

CONSOLIDATED FINANCIAL STATEMENTS



INTERNATIONAL CRANE FOUNDATION, INC.

**FOR THE YEARS ENDED
MARCH 31, 2022 AND 2021**

INTERNATIONAL CRANE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Crane Foundation, Inc.
Baraboo, Wisconsin

Opinion

We have audited the accompanying consolidated financial statements of International Crane Foundation, Inc. (the Foundation), which comprise the consolidated statements of financial position as of March 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of March 31, 2022 and 2021, and the consolidated changes in its net assets, functional expenses and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation 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 these 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 the 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 the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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 generally accepted 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, including omissions, 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 generally accepted 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 the Foundation'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 the Foundation'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.



June 25, 2022

INTERNATIONAL CRANE FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2022 AND 2021

ASSETS		
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,780,211	\$ 5,583,119
Unconditional promises to give	466,900	519,000
Advances and other receivables	92,833	36,373
Inventory	80,654	85,555
Prepaid expenses	<u>101,769</u>	<u>139,170</u>
Total current assets	<u>6,522,367</u>	<u>6,363,217</u>
PROPERTY AND EQUIPMENT		
Land	2,021,758	2,021,758
Site improvements	2,515,645	2,509,985
Buildings	14,884,101	14,629,159
Equipment	623,792	608,797
Furniture	1,088,042	1,090,356
Vehicles	<u>494,790</u>	<u>368,625</u>
	21,628,128	21,228,680
Less: Accumulated depreciation and amortization	<u>(8,230,754)</u>	<u>(7,217,241)</u>
Net property and equipment	<u>13,397,374</u>	<u>14,011,439</u>
NONCURRENT ASSETS		
Cash restricted for capital improvements	396,738	315,723
Unconditional promises to give, net of current portion	567,807	436,597
Investments - Beneficial interest in charitable remainder trust	946,999	1,033,849
Investments - Beneficial interest in community foundation	278,344	-
Investments - other	36,139,771	34,489,556
Investments restricted to endowments	4,015,511	3,929,386
Construction in progress	<u>31,317</u>	<u>-</u>
Total noncurrent assets	<u>42,376,487</u>	<u>40,205,111</u>
TOTAL ASSETS	<u>\$ 62,296,228</u>	<u>\$ 60,579,767</u>

INTERNATIONAL CRANE FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2022 AND 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Note payable	\$ -	\$ 37,097
Accounts payable and accrued liabilities	108,379	44,719
Accrued salaries and related benefits	370,849	371,100
Deferred revenue and refundable advances	<u>56,449</u>	<u>116,663</u>
Total current liabilities	<u>535,677</u>	<u>569,579</u>
NONCURRENT LIABILITIES		
Note payable, net of current portion	<u>-</u>	<u>581,183</u>
Total liabilities	<u>535,677</u>	<u>1,150,762</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	296,253	117,223
Invested in property and equipment	13,397,374	14,011,439
Invested in construction in progress	4,935	-
Board designated for liquidity fund	2,983,966	3,004,272
Board designated for conservation impact	5,494,642	6,122,507
Board designated for endowment	<u>24,321,566</u>	<u>22,196,150</u>
Total net assets without donor restrictions	<u>46,498,736</u>	<u>45,451,591</u>
With donor restrictions:		
Perpetual in nature	4,293,855	3,929,386
Purpose restricted	9,880,761	8,859,503
Time restricted	1,060,814	1,188,525
Invested in construction in progress	<u>26,385</u>	<u>-</u>
Total net assets with donor restrictions	<u>15,261,815</u>	<u>13,977,414</u>
Total net assets	<u>61,760,551</u>	<u>59,429,005</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 62,296,228</u>	<u>\$ 60,579,767</u>

INTERNATIONAL CRANE FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributed revenue:			
Contributions and grants	\$ 4,636,615	\$ 4,386,624	\$ 9,023,239
Memberships	642,211	-	642,211
Donated materials and services	32,500	-	32,500
Total contributed revenue	5,311,326	4,386,624	9,697,950
Other revenue:			
Investment income allocated to operations	949,992	296,604	1,246,596
Sales and tour income, net of cost of sales of \$254,033	391,266	-	391,266
Other	100,822	7,681	108,503
Total other revenue	1,442,080	304,285	1,746,365
Total revenue	6,753,406	4,690,909	11,444,315
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	3,533,972	(3,533,972)	-
EXPENSES			
Program Services:			
Sub-Saharan Africa	1,905,321	-	1,905,321
East Asia	1,257,784	-	1,257,784
South and Southeast Asia	206,482	-	206,482
ICF Center for Conservation Leadership	3,060,275	-	3,060,275
North America	1,381,722	-	1,381,722
Total program services	7,811,584	-	7,811,584
Supporting Services:			
General and Administrative	1,112,437	-	1,112,437
Fundraising	952,621	-	952,621
Total supporting services	2,065,058	-	2,065,058
Total expenses	9,876,642	-	9,876,642
CHANGES IN NET ASSETS FROM OPERATIONS	410,736	1,156,937	1,567,673
Investment results, net of allocation to operations	636,409	127,464	763,873
Changes in net assets	1,047,145	1,284,401	2,331,546
Net assets at beginning of year	45,451,591	13,977,414	59,429,005
NET ASSETS AT END OF YEAR	\$ 46,498,736	\$ 15,261,815	\$ 61,760,551

INTERNATIONAL CRANE FOUNDATION, INC.

