	-	6,858,920	6,858,920
Fixed income	-	-	3,327,547	3,327,547
Bonds and notes	-	-	60,835	60,835
Specialty	-	-	7,757,154	7,757,154
Other tangible assets	-	-	8,745,771	8,745,771
Total long-term trust receivables	-	-	43,018,107	43,018,107
Total assets, at fair value	\$ 231,512,757	\$ 12,081,622	\$ 70,243,358	\$ 438,519,562

*Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented the consolidated statements of financial position.

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Financial assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 244,227	\$ -	\$ -	\$ 244,227
Partnership investments:				
Fixed income	-	-	5,128,830	5,128,830
Equity and other	21,737,223	-	462,113	22,199,336
International	-	-	15,114,617	15,114,617
Specialty	-	-	981,230	981,230
Other tangible assets	-	-	369,445	369,445
Mutual funds:				
Large-Cap	25,415,606	-	-	25,415,606
International	29,888,546	-	-	29,888,546
Common collective trusts:				
Fixed income	-	2,287,100	-	2,287,100
Large-Cap	-	2,505,370	-	2,505,370
Small and Mid-Cap	-	737,622	-	737,622
International	-	2,103,197	-	2,103,197
Specialty	-	1,163,888	-	1,163,888
Debt and equity securities	19,290,532	801,347	-	20,091,879
Investments reported at net asset value (NAV)*	-	-	-	102,761,650
Total investments	96,576,134	9,598,524	22,056,235	230,992,543
Long-term trust receivables:				
Cash and money market	-	-	2,428,815	2,428,815
Mutual funds	-	-	1,450,410	1,450,410
Equity and other	-	-	8,469,098	8,469,098
Large-Cap	-	-	519,354	519,354
Mid-Cap	-	-	103,358	103,358
Small-Cap	-	-	47,752	47,752
International	-	-	6,440,338	6,440,338
Fixed income	-	-	2,007,389	2,007,389
Bonds and notes	-	-	3,252,848	3,252,848
Specialty	-	-	4,442,870	4,442,870
Other tangible assets	-	-	10,586,243	10,586,243
Total long-term trust receivables	-	-	39,748,475	39,748,475
Total assets, at fair value	\$ 96,576,134	\$ 9,598,524	\$ 61,804,710	\$ 270,741,018
Interest rate swap liability	\$ -	\$ -	\$ (11,756,776)	\$ (11,756,776)

*Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented the consolidated statements of financial position.

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Level 3 gains and losses

The following table presents WWF's activity for assets measured at fair value on a recurring basis using significant unobservable inputs as defined in ASC 820 for the year ended June 30:

	2021	2020
Beginning balance	\$ 61,804,710	\$ 61,654,326
Transfer out of Level 3 and to Level 1	-	-
Total realized and unrealized gains, net	13,339,511	2,423,946
Purchases	57,838	8,000
Settlements	(4,958,701)	(2,281,562)
Ending balance	\$ 70,243,358	\$ 61,804,710

The following table presents WWF's activity for the interest rate swap liability measured at fair value on a recurring basis using significant unobservable inputs as defined in ASC 820 for the year ended June 30:

	2021	2020
Beginning balance	\$ (11,756,776)	\$ (9,550,550)
Total gain (loss) on interest rate swap included in changes in net assets	3,144,082	(2,206,226)
Settlement	8,612,694	-
Ending balance	\$ -	\$ (11,756,776)

Quantitative Information

Quantitative information as of June 30, 2021, with respect to assets and liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

Description	Fair Value	Principal Valuation Techniques	Unobservable Inputs	Weighted Average
Long-term trust receivables	\$43,018,107	Income Approach	Discount rates Life expectancies Trust payouts Allocation percentages	N/A
Partnership investments	\$27,225,251	Each of the Fund Manager's principal valuation techniques is to discount future cash flows	Unobservable inputs for each underlying funds' investment are less than any liabilities of the fund discount rate and liquidity discounts	N/A

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Quantitative unobservable inputs are not developed by WWF in the valuation of its investments or swap liabilities. WWF uses the values reported by each fund manager as the basis for valuation noting that the valuation techniques and unobservable inputs vary widely among its fund managers. The swap liabilities are non-complex instruments and are valued using standard yield curves adjusted to mid-market values as deemed appropriate by the counterparties.

Level 3 Valuation Process

Absent a solid, reliable quantitative model to assess the reasonableness of investment manager reported valuations, WWF management applies qualitative measures which consist of various informational analyses including:

- Comparisons of reported performance to benchmark performances, with particular interest in fund performance in excess of 5% above or below appropriate benchmarks.
- Reviews of external audit reports of each fund.
- Reviews of Service Organization Controls (SOC) 1 reports of each fund where available.
- Monitoring and evaluation of relevant news in the financial press.
- Participation in conference calls, presentations, or investor meetings conducted by investment managers.
- Consideration and review of non-public information available through subscription financial information services and/or communications from individual fund managers.
- Consideration of fund managers' delivery of quality and timely fund performance information, risk analysis, market outlook analysis and overall responsiveness to investor queries and requests for information.

WWF's investment advisor also performs on-going due diligence of the funds which includes evaluation of each fund manager's investment process, organizational changes, compliance with applicable rules and regulations, review of fees and charges, and analysis of performance, leverage, return patterns, volatility over time, drawdowns and recovery periods, gross and net exposures, and other factors as determined to be appropriate, conducting regular calls with management of the funds and meeting periodically with WWF's investment committee to report the performance of the funds. There were no changes in valuation techniques noted for these funds for 2021.

For long-term trust receivables, WWF gathers as much information as possible for each instrument, including the initial and current trust value, the amount allocated to WWF, the date of birth of any other beneficiaries and payout amounts. WWF uses a standard charitable gift calculation model using these inputs and a standard discount rate reset each year based on IRS discount rates. For any input not readily available, management develops a best estimate for use in the calculation. There were no changes in valuation techniques for the long-term trust receivables for 2021.

For swap liabilities, WWF tracks quoted values for each instrument monthly to assess the reasonableness of reported values. Management also ensures that there have not been any changes in the underlying terms of each swap during the year. WWF terminated all of its swap agreements during the year ended June 30, 2021.

Level 3 Sensitivity of Fair Value Measurements and Changes in Significant Observable Inputs

The significant unobservable inputs used in the fair value measurement of WWF's long-term trust receivables and alternative investments are subject to market risks resulting from changes in the market value of their underlying investments. The significant unobservable inputs used in the fair

World Wildlife Fund, Inc.