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributed revenue:			
Contributions and grants	\$ 4,569,752	\$ 3,084,686	\$ 7,654,438
Memberships	500,123	-	500,123
Donated materials and services	-	-	-
Total contributed revenue	5,069,875	3,084,686	8,154,561
Other revenue:			
Investment income allocated to operations	819,893	274,645	1,094,538
Sales and tour income, net of cost of sales of \$63,093	54,249	3,256	57,505
Other	59,181	41,449	100,630
Total other revenue	933,323	319,350	1,252,673
Total revenue	6,003,198	3,404,036	9,407,234
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	3,724,208	(3,724,208)	-
EXPENSES			
Program Services:			
Sub-Saharan Africa	1,109,154	-	1,109,154
East Asia	872,765	-	872,765
South and Southeast Asia	210,359	-	210,359
ICF Center for Conservation Leadership	2,474,959	-	2,474,959
North America	1,242,945	-	1,242,945
Total program services	5,910,182	-	5,910,182
Supporting Services:			
General and Administrative	1,017,143	-	1,017,143
Fundraising	999,952	-	999,952
Total supporting services	2,017,095	-	2,017,095
Total expenses	7,927,277	-	7,927,277
CHANGES IN NET ASSETS FROM OPERATIONS	1,800,129	(320,172)	1,479,957
Investment results, net of allocation to operations	5,738,684	2,126,367	7,865,051
Changes in net assets	7,538,813	1,806,195	9,345,008
Net assets at beginning of year	37,912,778	12,171,219	50,083,997
NET ASSETS AT END OF YEAR	\$ 45,451,591	\$ 13,977,414	\$ 59,429,005

See accompanying notes to consolidated financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

	Program Services					Supporting Services				
	Sub-Saharan Africa	East Asia	South and Southeast Asia	ICF Center for Conservation Leadership	North America	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Assistance and grants to other organizations, individuals	\$ 873,244	\$ 450,475	\$ 8,000	\$ 58,980	\$ 29,184	\$ 1,419,883	\$ 10,000	\$ 5,000	\$ 15,000	\$ 1,434,883
Salaries, wages and benefits	37,812	202,455	119,582	1,086,720	1,017,215	2,463,784	773,175	699,369	1,472,544	3,936,328
Contracted staff	440,531	305,104	4,030	73,962	73,961	897,588	-	-	-	897,588
Professional services	150,827	116,547	72,500	25,716	9,075	374,665	105,876	2,900	108,776	483,441
Advertising and promotion	14,249	40,032	-	122,321	14,960	191,562	-	77,346	77,346	268,908
Office and maintenance supplies	29,875	5,069	330	275,657	22,638	333,569	48,289	94,172	142,461	476,030
Information technology	3,366	12,344	494	38,731	20,211	75,146	93,886	15,934	109,820	184,966
Utilities, rent and insurance	34,468	37,524	140	142,930	18,050	233,112	9,935	13	9,948	243,060
Travel and conferences	183,483	60,801	1,346	54,562	65,735	365,927	21,006	37,260	58,266	424,193
Research and crane care supplies	131,148	13,571	60	79,964	108,749	333,492	-	-	-	333,492
Other	6,318	13,862	-	97,263	1,944	119,387	23,079	14,857	37,936	157,323
Depreciation	-	-	-	1,003,469	-	1,003,469	27,191	5,770	32,961	1,036,430
TOTAL	\$1,905,321	\$1,257,784	\$ 206,482	\$ 3,060,275	\$1,381,722	\$ 7,811,584	\$ 1,112,437	\$ 952,621	\$2,065,058	\$ 9,876,642

See accompanying notes to consolidated financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

	Program Services					Supporting Services				
	Sub-Saharan Africa	East Asia	South and Southeast Asia	ICF Center for Conservation Leadership	North America	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Assistance and grants to other organizations, individuals	\$ 616,311	\$ 265,808	\$ 23,009	\$ 7,397	\$ 100,362	\$ 1,012,887	\$ -	\$ -	\$ -	\$ 1,012,887
Salaries, wages and benefits	37,554	197,844	123,962	955,186	942,075	2,256,621	738,695	723,238	1,461,933	3,718,554
Contracted staff	230,938	245,706	18,570	65,272	71,650	632,136	-	-	-	632,136
Professional services	85,692	54,845	31,020	7,224	26,611	205,392	97,753	2,710	100,463	305,855
Advertising and promotion	9,812	21,826	38	60,819	10,083	102,578	176	70,812	70,988	173,566
Office and maintenance supplies	26,413	2,915	9,562	169,212	18,022	226,124	31,688	120,018	151,706	377,830
Information technology	7,851	3,922	1,585	35,151	12,916	61,425	98,612	22,676	121,288	182,713
Utilities, rent and insurance	22,691	39,174	-	141,058	15,910	218,833	9,313	176	9,489	228,322
Travel and conferences	51,793	30,994	2,343	12,945	24,362	122,437	2,045	18,328	20,373	142,810
Research and crane care supplies	18,966	2,835	173	50,914	19,214	92,102	-	700	700	92,802
Other	1,133	6,896	97	56,114	1,740	65,980	11,670	35,524	47,194	113,174
Depreciation	-	-	-	913,667	-	913,667	27,191	5,770	32,961	946,628
TOTAL	\$1,109,154	\$ 872,765	\$ 210,359	\$ 2,474,959	\$1,242,945	\$ 5,910,182	\$ 1,017,143	\$ 999,952	\$2,017,095	\$ 7,927,277

See accompanying notes to consolidated financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,331,546	\$ 9,345,008
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,036,430	946,628
Realized and unrealized gains on investments	(1,574,374)	(8,252,991)
Contributions restricted for endowment	(86,125)	(1,000)
Change in beneficial interest in charitable remainder trust	86,850	(253,052)
Change in beneficial interest in community foundation	(28,344)	-
Contributions restricted for capital improvements	(213,580)	(398,755)
Gain on sale of property and equipment	(6,800)	(3,329)
Receipt of donated investments	(659,725)	(360,477)
Proceeds from sales of donated investments	658,587	361,007
Decrease in present value discount	37,640	(25,203)
Forgiveness of debt	(59,000)	(618,280)
(Increase) decrease in:		
Unconditional promises to give	(116,750)	2,175,817
Bequest receivable	-	7,100,000
Advances and other receivables	(56,460)	3,444
Inventory	4,901	(27,067)
Prepaid expenses	37,401	(42,722)
Increase (decrease) in:		
Accounts payable and accrued liabilities	63,661	(268,316)
Accrued salaries and related benefits	(251)	50,733
Construction retainage payable	-	(271,234)
Deferred revenue and refundable advances	(60,214)	56,436
Net cash provided by operating activities	<u>1,395,393</u>	<u>9,516,647</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(193,080)	(182,964)
Payments for construction in progress	(260,603)	(1,032,828)
Proceeds from sale of property and equipment	6,800	3,329
Purchase of investments	(2,372,834)	(10,971,719)
Proceeds from sale of investments	<u>1,962,006</u>	<u>3,963,433</u>
Net cash used by investing activities	<u>(857,711)</u>	<u>(8,220,749)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	86,125	1,000
Proceeds of donated stock for endowment	-	398,755
Contributions restricted for capital improvements	213,580	-
Proceeds from note payable	-	1,236,560
Payments on note payable	(559,280)	-
Satisfaction of related party loan payable	<u>-</u>	<u>(1,965,000)</u>
Net cash used by financing activities	<u>(259,575)</u>	<u>(328,685)</u>
Net increase in cash and cash equivalents	278,107	967,213
Cash and cash equivalents at beginning of year	<u>5,898,842</u>	<u>4,931,629</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR, INCLUDING RESTRICTED CASH OF \$396,738 IN 2022 AND \$315,723 IN 2021	<u>\$ 6,176,949</u>	<u>\$ 5,898,842</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ <u>6,450</u>	\$ <u>22,995</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Forgiveness of Debt	\$ <u>59,000</u>	\$ <u>618,280</u>
Reclassification of Construction in Progress to Capital Assets	\$ <u>260,603</u>	\$ <u>1,032,828</u>

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

International Crane Foundation, Inc. (the Foundation) is a non-profit organization, incorporated and located in the State of Wisconsin. The Foundation works worldwide to conserve cranes and the ecosystems, watersheds, and flyways on which they depend. Activities of the Foundation include the promotion and support of research, captive propagation, restocking of preservation areas, public education and habitat preservation. Cranes under the Foundation's care are either owned by or on loan to the Foundation. The Foundation is primarily supported by contributions from individuals, corporations, foundations and governments.

The Foundation maintains local offices in China, Uganda and Zambia. The Uganda and Zambia offices were established during fiscal year 2020 (January 3, 2020 and July 19, 2019, respectively). In China and Uganda, the Foundation is registered as a representative/branch office of the U.S. entity. In Zambia, the Foundation has registered as a Company Limited by Guarantee, under The Companies Act of 2017 (Act No. 10) and The Companies Regulations of 2018 (Section 14). The financial activities of the aforementioned offices (most of which are in China during the reported periods) have been included in the accompanying financial statements.

The Foundation also maintains a domestic branch office in Rockport, Texas.

Principles of consolidation -

The accounts of International Crane Foundation, Inc. have been consolidated with the accounts of International Crane Foundation (a company limited by guarantee under the laws of Zambia) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that controlled and financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board of Directors (Board) are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Foundation's mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the 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.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Basis of presentation (continued) -

Net Assets With Donor Restrictions (continued) -Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid instruments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Foundation maintained \$476,589 and \$71,800 of cash and cash equivalents on hand and with financial institutions in foreign countries at March 31, 2022 and 2021, respectively. The majority of funds invested in foreign bank accounts are uninsured.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in net investment income (loss) in the accompanying Consolidated Statements of Activities and Changes in Net Assets. Investments restricted to endowments are comprised of permanently restricted awards received by the Foundation and invested in mutual funds and private company preferred stock.

Investments acquired by gift, including private company preferred stock, are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after the gift, unless specified otherwise by the donor.

Beneficial interest investments -

The fair value of the charitable remainder trust consists of the market value of the portion of investments in the trust pledged to the Foundation, discounted using rates and terms found in the appropriate mortality tables. The trust provides for the payment of distributions to beneficiaries for the remainder of their lives. At the end of the trust term, the remaining asset will be available for the Foundation's general use. The trust is classified as a Level 3 investment.

On April 1, 2021, the Foundation entered into an agreement with the Community Foundation of South Central Wisconsin (CFSCW) to establish a permanently endowed designated fund. The Foundation transferred \$250,000 on April 1, 2021 from a portion of a bequest received in March 2021 to establish the fund. This contribution was matched by an individual donation of \$250,000 directly to the fund that was made on April 6, 2021. The assets in the fund are held by CFSCW and not owned by the Foundation. The Foundation does have rights to an annual 5% distribution from the fund. As of March 31, 2022, the value of the beneficial interest investment totaled \$278,344.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Receivables (Unconditional promises to give, bequests, advances and other) -

Unconditional promises to give and bequests are recorded at the net present value of future cash flows, which approximates fair value. Conditional promises to give are not recorded until the donor's conditions are met. Advances and other receivables approximate fair value.

Based on its review and evaluation of all receivable balances due as of March 31, 2022 and 2021, management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Inventory -

Inventory consists of merchandise held for resale, which is recorded at the lower of cost or net realizable value.

Property and equipment -

Property and equipment acquisitions in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 3 to 20 years. Land is not amortized, however, buildings and site improvements are amortized over a 20 year period. The cost of maintenance and repairs is recorded as expenses are incurred.