Notes to Consolidated Financial Statements

value measurement of WWF's swap liabilities are subject to market risks resulting from changes in the mid-market consensus for similar instruments.

Fair value on a nonrecurring basis

The fair value of WWF's cash and cash equivalents, accounts receivable, prepaid assets, other current assets, subgrantee advances, grants payable, accounts payable and accrued expenses approximate their carrying amounts due to the short maturity of these instruments.

The estimated fair values of WWF's financial instruments that are not measured at fair value on a recurring basis as of the year ended June 30, 2021 are as follows:

	Level in Fair Value Hierarchy	Carrying Amount	Fair Value
Pledges receivable	2	\$ 43,392,407	\$ 43,024,392
Contributions receivable	2	40,468,549	40,555,928
Debt	2	43,425,000	43,428,236
Other long-term liabilities	2	11,861,205	11,861,205

The estimated fair values of WWF's financial instruments that are not measured at fair value on a recurring basis as of the year ended June 30, 2020 are as follows:

	Level in Fair Value Hierarchy	Carrying Amount	Fair Value
Pledges receivable	2	\$ 43,958,401	\$ 44,163,264
Contributions receivable	2	30,852,401	31,115,411
Debt	2	46,640,000	46,640,000
Other long-term liabilities	2	9,990,207	9,990,207

The carrying amount is the amount at which the financial instrument is recorded on the books of WWF. The fair value is the estimated amount at which the financial instrument could be exchanged in a current transaction between willing parties.

Pledges receivable: Fair value is estimated based on the present value of pledges receivable using estimated future payments and current IRS discount rates.

Contributions receivable: Fair value is estimated based on the present value of contributions receivable using estimated future payments and current IRS discount rates.

Long-term debt: Fair value is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to WWF for debt of the same remaining maturities. As WWF debt is backed by a variable rate letter of credit, it trades and is valued at par.

Other long-term liabilities: Fair value is estimated based on the present value of outstanding liabilities using current IRS discount rates.

World Wildlife Fund, Inc.

Notes to Consolidated Financial Statements

19. Net Asset Value (NAV) Per Share

In accordance with ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820) - Investment in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, WWF expanded disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which fair value is not readily determinable. For WWF, such assets include the partnership investments.

The following table summarizes WWF's investments with a reported NAV as of June 30, 2021:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Fund Partnerships -				
Equity	\$ 4,432,923	\$ -	Every 36 Months	90
Equity	20,022,756	-	25% Monthly	5
Equity	7,318,511	-	Quarterly	65
Equity	5,149,689	-	25% Quarterly	90
Equity	12,616,614	-	Weekly	3
International	17,777,450	-	Monthly	10
International	6,666,988	-	Monthly	3
International	35,913,317	-	Quarterly	30
International	7,627,978	-	Quarterly	90
Specialty	7,155,599	-	25% Quarterly	95
	\$ 124,681,825	\$ -		

* Non-marketable alternative assets (NMAA), or alternative investments, included above have varying withdrawal restrictions. The typical NMAA fund cycle provides for an initial investment period of 1-5 years, a growth management phase of 2-7 years, and realization/distribution of investment returns over years 7-10.

World Wildlife Fund, Inc.

Notes to Consolidated Financial Statements

The following table summarizes WWF's investments with a reported NAV as of June 30, 2020:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Fund Partnerships -				
Equity	\$ 5,827,593	\$ -	Every 36 Months	90
Equity	14,871,924	-	25% Monthly	5
Equity	6,214,185	-	Quarterly	65
Equity	3,077,171	-	Quarterly	45
Equity	4,753,240	-	25% Quarterly	90
Equity	2,318,071	-	Weekly	3
International	13,290,020	-	Monthly	10
International	5,224,025	-	Monthly	3
International	23,969,435	-	Quarterly	30
International	12,317,913	-	Monthly	16
International	5,271,195	-	Quarterly	90
Specialty	5,626,878	-	25% Quarterly	95
	\$ 102,761,650	\$ -		

* Non-marketable alternative assets (NMAA), or alternative investments, included above have varying withdrawal restrictions. The typical NMAA fund cycle provides for an initial investment period of 1-5 years, a growth management phase of 2-7 years, and realization/distribution of investment returns over years 7-10.

20. Related Party Transactions

During the years ended June 30, 2021 and 2020, WWF received donations totaling \$3,980,000 and \$4,961,788, respectively, from members of the Board of Directors and related committees.

21. Risks and Uncertainties - COVID-19 Outbreak

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In an effort to ensure the health and well-being of WWF's global staff and sustain their important work and mission, the staff moved to a mandatory telework status for all of its global offices by March 16, 2020. Office visits for certain staff require pre-approval by management, and cleaning and sanitization protocols have been implemented in all offices. All domestic and international travel and in-person meetings were cancelled. WWF did not experience a decrease in donor funding as a result of the pandemic during fiscal year 2020. There were no employee lay-offs or reductions in pay during the fiscal year. WWF's investment portfolio experienced a loss during fiscal year 2020 as a result of the market turmoil caused by the pandemic. Since the end of the year, WWF's investments have had positive returns. WWF has formed a COVID-19 committee that is closely monitoring the Centers for Disease Control and Prevention (CDC) and other national authority guidelines for all of the localities of its offices to determine the timing of reopening the offices. Monthly meetings are held with all non-US offices to monitor their status.

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of WWF will depend upon certain developments, including the duration and spread of the outbreak.

World Wildlife Fund, Inc.

Notes to Consolidated Financial Statements

WWF's operations are dependent on donations from individuals, foundations, corporations, U.S. governmental agencies, the WWF network, and foreign governments and donors. The outbreak may have a material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This potential slowdown could lead to a decline in future contributions or collections of existing receivable balances. However, WWF has not seen an adverse financial effect of the outbreak as of November 2021. Depending on the severity and length of the outbreak, this pandemic could present material uncertainty and risk with respect to WWF's investments, including performance and liquidity. The fluidity of this situation precludes any prediction as to the ultimate impact of COVID-19. Nevertheless, COVID-19 presents potential uncertainty and risk with respect to WWF, its performance, and its financial results.

On March 27, 2020, the President of the United States signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions related to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. WWF elected not to utilize the provisions enacted by the CARES Act. Should circumstances change or additional stimulus acts be signed into law, WWF will continue to evaluate the ongoing needs of the organization.

On December 27, 2020, the Consolidated Appropriations Act 2021 (the Act) was signed into law which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. On March 11, 2021, the American Rescue Plan Act of 2021 (the Act) was also signed into law which includes \$1.9 trillion in stimulus relief as a result of the COVID-19 pandemic. There was no impact on WWF's consolidated financial statements.

On March 11, 2021, the American Rescue Plan Act of 2021 (the 2021 Act) was passed, a \$1.9 trillion stimulus relief package that is intended to provide support to individuals and businesses affected by COVID-19. WWF believes that the 2021 Act will have no impact on its operations and has elected to forgo use of the various provisions.

22. Subsequent Events

On July 1, 2021, WWF entered into a fixed rate taxable term loan agreement (the Term Loan) with a financial institution for \$48,948,000. The loan bears a fixed rate of interest at 1.44%. The Term Loan has monthly repayment terms ranging from \$428,000 to \$487,000 over the term of the loan. The Term Loan terminates at July 1, 2030. The Term Loan proceeds were used to pay off the outstanding Series 2015 bonds.

On August 3, 2021, WWF formed WWF Impact, LLC, a Delaware limited liability company (LLC). The LLC was formed to engage in direct investment in entities focused on WWF's six key focus areas. WWF has 100% membership interest in WWF Impact, LLC.

WWF evaluated subsequent events through December 15, 2021, which is the date the consolidated financial statements were issued. No other subsequent events were noted that required disclosure in the consolidated financial statements apart from those described above.

**Supplemental Material and Schedule of Expenditures of
Federal Awards**

World Wildlife Fund, Inc. and Subsidiaries

Consolidating Schedule of Financial Position

<i>As of June 30, 2021</i>	WWF - Parent	1250 24	1250 24 Street	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 63,866,919	\$ 2,378,799	\$ 118,550	\$ -	\$ 66,364,268
Short-term investments	112,830,423	-	-	-	112,830,423
Accounts receivable	24,350,988	851,579	(1,266,834)	(17,116,783)	6,818,950
Contributions receivable, current portion	30,070,116	-	-	-	30,070,116
Pledges receivable, current portion	26,813,212	-	-	-	26,813,212
Advances to third parties	10,656,472	-	-	-	10,656,472
Prepaid assets	8,767,582	-	2,478	-	8,770,060
Other current assets	694,746	-	-	-	694,746
Total current assets	278,050,458	3,230,378	(1,145,806)	(17,116,783)	263,018,247
Noncurrent assets					
Long-term investments	282,671,032	-	-	-	282,671,032
Investments at cost	1,734,161	-	-	-	1,734,161
Pledges receivable, net of current	16,579,195	-	-	-	16,579,195
Contributions receivable, net of current	10,398,433	-	-	-	10,398,433
Long-term trust receivables	43,018,107	-	-	-	43,018,107
Other noncurrent assets	4,541,282	37,633	232,226	-	4,811,141
Due from 1250 24 LLC	1,250,000	-	-	(1,250,000)	-
Due from 1250 24 Street LLC	1,060,288	-	-	(1,060,288)	-
Land, building, and equipment, net	74,560,394	-	2,137,137	-	76,697,531
Total noncurrent assets	435,812,892	37,633	2,369,363	(2,310,288)	435,909,600
Total assets	\$ 713,863,350	\$ 3,268,011	\$ 1,223,557	\$ (19,427,071)	\$ 698,927,847
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued expenses	\$ 28,895,688	\$ 1,727,272	\$ 16,565,895	\$ (17,116,783)	\$ 30,072,072
Grants payable	26,137,877	-	-	-	26,137,877
Deferred revenue	318,712	-	-	-	318,712
Refundable advances	11,834,344	-	-	-	11,834,344
Short-term operating lease liability	501,894	-	-	-	501,894
Current portion of long-term debt	3,375,000	-	-	-	3,375,000
Total current liabilities	71,063,515	1,727,272	16,565,895	(17,116,783)	72,239,899
Noncurrent liabilities					
Long-term debt, net of current portion	39,588,551	-	-	-	39,588,551
Long-term operating lease liability	632,388	-	-	-	632,388
Long-term refundable advances	1,384,100	-	-	-	1,384,100
Other long-term liabilities	10,658,252	-	-	-	10,658,252
Due to World Wildlife Fund, Inc.	-	1,250,000	1,060,288	(2,310,288)	-
Interest Rate Swaps	-	-	-	-	-
Total noncurrent liabilities	52,263,291	1,250,000	1,060,288	(2,310,288)	52,263,291
Total liabilities	123,326,806	2,977,272	17,626,183	(19,427,071)	124,503,190
Net assets					
Without donor restrictions	238,070,186	290,739	(16,402,626)	-	221,958,299
With donor restrictions	352,466,358	-	-	-	352,466,358
Total net assets	590,536,544	290,739	(16,402,626)	-	574,424,657
Total liabilities and net assets	\$ 713,863,350	\$ 3,268,011	\$ 1,223,557	\$ (19,427,071)	\$ 698,927,847

See accompanying notes to consolidated financial statements.