Depreciation and amortization expense for the years ended March 31, 2022 and 2021 totaled \$1,036,430 and \$946,628, respectively.

Construction in progress -

Property and equipment acquisitions which are not placed into service at the time the assets are purchased are recorded as construction in progress. When such assets are placed into service, they are transferred to property and equipment and are depreciated (or amortized) over their estimated useful lives (depending on the type of asset).

Impairment of long-lived assets -

Management reviews asset carrying values whenever events or circumstances indicate that such carrying values may not be recoverable. The carrying values of assets is reduced by a charge in the Consolidated Statements of Activities and Changes in Net Assets to current fair value when assets are considered by management to be impaired (no impairment was recorded as of March 31, 2022 and 2021).

Income taxes -

International Crane Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. International Crane Foundation, Inc. is not a private foundation as defined under Section 509(a) of the Internal Revenue Code. International Crane Foundation, Inc. is also exempt from state income taxes.

International Crane Foundation (a company limited by guarantee under the laws of Zambia) is a local organization operating as a not-for-profit, subject to tax under the laws of Zambia. During the years ended March 31, 2022 and 2021, there was no tax liability.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Uncertain tax positions -

For the years ended March 31, 2022 and 2021, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Deferred revenue -

Deferred revenue consists of payments for group tours and events run by the Foundation and other refundable cash advances. The Foundation recognizes such revenue when the related tours and events occur and when refundable cash advances are earned.

Revenue recognition -

The majority of the Foundation's revenue is received through awards from individuals, foundations, corporations, and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of each award to determine if the revenue streams follow the contribution rules or if considered an exchange transaction. Revenue is considered a contribution when it is nonreciprocal in terms of benefits received by both parties. Revenue is considered an exchange transaction when it is reciprocal in that both parties receive a benefit.

For awards qualifying under the contribution rules, the treatment of revenue is further subdivided between unconditional and conditional revenue. For unconditional revenue, revenue is recorded when a promise is made, or funds are received, whichever happens first. Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Conditional revenue is recognized upon the notification of the award and satisfaction of all conditions, if applicable.

Awards qualifying as conditional contributions contain a right of return or right of release from obligation provision and a defined barrier (or barriers), and the entity has limited discretion over how funds transferred should be spent. Accordingly, revenue is recognized when the condition or conditions are satisfied (when the related barrier has been overcome; generally, when qualifying expenditures are incurred); these transactions are nonreciprocal and classified as conditional, and are recognized as contributions when the revenue becomes unconditional. The Foundation considers all awards from governments to be conditional assistance, and accordingly have been recognized in the accompanying consolidated financial statements as revenue (without donor restrictions) at such time when the conditions have been met (when expenditures have occurred). Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Funds received, for these conditional contributions, in advance of the incurrence of qualifying expenditures are recorded as refundable advances; total revenue recognized (under conditional awards) in the accompanying consolidated financial statements as of March 31, 2022 and 2021 aggregated \$484,229 and \$902,431, respectively. As of March 31, 2022 and 2021, the total amount recognized as refundable advances (under conditional awards) aggregated \$31,106 and \$76,413, respectively.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue recognition (continued) -

All marketable securities contributed and subsequently sold within 30 days of receipt are recognized as contributions based on the fair value of the securities on the date of contribution using the average price between the highest and lowest quoted selling price on that date. If retained, the contribution is valued by the same method and the securities are subsequently recorded at fair value.

Revenue received from individuals for memberships represents a contribution to the Foundation as there are no substantial benefits received in exchange for the support received. Accordingly, memberships are accounted for in accordance with the "Contributions and grants" policy above.

Revenue classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers*, and is recorded when the performance obligations are met; the revenue is recognized as "without donor restrictions" and the transaction price is based on the criteria stipulated in the agreements. For Sales and Tour Income (totaling \$391,266 and \$54,249 during the years ended March 31, 2022 and 2021, respectively), recognition of revenue occurs at the point in time when the sale is transacted (and invoiced to customers). Funds received in advance of revenue recognition are recorded as deferred revenue; as of March 31, 2022 and 2021, deferred revenue totaled \$25,343 and \$40,250, respectively.

Donated materials and services -

The Foundation recognizes as revenue noncash contributions of goods when a single instance of a contribution is greater than or equal to \$5,000 in value. To the extent feasible, the Foundation shall determine the fair value of noncash contributions that meet or exceed the \$5,000 threshold in accordance with the guidance contained in FASB ASC 820, *Fair Value Measurement*. In all other cases, and at the Foundation's discretion, the Foundation shall use a qualified third party expert to determine the value.

Works of art and collectibles are not recognized on the date of donation; however, if the item(s) are subsequently sold, the net proceeds from the sale are recognized as contribution revenue on the date of sale.

The Foundation recognizes as contribution revenue donated services when a single instance of a contribution is greater than or equal to \$5,000 and they create or enhance a nonfinancial asset (such as property or equipment) or meet all of the following criteria: (1.) The service requires specialized skills; (2.) The service is provided by individuals who possess those skills; and (3.) The service would typically need to be purchased if not contributed.

During the year ended March 31, 2022, the Foundation recognized \$32,500 of revenue (representing the fair value of a donated vehicle received) in its accompanying consolidated financial statements. There were no donated services or materials received during the year ended March 31, 2021.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional cost allocation -

Costs incurred for specific programs or supporting services are charged directly to those program and supporting service categories. The financial statements also contain costs that are attributable to more than one program or supporting service. Accordingly, these costs have been allocated among the programs and supporting services benefited. If a shared cost cannot be reasonably allocated to program or support activities, it will be assigned to the General & Administration category. The expenses allocated include salaries, wages and benefits, contracted staff, utilities, insurance and print production costs. The allocations are based on estimates of time and effort. Depreciation is allocated on a square footage basis.