World Wildlife Fund, Inc. and Subsidiaries

Consolidating Schedule of Activities

<i>Year Ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	WWF Parent Total	1250 24	1250 24 Street	Eliminations	Total
Operating revenues and support							
Revenue							
Contributions	\$ 101,101,049	\$ 179,309,424	\$ 280,410,473	\$ -	\$ -	\$ -	\$ 280,410,473
Government grants and contracts	41,797,162	348,594	42,145,756	-	-	-	42,145,756
WWF network revenue	-	25,044,246	25,044,246	-	-	-	25,044,246
Royalties, service contracts and other	7,606,444	-	7,606,444	-	-	-	7,606,444
In-kind contributions	73,827,024	-	73,827,024	-	-	-	73,827,024
Nonoperating income allocated to operations	23,008,128	2,607,379	25,615,507	-	-	-	25,615,507
Total operating revenues	247,339,807	207,309,643	454,649,450	-	-	-	454,649,450
Net assets released from restrictions	110,562,430	(110,562,430)	-	-	-	-	-
Net operating revenues	357,902,237	96,747,213	454,649,450	-	-	-	454,649,450
Commercial building operations							
Revenues	4,970,025	-	4,970,025	977,165	1,299,498	(4,959,018)	2,287,670
Expenses	1,144,026	-	1,144,026	918,761	8,485,058	(4,959,018)	5,588,827
Income (loss) on commercial building operations, net	3,825,999	-	3,825,999	58,404	(7,185,560)	-	(3,301,157)
Total revenues and other income, net	361,728,236	96,747,213	458,475,449	58,404	(7,185,560)	-	451,348,293
Operating expenses							
Program services							
Conservation field and policy programs	180,592,986	-	180,592,986	-	-	-	180,592,986
Public education	108,610,993	-	108,610,993	-	-	-	108,610,993
Total program services	289,203,979	-	289,203,979	-	-	-	289,203,979
Supporting services							
Finance and administration	22,988,316	-	22,988,316	-	-	-	22,988,316
Fundraising	42,408,785	-	42,408,785	-	-	-	42,408,785
Total supporting services	65,397,101	-	65,397,101	-	-	-	65,397,101
Total operating expenses	354,601,080	-	354,601,080	-	-	-	354,601,080
Change in net assets before nonoperating activities	7,127,156	96,747,213	103,874,369	58,404	(7,185,560)	-	96,747,213
Nonoperating activities							
Bequests, endowments, and split income gifts	32,887,919	8,505,722	41,393,641	-	-	-	41,393,641
Gain on interest rate swaps	3,144,082	-	3,144,082	-	-	-	3,144,082
Gain from investments, net	50,592,403	21,896,320	72,488,723	-	-	-	72,488,723
Gain on foreign currency exchange	241,234	-	241,234	-	-	-	241,234
Change in donor restrictions	1,780,865	(1,780,865)	-	-	-	-	-
Total nonoperating activities	88,646,503	28,621,177	117,267,680	-	-	-	117,267,680
Total allocated to operations	(23,008,128)	(2,607,379)	(25,615,507)	-	-	-	(25,615,507)
Change in assets from nonoperating activities	65,638,375	26,013,798	91,652,173	-	-	-	91,652,173
Change in net assets	72,765,531	122,761,011	195,526,542	58,404	(7,185,560)	-	188,399,386
Net assets at beginning of year	165,304,655	229,705,347	395,010,002	232,335	(9,217,066)	-	386,025,271
Net assets at end of year	\$ 238,070,186	\$ 352,466,358	\$ 590,536,544	\$ 290,739	\$ (16,402,626)	\$ -	\$ 574,424,657

See accompanying notes to consolidated financial statements.

World Wildlife Fund, Inc.

Reconciliation of Total Expenses per the Indirect Expense Allocation to the Consolidated Statement of Functional Expenses

For the year ended June 30, 2021

Total base for indirect expense allocation	\$ 243,863,559
Base unallowable expenses	2,472,217
Base in-kind contributions	72,790,945
Total base with unallowable expenses	319,126,721
Overhead allocated	5,593,819
General and administrative allocated	26,416,900
Pool unallowable expenses	2,427,561
Pool in-kind contributions	1,036,079
Total functional expenses	\$ 354,601,080

See accompanying notes to consolidated financial statements.

World Wildlife Fund, Inc. and Subsidiaries

Consolidated Schedule of Indirect Expense Allocation

For the year ended June 30, 2021

Calculation of Fringe Benefits, Overhead, and General and Administrative Expense Allocation Rates

Indirect Expenses	General and Administrative					2021 Total General and Administrative	2021 Total General and Administrative and Facilities
	WWF- Sponsored Benefits	Facilities	Finance and Administration	Public Education	Program Management		
Salaries - regular	\$ 27,023,616	\$ 348,369	\$ 8,822,872	\$ -	\$ 4,526,361	\$ 13,349,233	\$ 13,697,602
Benefits	-	147,553	3,771,520	-	1,922,680	5,694,200	5,841,753
Professional fees and contracts	-	27,367	3,607,382	-	312,744	3,920,126	3,947,493
Conference and meetings	-	1,064	122,703	-	3,296	125,999	127,063
Staff travel and expenses	-	29,041	20,035	-	14,528	34,563	63,604
Printing and photocopying	-	(1,058)	1,300	-	1,161	2,461	1,403
Office supplies and postage	-	(3,902)	12,554	-	2,671	15,225	11,323
Computer services	-	2,014	377,891	-	21,876	399,767	401,781
Telephone	-	(22,791)	107,753	-	6,978	114,731	91,940
Office and equipment rental	-	139,885	1,395,204	-	270,281	1,665,485	1,805,370
Bond and building	-	2,717,083	-	-	-	-	2,717,083
Depreciation, amortization, and maintenance	-	1,185,252	505,543	-	779,855	1,285,398	2,470,650
Other	-	1,043,271	1,853,857	-	364,087	2,217,944	3,261,215
Subtotal	27,023,616	5,613,148	20,598,614	-	8,226,518	28,825,132	34,438,280
Less unallowable costs	-	(19,329)	(1,475,489)	-	(932,743)	(2,408,232)	(2,427,561)
Total	\$ 27,023,616	\$ 5,593,819	\$ 19,123,125	\$ -	\$ 7,293,775	\$ 26,416,900	\$ 32,010,719
Allocation base							
Salaries	\$ 63,845,467	\$ 49,694,151	\$ -	\$ -	\$ -	\$ -	\$ 49,694,151
Salaries - field	-	11,413,953	-	-	-	-	11,413,953
Benefits	-	25,979,919	-	-	-	-	25,979,919
Project grants and contracts	-	100,995,292	-	-	-	-	100,995,292
Professional fees and contracts	-	2,473,036	-	-	-	-	2,473,036
Conference and meetings	-	935,908	-	-	-	-	935,908
Staff travel and expenses	-	314,178	-	-	-	-	314,178
Printing and photocopying	-	13,338,923	-	-	-	-	13,338,923
Office supplies, postage, and shipping	-	11,866,944	-	-	-	-	11,866,944
Mail list rental	-	1,481,377	-	-	-	-	1,481,377
Computer services	-	365,904	-	-	-	-	365,904
Telephone	-	272,860	-	-	-	-	272,860
Field office rental, vehicles, and equipment	-	2,052,775	-	-	-	-	2,052,775
Other	-	25,150,556	-	-	-	-	25,150,556
Subtotal	63,845,467	246,335,776	-	-	-	-	246,335,776
Less applicable vehicles, equipment, and severance	-	(1,027,316)	-	-	-	-	(1,027,316)
Less depreciation and amortization	-	(1,444,901)	-	-	-	-	(1,444,901)
Total	\$ 63,845,467	\$ 243,863,559	\$ -	\$ -	\$ -	\$ -	\$ 243,863,559
Indirect expense rates	42.33%	2.28%		General and administrative rate			10.83%
				Total indirect expense rate			13.13%

World Wildlife Fund, Inc.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program/Grant Name	Federal CFDA No.	Grant Award Number/Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Agency for International Development (USAID)				
USAID Foreign Assistance for Programs Overseas - Direct Grants:				
Hariyo Ban II	98.001	AID-367-A-16-00008	\$ 2,078,609	\$ 3,543,628
Reduced Wildlife Crime in KAZA and Namibia - Improved wildlife stewardship, anti-poaching capacity, criminal justice systems and collaboration among communities, governments and other stakeholders	98.001	AID-674-A-17-00002	2,172,704	2,916,849
USAID Wildlife Sanctuary Support Program	98.001	72044218CA00001	600,019	707,577
Targeting Natural Resource Corruption	98.001	7200AA18LE00001	918,030	1,986,781
Water Partnerships for a Resilient Kwando Basin	98.001	72067419CA00006	181,727	269,434
Amazonia Indigenous Rights and Resources (AIRR)	98.001	72052719CA00004	1,951,822	3,536,206
Natural and Nature-Based Flood Management Training	98.001	720FDA19GR00259	-	201,556
Transparent Governance of Natural Resources - TGNR	98.001	72051420FA00004	459,957	525,083
USAID Biodiversity Conservation	98.001	72044020CA00001	1,042,173	1,791,859
Targeting Natural Resource Corruption (TNRC)	98.001	7200AA20LA00003	-	409,446
Mekong for the Future	98.001	72048620LA00000	165,444	225,969
Subtotal USAID Foreign Assistance for Programs Overseas - Direct Grants			9,570,485	16,114,388
USAID Foreign Assistance for Programs Overseas - Pass-Through Grants:				
Reducing Opportunities for Unlawful Transport and Endangered Species (ROUTES)	98.001	AID-EGEE-A-15-00001/INT361.00ROUTES/ TUSA/15	-	237,343
Wildlife Conservation Society - Africa Biodiversity Collaborative Group (ABCG) II: Hosting and Management Services	98.001	AID-OAA-A-15-00060/CG110223_WWF	90,929	103,601
Subtotal USAID Foreign Assistance for Programs Overseas - Pass-Through Grants			90,929	340,944
Subtotal USAID Foreign Assistance for Programs Overseas			9,661,414	16,455,332
USAID - Global Development Alliance - Direct Grants:				
Forest Conservation Agricultural Project (FCAP)	98.011	AID-OAA-A-15-00065	284,063	778,679
Subtotal Global Development Alliance - Direct Grants			284,063	778,679
Total U.S. Agency for International Development (USAID)			9,945,477	17,234,011

World Wildlife Fund, Inc.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program/Grant Name	Federal CFDA No.	Grant Award Number/Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of State (USDOS)				
Environmental and Scientific Partnerships and Programs - Direct Grants:				
Protecting Forests, Sourcing Responsibly	19.017	SLMAQM18CA2054	\$ 10,065	\$ 151,729
Transboundary Governance of the Kwando River Basin: Protecting the Heart of Southern Africa	19.017	SLMAQM18CA2090	30,030	63,454
Data and Capacity Building to Accelerate Jurisdictional Sourcing Approaches and REDD+ Action	19.017	SLMAQM20CA2362	4,123	106,538
The Mercury Free Future - Sustainable Mines Management Model for ASGM in Afro-Colombian Communities in the Choco Region	19.017	SLMAQM20CA2397	62,032	77,924
Subtotal Environmental and Scientific Partnerships and Programs - Direct Grants			106,250	399,645
Environmental and Scientific Partnerships and Programs - Pass-Through Grants:				
Cultural Vistas- Inclusive sustainable Amazonian cities: citizen participation in urban environmental management	19.017	SLMAQM18CA2085	-	8,617
Subtotal Environmental and Scientific Partnerships and Programs - Pass-Through Grants			106,250	408,262
Trans-National Crime - Direct Grants:				
Countering Wildlife Trafficking in Laos PDR	19.705	SINLEC19GR0323	156,163	188,895
Fighting Wildlife Trafficking in the Golden Triangle	19.705	S-INLEC-17-GR-1008	387,985	461,720
Combating Wildlife Trafficking in Namibia (CWTN)	19.705	S-INLEC-17-GR-1016	504,415	703,548
Combating Wildlife Trafficking in Namibia (CWTN)	19.705	SINLEC18GR2089	166,912	331,758
Subtotal Trans-National Crime - Direct Grants			1,215,475	1,685,921
Total U.S. Department of State (USDOS)			1,321,725	2,094,183
U.S. Fish and Wildlife				
Marine Turtle Conservation Fund - Direct Grants:				
An Analysis of The Status of Sea Turtles in the Philippines	15.645	F19AP00500	16,300	18,440
Subtotal Marine Turtle Conservation Fund - Direct Grants			16,300	18,440
African Elephant Conservation Fund - Direct Grants:				
TRIDOM Cameroon Transboundary Elephant Security Project: Phase II	15.620	F18AP00918	29,487	33,069
Subtotal African Elephant Conservation Fund - Direct Grants			29,487	33,069
Endangered Species Conservation - Recovery Implementation Funds - Direct Grants:				
Multi-state Evaluation of the Efficacy of Plague Management Techniques for the Purpose of Black-footed Ferret Recovery	15.657	F19AC00734	38,159	49,682
Subtotal Endangered Species Conservation - Recovery Implementation Funds - Direct Grants:			38,159	49,682