Supporting Services include the following categories:

- **Fundraising** - includes costs related to developing and soliciting donations, sponsorships, memberships and grants. These costs include, but are not limited to, direct mailings, donor solicitation and on-going relations, marketing, and grant application writing.
- **General and Administration** - these costs are defined as those related to general business management and executive oversight incurred in furtherance of the Foundation's mission related activities. These costs include, but are not limited to, general record keeping, payroll and benefits management, budgeting, general tax and compliance activities, general Information technology/communication costs, and human resources activities.

Program service categories as listed in the accompanying Consolidated Statements of Activities and Changes in Net Assets and the Consolidated Statements of Functional Expenses are described as follows:

Sub-Saharan Africa - Sub-Saharan Africa is home to six crane species, including four highly threatened resident species: endangered Grey Crowned Cranes and vulnerable Black Crowned, Wattled, Blue Cranes, and wintering Demoiselle and Eurasian Cranes. The International Crane Foundation is active in many countries across Africa, focused on understanding and resolving threats to cranes. Grey and Black Crowned Cranes are in serious decline due to capture for illegal domestication and trade, and loss of vital breeding wetlands. Wattled Cranes are most threatened by large dams and water diversions and associated wetland degradation. The Foundation's diverse conservation programs focus on restoring large floodplains for cranes, biodiversity, and the ecosystem services they provide; fostering community-based conservation of cranes and wetlands; securing cranes in agricultural landscapes; reducing the impact of illegal trade, powerlines, and energy development on cranes; and long-term monitoring and conservation planning. These efforts in Africa have created global models for sustainable water management, community-based natural resource conservation, and sustainable livelihoods.

East Asia - East Asia is home to eight crane species (the most of any region), including five threatened crane species - critically endangered Siberian Cranes, endangered Red Crowned Cranes, and vulnerable Hooded, White-naped and Black-necked Cranes. Intense land and water development pressures due to rapid economic growth threaten wetlands of vital importance to crane survival in this region. This conservation program builds on the strong cultural ties to cranes in East Asia to engage people and policy makers in conservation of protected areas and their surrounding landscapes.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional cost allocation (continued) -

East Asia (continued) - The program also addresses the global impact China's development and resource use will have on crane areas around the world. Conservation programs in East Asia include securing cranes and their key wetlands in the Amur/Heilong River Basin; sustaining viable wintering grounds for cranes in southeastern China; conserving Black-necked Cranes and their key wetlands in Western China; national outreach in China; crane conservation in the Korean DMZ; and crane flyway conservation across East Asia.

South and Southeast Asia - South and Southeast Asia are home to the threatened Sarus Crane and support wintering populations of Black-necked, Demoiselle, and Eurasian Cranes. Strong cultural and spiritual ties to Sarus Cranes in the Hindu and Buddhist religions of this region provide unique opportunities to engage people in the conservation of these intensely settled landscapes using the revered Sarus Crane as a flagship species. The Foundation leads two key conservation programs in the region. For more than thirty years, the Foundation has engaged in conservation of the Mekong Delta region of Vietnam and Cambodia, including establishing Tram Chim National Park (the largest wetland protected area in Vietnam), training a network of wetland scientists and managers that spans the region, and creating a global model for community-based wetland conservation at Phu My, Vietnam. In the Ayeyarwady Delta of Myanmar, our goal is to ensure long-term survival of Sarus Cranes and other biodiversity by demonstrating that natural floating rice can support sustainable livelihoods, rich biodiversity, and a healthier environment for cranes and people as an alternative to intensive, ecologically-damaging rice production. The Foundation provides farmer training to improve floating rice production, help them generate new income streams by creating a brand of wildlife-friendly "Sarus Rice," and monitor biodiversity and livelihood benefits.

North America - North America is home to two crane species, including the world's rarest cranes - endangered Whooping Cranes and the most abundant cranes - Sandhill Cranes. Whooping Cranes face critical threats on their wintering grounds in and around Aransas National Wildlife Refuge in Texas, and along their long migratory flyway to their breeding grounds in Wood Buffalo, Canada. Foundation programs focus on conserving the Aransas-Wood Buffalo Whooping Crane flock; establishing a separate flock of Whooping Cranes through reintroductions in the Eastern United States; captive crane population management and research; and education and outreach to reduce threats to Whooping Cranes throughout their natural and reintroduced range. The Foundation's North America program also includes long-term Sandhill Crane research aimed at developing cross-cutting strategies for crane management on agricultural landscapes.

ICF Center for Conservation Leadership - ICF's headquarters includes a global center for conservation leadership, providing training and programs in: conservation science and management; wetland and grassland restoration and ecology; captive crane management and care; environmental education; and conservation communications. ICF's international and regional programs integrate leadership training and mentoring into each project, focusing on developing leaders in the communities that share waters and landscapes with cranes. ICF's Center for Conservation Leadership identifies, trains, mentors and supports conservation leadership among a broad spectrum of people, from promising young scientists and conservationists to the land owners and decision makers who influence crane survival in key places, empowering colleagues with knowledge, skills, and experience to lead effective conservation programs in communities around the world.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Crane ownership -

Cranes that are owned by the Foundation are not valued or recorded as an asset in the accompanying consolidated financial statements.