World Wildlife Fund, Inc.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program/Grant Name	Federal CFDA No.	Grant Award Number/Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Visitor Facility Enhancements - Refuges and Wildlife - Direct Grants:				
Development Of A Strategy To Address the Direct Take of Leatherbacks (Dermochelys coriacea) In The Kei Islands, Indonesia	16.645	F19AP00217	\$ 38,704	\$ 43,786
Subtotal Visitor Facility Enhancements - Refuges and Wildlife - Direct Grants			38,704	43,786
National Fish and Wildlife Foundation - Pass-Through Grants:				
NFWF - Identifying Leatherback Sea Turtle Bycatch Priorities in Trinidad and the Guianas	15.663	NR196740XXXXC005 / 2501.20.06698	-	5,324
NFWF - Securing Black-Footed Ferret Populations Through Sylvatic Plague Mitigation (MT, SD)	15.657	NR196740XXXXC005 / 2501.20.06698	71,304	112,522
Subtotal National Fish and Wildlife Foundation - Pass-Through Grants			71,304	117,846
Total U.S. Fish and Wildlife Service			193,954	262,823
U.S. Department of Agriculture				
Natural Resources Conservation Service/National Fish and Wildlife Foundation (NFWF) -				
Pass-Through Grants:				
NFWF - Securing Black-Footed Ferret Populations Through Sylvatic Plague Mitigation (MT, SD)	10.069	NR196740XXXXC005/2501.20.66968	919	1,040
NFWF - Securing Black-Footed Ferret Populations Through Sylvatic Plague Mitigation (MT, SD)	10.924	NR196740XXXXC005/2501.20.66968	-	1,929
NFWF - Securing Black-Footed Ferret Populations Through Sylvatic Plague Mitigation (MT, SD)	10.902	NR196740XXXXC005/2501.20.66968	9,772	11,055
		65-0325-15-017 /		
NFWF - Updating Plowprint to Identify Grassland Restoration Opportunities (IA, CO, KS, NE, NM, OK)	10.902	NR186740XXXXC004/0801.19.063275	-	962
Restoring Grasslands and Quantifying Outcomes for Ecosystem Function on Private Lands (MT)	10.924	NR190325XXXXC002 / 2501.20.066933	24,626	27,860
NFWF - Updating Plowprint to Identify Grassland Restoration Opportunities (IA, CO, KS, NE, NM, OK)	10.912	NR186740XXXXC004	-	975
Subtotal Natural Resources Conservation Service/National Fish and Wildlife Foundation -				
Pass-Through Grants			35,317	43,821
Forest Service/National Fish & Wildlife Foundation- Pass-Through Grants:				
NFWF - Updating Plowprint to Identify Grassland Restoration Opportunities (IA, CO, KS, NE, NM, OK)	10.683	18-CA-11132422-180/0801.19.063275	-	18,040
Subtotal Forest Service - Pass-Through Grants			-	18,040
Forest Service- Direct Grants:				
Timber Identification Technology in the Russian Far East	10.684	18-DG-11132762-406	21,767	24,625
Subtotal International Forestry Cooperation Act of 1990 - Direct Grants			21,767	24,625
Total U.S. Department of Agriculture			57,084	86,486

World Wildlife Fund, Inc.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program/Grant Name	Federal CFDA No.	Grant Award Number/Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
National Oceanic and Atmospheric Administration				
Coral Reef Conservation Program - Direct Grants:				
Increased Resilience to Climate Change through Socio-ecological Resilience Analysis of prioritized Marine Protected Areas of the Mesoamerican Reef	11.482	NA18NOS4820016	\$ 10,198	\$ 59,033
Subtotal Coral Reef Conservation Program - Direct Grants			10,198	59,033
Unallied Management Projects - Direct Grants:				
Banda Sea Leatherback Sea Turtle Nesting Dynamics	11.454	NA19NMF4540045	23,792	26,697
Leatherback Sea Turtle Nesting Dynamics in the Maluku region	11.454	NA20NMF4540076	30,158	43,352
Implementing A Strategy to Address the Direct Take of Leatherbacks (<i>Dermochelys coriacea</i>) In the Kei Islands, Indonesia	11.454	NA20NMF4540077	38,349	50,540
An Analysis of the Status of Sea Turtles in the Philippines	11.454	NA20NMF4540209	4,600	19,249
Subtotal Unallied Management Projects - Direct Grants:			96,899	139,838
Total National Oceanic and Atmospheric Administration			107,097	198,871
Bureau of Land Management				
National Fish and Wildlife Foundation - Pass-Through Grants:				
Restoring Grasslands and Quantifying Outcomes for Ecosystem Function on Private Lands (MT)	15.231	L17AC00348/2501.20.066933	-	15,125
Subtotal National Fish and Wildlife Foundation - Pass-Through Grants			-	15,125
Total Bureau of Land Management			-	15,125
Marine Mammal Commission (MMC)				
Marine Mammal Commission - Direct Grants:				
Protecting the Sentinels of the Peruvian Sea	-	MMC20-116	-	7
Subtotal Marine Mammal Commission - Direct Grants			-	7
Total Marine Mammal Commission			-	7
Total Expenditures of Federal Awards			\$ 11,625,337	\$ 19,891,506

See accompanying notes to the schedule of expenditures of federal awards.

World Wildlife Fund, Inc. and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “SEFA”) includes the federal award activity of World Wildlife Fund, Inc. (WWF) under programs of the federal government for the year ended June 30, 2021. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of WWF, it is not intended to and does not present the financial position, changes in net assets or cash flows of WWF. Therefore, some amounts presented in the SEFA may differ from amounts presented in the consolidated financial statements.

WWF makes subawards to organizations to assist with project implementation in the country offices. The SEFA for the year ended June 30, 2021, includes only reimbursable expenses reported by the subrecipients to WWF during the year ended June 30, 2021.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented when available.

The reimbursement of indirect costs reflected in the accompanying consolidated financial statements as federal awards revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to WWF’s financial position or change in net assets.

Awarding agencies retain the right to disallow certain reimbursements and expenses claimed based on audit findings. In the event of final disallowance, the funds will be reimbursed to the awarding agency from WWF’s net assets without donor restrictions.

All of WWF’s federal awards were in the form of cash assistance for the year ended June 30, 2021.

WWF had no federally funded insurance programs or loan guarantees during the year ended June 30, 2021.

3. Indirect Cost Rate

WWF has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

World Wildlife Fund, Inc. and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards

4. Subrecipients

Of the federal expenditures presented in the SEFA, WWF provided federal awards to subrecipients during the year ended June 30, 2021, as follows.

CFDA Number	Program Name	Amount Provided to Subrecipients
98.001	Foreign Assistance for Programs Overseas	\$ 9,661,414
98.011	Global Development Alliance	284,063
19.017	Environmental and Scientific Partnerships and Programs	106,250
19.705	Trans-National Crime	1,215,475
16.645	Visitor Facility Enhancements - Refuges and Wildlife	38,704
15.620	African Elephant Conservation Fund	29,487
15.645	Marine Turtle Conservation Fund	16,300
15.657	Endangered Species Conservation - Recovery Implementation Funds	109,463
10.069	Natural Resources Conservation Service / National Fish and Wildlife Foundation	919
10.684	International Forestry Cooperation Act of 1990	21,767
10.902	Natural Resources Conservation Service / National Fish and Wildlife Foundation	9,772
10.924	Natural Resources Conservation Service / National Fish and Wildlife Foundation	24,626
11.454	Unallied Management Projects	96,899
11.482	Coral Reef Conservation Program	10,198
Total		\$ 11,625,337

5. Reconciliation of SEFA

WWF records revenue adjustments to conform to U.S. GAAP which are not required to be recorded within the SEFA.