Investment risks and uncertainties -

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair value measurement -

The Foundation has adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

New accounting pronouncement (not yet adopted by the Foundation) -

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities for fiscal years beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment. The Foundation evaluated the impact of this new ASU and made the decision to not adopt this guidance due to the immaterial impact this would have on the Foundation's consolidated financial statements. Should circumstances change in the future, the Foundation would implement this change at that time.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets. The Foundation plans to adopt the ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its consolidated financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

2. INVESTMENTS

Investments are stated at fair value and consisted of the following at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 4,961,866	\$ 6,046,238
Mutual funds	34,993,416	32,172,704
Private company preferred stock	200,000	200,000
Beneficial interest in charitable remainder trust	946,999	1,033,849
Beneficial interest in community foundation	<u>278,344</u>	<u>-</u>
TOTAL INVESTMENTS	<u>\$ 41,380,625</u>	<u>\$ 39,452,791</u>

Net investment income consists of the following during the years ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 493,463	\$ 454,076
Realized and unrealized gains on investments	<u>1,517,006</u>	<u>8,505,513</u>
NET INVESTMENT INCOME	<u>\$ 2,010,469</u>	<u>\$ 8,959,589</u>

3. UNCONDITIONAL PROMISES TO GIVE

As of March 31, 2022 and 2021, the Foundation has received commitments for support of which \$1,079,400 and \$962,650, respectively, had not been collected. As of March 31, 2022 and 2021, promises to give due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 2.46% and 0.44%, respectively. The rate used, the 2-Year High Quality Market (HQM) Corporate Bond Spot Rate (HQMCB2YR), reflects the expected timing of future collections and a credit profile similar to high grade corporate obligations.

Following is a summary of amounts due from donors as of March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 466,900	\$ 519,000
Two to five years	612,500	403,650
Beyond five years	<u>-</u>	<u>40,000</u>
Total	1,079,400	962,650
Less: Allowance to discount balance to present value	<u>(44,693)</u>	<u>(7,053)</u>
NET UNCONDITIONAL PROMISES TO GIVE	<u>\$ 1,034,707</u>	<u>\$ 955,597</u>

4. PAYCHECK PROTECTION PROGRAM (PPP)

On April 14, 2020, the Foundation received loan proceeds in the amount of \$618,280 under the Paycheck Protection Program (PPP). The promissory note required monthly principal and interest payments amortized over the two-year term of the promissory note.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

4. PAYCHECK PROTECTION PROGRAM (PPP) (Continued)

Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note qualified for forgiveness by the Small Business Administration (SBA) in whole or in part. During the fiscal year ended March 31, 2021, the Foundation used the proceeds for purposes consistent with the Paycheck Protection Program, and has met the conditions (and applied) for forgiveness of the loan. On December 22, 2020, the full value of the loan was forgiven, and accordingly, the extinguishment of debt has been recognized as contribution income in the accompanying 2021 Consolidated Statement of Activities and Change in Net Assets.

On February 23, 2021, the Foundation received additional PPP loan proceeds totaling \$618,280. The promissory note required monthly principal and interest payments amortized over the five-year term of the promissory note with a deferral of payments for the first ten months. Under the CARES Act, the promissory note qualified for forgiveness by the SBA in whole or in part. The Foundation made a determination to seek forgiveness of only \$59,000 of the loan and return the remaining \$559,280.

On March 3, 2022, the \$59,000 value of the loan was forgiven and accordingly recognized as a contribution income in the accompanying 2022 Consolidated Statement of Activities and Change in Net Assets. The remaining \$559,200 of the loan (plus accrued interest of \$6,450) was paid back on March 15, 2022.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Sub-Saharan Africa	\$ 1,862,093	\$ 1,520,920
East Asia	1,585,895	1,392,916
South and Southeast Asia	141,843	144,907
North America	1,368,279	1,274,990
ICF Center for Conservation Leadership (includes Construction in Progress)	1,567,402	1,350,891
Administration	42,037	8,252
Accumulated investment earnings from endowments perpetual in nature (Note 9)	3,339,597	3,166,627
Miscellaneous (various time restricted and other)	36,674	35,724
Endowments perpetual in nature (Note 9)	4,293,855	3,929,386
Beneficial interest in charitable remainder trust (time restricted)	946,999	1,033,849
Unconditional promises to give (time restricted)	<u>77,141</u>	<u>118,952</u>
TOTAL	<u>\$ 15,261,815</u>	<u>\$ 13,977,414</u>

Assets are normally released from donor restrictions by incurring expenses which satisfy the restrictions (or through the passage of time). On occasion, unconditional promises are made to the Foundation and at the time of fulfilling those obligations, the donors may restrict or amend the purposes of the contributions. Accordingly, the amounts reported as having donor restrictions are subject to change between reporting periods.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets were released from donor restrictions during the years ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Sub-Saharan Africa	\$ 1,054,744	\$ 895,345
East Asia	828,307	659,796
South and Southeast Asia	138,202	124,513
North America	1,084,609	821,115
ICF Center for Conservation Leadership	379,590	1,165,916
Administration	(2,561)	599
Satisfaction of time restrictions	<u>51,081</u>	<u>56,924</u>
TOTAL	<u>\$ 3,533,972</u>	<u>\$ 3,724,208</u>

6. LEASE COMMITMENTS

The Foundation has entered into agreements to lease certain equipment. Additionally, the Foundation leases space in Rockport, Texas, USA, Kampala, Uganda and Beijing, China under short-term rental agreements. Following is a schedule of the future minimum lease payments under all equipment and office space leases:

Year Ending March 31,

2023	\$ 49,300
2024	7,000
2025	<u>6,400</u>
	<u>\$ 62,700</u>

Lease expense for the years ended March 31, 2022 and 2021 totaled \$76,118 and \$71,379, respectively, and is included in "Utilities, Rent and Insurance" in the accompanying Consolidated Statements of Functional Expenses.

7. RETIREMENT PLAN

The Foundation maintains a self-administered 401(k) plan. Employees must be 18 years of age and are immediately eligible for participation at time of hire. Employer contributions begin after one full year of service to the Foundation. The Foundation contributed 3% of qualified compensation for eligible employees during the years ended March 31, 2022 and 2021, totaling \$85,034 and \$81,591, respectively.

8. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

8. FAIR VALUE MEASUREMENT (Continued)

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at March 31, 2022 and 2021.

- *Money market funds* - Valued at the daily closing price as reported by the fund. The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission (SEC). This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. Mutual funds held by the Foundation are deemed to be actively traded.
- *Interests in private companies* - Private company preferred stock does not have a readily determinable fair value. The shares have a call price equal to the par value of \$100 per share plus any unpaid dividends. The Foundation received quarterly dividends of \$3,250 during each of the fiscal years ended March 31, 2022 and 2021.
- *Beneficial interest in charitable remainder trust* - The fair value of the charitable remainder trust consists of the market value of the portion of investments in the trust pledged to the Foundation, discounted using rates and terms found in the appropriate mortality tables. The trust provides for the payment of distributions to beneficiaries for the remainder of their lives. At the end of the trust term, the remaining asset will be available for the Foundation's general use.
- *Beneficial interest in community foundation* - The fair value of the community foundation fund consists of the market value of the portion of investments in the community foundation held in the name of the Foundation. The community foundation provides for an annual 5% distribution and funds are held by the community foundation as a permanent endowment.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

8. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of March 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 4,961,866	\$ -	\$ -	\$ 4,961,866
Mutual funds	34,993,416	-	-	34,993,416
Private company preferred stock	-	-	200,000	200,000
Beneficial interest in charitable remainder trust	-	-	946,999	946,999
Beneficial interest in community foundation	-	-	278,344	278,344
TOTAL	<u>\$ 39,955,282</u>	<u>\$ -</u>	<u>\$ 1,425,343</u>	<u>\$ 41,380,625</u>

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of March 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 6,046,238	\$ -	\$ -	\$ 6,046,238
Mutual funds	32,172,704	-	-	32,172,704
Private company preferred stock	-	-	200,000	200,000
Beneficial interest in charitable remainder trust	-	-	1,033,849	1,033,849
TOTAL	<u>\$ 38,218,942</u>	<u>\$ -</u>	<u>\$ 1,233,849</u>	<u>\$ 39,452,791</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the years ended March 31, 2022 and 2021:

	<u>Private Company Preferred Stock</u>	<u>Beneficial Interest in Charitable Remainder Trust</u>	<u>Beneficial Interest in Foundation</u>
Balance as of March 31, 2020	\$ 200,000	\$ 780,797	\$ -
Unrealized gain	-	253,052	-
Balance as of March 31, 2021	200,000	1,033,849	-
Transfer of funds to community foundation	-	-	250,000
Unrealized (loss) gain	-	(86,850)	28,344
BALANCE AS OF MARCH 31, 2022	<u>\$ 200,000</u>	<u>\$ 946,999</u>	<u>\$ 278,344</u>

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

9. ENDOWMENTS

The Foundation's Endowment consists of donor-restricted endowment funds, funds designated by the Board to function as a long-term endowment (referred to as the Quasi-Endowment, or "QE"), a Board designated liquidity fund (referred to as "BLF") and the Board designated Conservation Impact Fund (referred to as the "CIF").

The CIF was established during the year ended March 31, 2021 through contributions totaling \$6,043,711, made from the QE into a separate investment sub-account. The purpose of the CIF is to support investment in mission related initiatives and programs at the discretion of the President and with the approval of the Board. The CIF has its own investment allocation policy. The CIF replaced the BLF as the primary source of Board-approved spending for supplemental draws or investments in new initiatives. During the year ended March 31, 2022, CIF additions and investment income totaled \$87,545, less a \$715,410 withdrawal (a net \$627,865 decrease). During the year ended March 31, 2021, CIF additions and investment income totaled \$6,203,752, less \$81,245 of withdrawals (a net \$6,122,507 increase). Therefore, the aggregate amount invested in the CIF as of March 31, 2022 and 2021 totaled \$5,494,642 and \$6,122,507, respectively.

The BLF was originally established through a \$1,250,000 transfer from the QE into a separate investment sub-account. The purpose of the BLF was to set aside a portion of the Board-designated funds to a pool of investments that would be a readily available and stable source of funding for any operating deficits that may occur and any Board-approved spending for supplemental draws or investments in new initiatives. Since the creation of the CIF, the BLF's current prime goal is to be a readily available and stable source of funding for any operating deficits. During the year ended March 31, 2022, BLF net additions and investment losses totaled (\$20,306). During the year ended March 31, 2021, BLF additions and investment income totaled \$385,391. Therefore, the aggregate amount invested in the BLF as of March 31, 2022 and 2021 totaled \$2,983,966 and \$3,004,272, respectively.

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as long-term endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (WUPMIFA) as requiring the preservation of the fair value (as determined by FASC ASC 820) of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as "net assets with donor restrictions: endowments perpetual in nature" (a) the original value of gifts donated to the "endowment", (b) the original value of subsequent gifts to the "endowment", and (c) accumulations to the "endowment" made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in "net assets with donor restrictions: endowments perpetual in nature" is classified as "net assets with donor restrictions" until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by WUPMIFA.

In accordance with WUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

9. ENDOWMENTS (Continued)

- The purpose of the Foundation and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation, and
- Investment policies of the Foundation.