Year Ended June 30, 2021

Total Federal Expenditures per the SEFA	\$ 19,891,506
Revenue adjustments to conform to U.S. GAAP	470,387
Total Revenue from U.S. Government Sources per the Consolidated Statement of Activities (refer to Footnote 2 to the consolidated financial statements)	\$ 20,361,893

**Independent Auditor's Reports Required by *Government
Auditing Standards* and the Uniform Guidance**



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
World Wildlife Fund, Inc.
Washington, D.C.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of **World Wildlife Fund, Inc. and Subsidiaries (WWF)**, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered WWF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of WWF's internal control. Accordingly, we do not express an opinion on the effectiveness of WWF's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether WWF's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WWF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

December 15, 2021



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8401 Greensboro Drive
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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
World Wildlife Fund, Inc.
Washington, D.C.

Opinion on Compliance for Each Major Federal Program

We have audited **World Wildlife Fund, Inc. and Subsidiaries (WWF)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of WWF's major federal programs for the year ended June 30, 2021. WWF's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, WWF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of WWF and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of WWF's compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to WWF's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on WWF's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about WWF's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 WWF's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of WWF's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of WWF's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items **2021-001** and **2021-002**. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards and the Uniform Guidance require the auditor to perform limited procedures on WWF's response described in the accompanying schedule of findings and questioned costs to the noncompliance findings identified in our compliance audit. WWF's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



WWF is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. WWF's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we consider the deficiencies in WWF's internal control over compliance, described in the accompanying schedule of findings and questioned costs as items **2021-001** and **2021-002** to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards and the Uniform Guidance require the auditor to perform limited procedures on WWF's response described in the accompanying schedule of findings and questioned costs to the internal control over compliance findings identified in our compliance audit. WWF's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

WWF is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. WWF's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

December 15, 2021

World Wildlife Fund, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Consolidated Financial Statements

Type of report the auditor issued on whether
the consolidated financial statements audited were
prepared in accordance with U.S. GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported
- Noncompliance material to consolidated financial
statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☒ yes ☐ none reported

Type of auditor's report issued on compliance for
major federal programs:

CFDA 98.001
CFDA 98.011
CFDA 19.705
CFDA 19.017

Unmodified
Unmodified
Unmodified
Unmodified

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)?

☒ yes ☐ no

World Wildlife Fund, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
98.001	USAID Foreign Assistance for Programs Overseas
98.011	USAID Global Development Alliance
19.705	U.S. Department of State - Trans-National Crime
19.017	U.S. Department of State - Environmental and Scientific Partnerships and Programs

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes x no

World Wildlife Fund, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Section II - Financial Statement Findings

There were no findings related to the consolidated financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III - Federal Award Findings and Questioned Costs

2021-001 Internal Control Over Compliance and Compliance with Activities Allowed or Unallowed and Allowable Costs and Cost Principles

Information on the Federal Program:

United States Department of State
CFDA Number: 19.017
CFDA Name: Environmental and Scientific Partnerships and Programs
Grant Award Number under the Uniform Guidance Requirements:

<u>Award Number</u>	<u>Award Period</u>
SLMAQM18CA2054	September 17, 2018 - August 31, 2021

Criteria or Specific Requirement: In accordance with §200.303 *Internal Controls* a non-federal entity must (a) establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO); (b) comply with federal statutes, regulations, and the terms and conditions of the federal awards; (c) evaluate and monitor the non-federal entity’s compliance with statutes, regulations, and the terms and conditions of federal awards.

Additionally, §200.303 *Internal Controls* states that a non-federal entity must (a) establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: WWF’s policies are designed to ensure expenses are reviewed and approved timely to ensure proper recording on the accrual basis of accounting. Our testing in various compliance areas identified one instance where the expense was not recorded in the correct financial reporting period in accordance with the accrual basis of accounting. For major program 19.017, we identified one instance of seven samples tested, where a prior year expense was recorded in the current fiscal year SEFA, resulting in an overstatement of fiscal year 2021 expenses of \$6,666. This related to award number SLMAQM18CA2054. We were able to conclude that the expense occurred within the period of performance of the award and was an allowable award expenditure.

World Wildlife Fund, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Questioned Costs: None.

Context: This is a condition identified per review of WWF's compliance with allocability and allowability provisions of the Uniform Guidance. The prevalence of these findings is detailed in the condition section above. A nonstatistical sampling method was used.

Cause: WWF has documented expenditure policies and procedures regarding the timely processing and approval of expenditures incurred. However, as identified above, the timely processing of the expenditure did not occur resulting in the error noted.

Effect: The lack of adherence to the established internal control policies and procedures can lead to noncompliance with federal statutes, regulations, and the provisions of grant agreements which could ultimately lead to disallowed costs for the major programs.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that WWF adhere to its documented policies and procedures regarding timely processing and recording of expenditures.

Views of Responsible Officials: WWF management agrees with the findings and recommendations. The planned corrective actions are presented in the corrective action plan attached as Appendix A to the Single Audit Report.

2021-002 Internal Control over Compliance and Compliance - Cash Management

Information on Federal Programs:

United States Agency for International Development
CFDA Number: 98.001
CFDA Name: USAID Foreign Assistance for Programs Overseas
Grant Award Numbers under the Uniform Guidance Requirements:

Award Number	Award Period
AID-367-A-16-00008	July 15, 2016 - July 14, 2021
7200AA20LA00003	August 1, 2020 - July 31, 2024
7200AA18LE00001	August 27, 2018 - August 26, 2023

Criteria or Specific Requirement: In accordance with §200.303 *Internal Controls* states that a non-federal entity must (a) establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO); (b) comply with federal statutes, regulations, and the terms and conditions of the federal awards; (c) evaluate and monitor the non-federal entity's compliance with statutes, regulations, and the terms and conditions of federal awards.