Endowment net asset composition by type as of March 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Donor-Restricted endowment investments	\$ -	\$ 3,339,597	\$ 4,293,855	\$ 7,633,452
Board-Designated endowment investments	24,321,566	-	-	24,321,566
Board-designated liquidity fund investments	2,983,966	-	-	2,983,966
Board-designated conservation impact investments	<u>5,494,642</u>	<u>-</u>	<u>-</u>	<u>5,494,642</u>
ENDOWMENT NET ASSETS	<u>\$ 32,800,174</u>	<u>\$ 3,339,597</u>	<u>\$ 4,293,855</u>	<u>\$ 40,433,626</u>

Changes in Endowment net assets for the year ended March 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, March 31, 2021	\$ 31,322,929	\$ 3,166,627	\$ 3,929,386	\$ 38,418,942
Investment gain	1,586,401	469,574	28,344	2,084,319
Contributions	1,806,246	-	86,125	1,892,371
Appropriation of endowment assets for expenditure	(1,665,402)	(296,604)	-	(1,962,006)
Other adjustment - transfer to community foundation	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
ENDOWMENT NET ASSETS, MARCH 31, 2022	<u>\$ 32,800,174</u>	<u>\$ 3,339,597</u>	<u>\$ 4,293,855</u>	<u>\$ 40,433,626</u>

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

9. ENDOWMENTS (Continued)

Endowment net asset composition by type as of March 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Donor-Restricted endowment investments	\$ -	\$ 3,166,627	\$ 3,929,386	\$ 7,096,013
Board-Designated endowment investments	22,196,150	-	-	22,196,150
Board-Designated liquidity fund investments	3,004,272	-	-	3,004,272
Board designated conservation impact investments	<u>6,122,507</u>	<u>-</u>	<u>-</u>	<u>6,122,507</u>
ENDOWMENT NET ASSETS	<u>\$ 31,322,929</u>	<u>\$ 3,166,627</u>	<u>\$ 3,929,386</u>	<u>\$ 38,418,942</u>

Changes in Endowment net assets for the year ended March 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, March 31, 2020	\$ 16,921,555	\$ 1,307,034	\$ 3,929,480	\$ 22,158,069
Investment gain	6,558,577	2,134,238	-	8,692,815
Contributions	2,618,979	-	1,000	2,619,979
Appropriation of endowment assets for expenditure	(819,893)	(274,645)	(1,094)	(1,095,632)
Transfers to increase Board-designated CIF	<u>6,043,711</u>	<u>-</u>	<u>-</u>	<u>6,043,711</u>
ENDOWMENT NET ASSETS, MARCH 31, 2021	<u>\$ 31,322,929</u>	<u>\$ 3,166,627</u>	<u>\$ 3,929,386</u>	<u>\$ 38,418,942</u>

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or WUPMIFA requires the Foundation to retain as a fund of perpetual duration. No material deficiencies were noted as of March 31, 2022 and 2021.

Return Objectives and Risk Parameters -

The Foundation has adopted investment and spending policies for long-term endowment assets that attempt to provide a predictable stream of funding to programs supported by them, while also seeking to maintain the purchasing power of the endowment assets.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

9. ENDOWMENTS (Continued)

Return Objectives and Risk Parameters (continued) -

Long-term endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as funds designated by the Board to function as a long-term endowment. The BLF and CIF have an investment policy focused on income and capital preservation in order to provide a source of reliable near-term liquidity.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation has a Board approved policy of appropriating for distribution each year 5% of its long-term endowment funds' average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. In addition, the Board-designated long-term endowment assets may be used for current special needs consistent with the Foundation's mission and subject to Board approval, including transfers to the BLF and CIF. In establishing this policy, the Foundation considered the long-term expected return on its endowments' assets, and its goal to maintain the purchasing power of the long-term endowment assets whether held in perpetuity or for a specified term. Real growth in endowment assets is primarily expected to be achieved by future gifts.

10. LIQUIDITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date (without any new action by the Board) are comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 497,726	\$ 897,969
Advances and other receivables	67,172	25,139
Unconditional promises to give	40,000	40,000
Endowment distribution appropriated for general expenditure	<u>1,091,762</u>	<u>950,000</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR OF
MARCH 31, 2022 AND 2021**

\$ 1,696,660 \$ 1,913,108

The Foundation's Endowment funds consist of donor-restricted endowments, including the Board designated Conservation Impact Fund ("CIF"), a Board-designated liquidity fund ("BLF"), and funds designated by the Board to function as a long-term endowment (Quasi-endowment, or "QE"). Income from donor-restricted endowments is restricted for specific program expenditures, with the exception of the amounts designated by donors for general use.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

10. LIQUIDITY (Continued)

As part of the Foundation's liquidity management plan, it established the BLF as a portion of its Board-Designated Endowment described in Note 9. The BLF is invested in more stable short-term investments and money market funds. The purpose of the BLF is to have a readily available operating reserve to fund any operating deficits that may occur. The BLF totaled \$2,983,966 and \$3,004,272 as of March 31, 2022 and 2021, respectively.

Additionally, the Foundation established the CIF as a portion of its Board-Designated Endowment described in Note 9. The CIF is invested in primarily more stable short-term investments and money market funds. The purpose of the CIF is to have a readily available operating reserve to fund any Board-approved spending for supplemental or new initiatives. The CIF totaled \$5,494,642 and \$6,122,507 as of March 31, 2022 and 2021, respectively.

The QE is subject to an annual spending policy as described in Note 9. Although the Foundation does not intend to spend from the QE, other than the 5% average of fair value appropriated for general expenditure as part of the Board's annual budget approval process, these amounts are available for immediate use with Board approval. The QE totaled \$24,321,566 and \$22,196,150 as of March 31, 2022 and 2021, respectively.

11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 25, 2022, the date the consolidated financial statements were issued.

In recent months, the global financial markets have experienced significant declines. As of the date of this report, the Foundation's investments have declined by approximately 8% (\$3.3 million) since March 31, 2022.