World Wildlife Fund, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

In accordance with §200.305(b), payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

Condition: During our testing of the cash management compliance requirements for major program 98.001, we identified four instances out of 18 samples selected for testing, where evidence supporting the control related to the approval of the cash draw down prior to submission was unable to be provided.

Questioned Costs: None.

Context: The condition was identified as part of testing performed on WWF's compliance with the cash management provisions of the Uniform Guidance and WWF's policy on cash drawdowns. We selected a sample of 18 expense reimbursement packages underlying the three cash drawdowns for CFDA Number 98.001 as part of our testing of internal controls over compliance related to the cash management compliance requirement. Of those 18 samples, four samples did not have evidence of the required approval, as documented in "condition" above.

Cause: WWF has established policies and procedures around cash management. However, WWF management did not adhere to its documented policies and procedures regarding authorization and approval of USAID drawdowns.

Effect: The lack of adherence to the established internal control policies and procedures can lead to noncompliance with federal statutes, regulations, and the provisions of grant agreements.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend WWF to ensure management approvals on drawdown requests are retained as proof of review and approval prior to submission and receipt of funding for USAID drawdowns.

Views of Responsible Officials: WWF management agrees with the findings and recommendations. The planned corrective actions are presented in the corrective action plan attached as Appendix A to the Single Audit Report.



World Wildlife Fund, Inc. and Subsidiaries

Appendix A - Management's Corrective Action Plan Year Ended June 30, 2021

2021-001 Internal Control Over Compliance and Compliance with Activities Allowed or Unallowed and Allowable Costs and Cost Principles

Contact: Leroy Wade
Title: Controller
Phone Number: 202-293-4800

Estimated Completion Date - August 2022

Corrective Action - WWF management will adhere to documented policies and procedures regarding the timely processing and recording of expenditures. WWF management will perform a more detailed review of invoices to ensure expenses are recorded timely.

2021-002 Internal Control over Compliance and Compliance - Cash Management

Contact: Leroy Wade
Title: Controller
Phone Number: 202-293-4800

Estimated Completion Date - March 2022

Corrective Action - As part of the documented policies and procedures regarding the authorization and approval of USAID drawdowns, approval is evidenced by email. The four instances noted relate to one drawdown request. WWF Management did not retain the email with the explicit "I approve" notation within the email exchanges for the drawdown. To mitigate future risk, management has updated the process to use electronic signatures for approvals rather than email. Electronic signature of approval will be obtained prior to submission and receipt of funding and will be retained with the drawdown request documentation.



World Wildlife Fund, Inc. and Subsidiaries

Appendix B - Schedule of Prior Audit Findings Year Ended June 30, 2020

2020-001 Internal Control Over Compliance and Compliance - Cost Sharing and Matching Requirements

Contact Name: Leroy Wade, Controller
Telephone Number: 202-293-4800

Condition: During the Auditor's testing of internal control over compliance related to the cost sharing and matching compliance requirement, the Auditors were able to examine the expense reports provided to WWF by the subrecipients. However, WWF was not able to provide adequate evidence of the required review and approval of the expenses contained within those reports.

Current Year Status: WWF has implemented additional subrecipient monitoring procedures, which includes new detailed monitoring template that must be completed for each subrecipient. The template specific assess the allowability of cost. Additional resources have been added to the department that monitors subrecipients.

2020-002 Internal Control over Compliance and Compliance - Cash Management

Contact Name: Leroy Wade, Controller
Telephone Number: 202-293-4800

Condition: During Auditor's testing of the cash management compliance requirements, the Auditor identified two instances in which WWF requested funds based on inaccurate expenditure data, resulting in an overpayment from the Federal Agency. One overpayment for Award Number 72044218CA00001 totaling \$108,814 and one overpayment for Award Number AID-367-A-16-00008 totaling \$607,369. WWF identified the error in expenditure data during the subsequent fiscal quarter and reduced the subsequent quarter's payment request by the amount of the identified error. WWF's internal control procedures around cash management did not detect and prevent the inaccurate request for funds transfer prior to submission and receipt of the funding.

Current Year Status: WWF has added additional resources to review financial amounts that support the drawdown request. The reconciliation review process has been strengthened also. The Program and Finance departments will both review future drawdown support and provide approval.



World Wildlife Fund, Inc. and Subsidiaries

Appendix B - Schedule of Prior Audit Findings Year Ended June 30, 2020

2020-003 Internal Control over Compliance and Compliance - Financial Reporting

Contact Name: Leroy Wade, Controller
Telephone Number: 202-293-4800

Condition: During the Auditor's testing of financial reporting, the management-level review of WWF did not identify the reporting errors identified below:

CFDA No. 15.651

For Award Number F18AC00846, the SF-425 report tested contained calculation errors related to indirect rates as well as the expenditures reported did not agree to WWF's financial accounting system. Both discrepancies were corrected in a revised report submitted to the awarding agency. While not material discrepancies, management's review did not identify these discrepancies prior to submission of these reports.

CFDA No. 19.017

For this major program, two reports for award number S-LMAQM-18-CA-2054 contained errors. For one SF-425 report, the unliquidated obligations and the total federal expenditures did not agree to WWF's financial accounting system. For the second SF-425 tested, the federal expenditures contained expenditures that were not included in WWF's general ledger for the same period. The discrepancies identified above were corrected in the subsequent period SF-425 report. While not material discrepancies, management's review did not identify these discrepancies prior to submission of the reports.

CFDA No. 98.001

For this major program, four SF-425 reports contained errors in the reporting of indirect rates. The instructions for the SF-425 report require cumulative reporting; however, management reported the indirect costs only for the current reporting period. Management's review did not identify the need to report on a cumulative basis. The Auditors determined that the total federal expenditures reported within those four SF-425 reports were accurate and contained the cumulative direct and indirect expenditures for the financial report tested.

Current Year Status: WWF has added additional management and staff resources to review and reconcile the information contained in related financial reports and systems.

2020-004 Internal Control Over Compliance and Compliance - Subrecipient Monitoring

Contact Name: Leroy Wade, Controller
Telephone Number: 202-293-4800

Condition: During the Auditor's testing of the subrecipient monitoring compliance requirement, there were three instances where WWF management did not perform the required risk assessment. Management's internal processes and procedures did not identify the need to perform a risk assessment on these subrecipients due to the small value of the subrecipient grants.

Current Year Status: WWF has updated its grantee monitoring policy and procedures to require a documented risk assessment for all grantees.