



NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

Consolidated Financial Statements

For the Years Ended August 31, 2023 and 2022



**and
Report Thereon**



**Reports Required in Accordance with
the Uniform Guidance**

For the Year Ended August 31, 2023



NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Wildlife Federation and Subsidiary

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of National Wildlife Federation and its subsidiary Garden For Wildlife, Inc. (collectively referred to as the Federation), which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, and the related consolidated statements of activities, 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Federation as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Federation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Federation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 the Federation'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 Federation'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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. The 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 schedule of expenditures of federal awards 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 February 16, 2024 on our consideration of the Federation'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 the Federation'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 the Federation's internal control over financial reporting and compliance.

Marcum LLP

Washington, DC
February 16, 2024

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of August 31, 2023 and 2022
(in thousands)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,906	\$ 3,156
Unrestricted investments	73,524	83,247
Grants and other donor restricted receivables, net	24,133	15,525
Bequests and other contributions receivable, net	4,560	1,954
Accounts receivable, net of allowance for doubtful accounts of \$39 and \$60, respectively	1,218	956
Inventory, nature education materials	1,820	1,515
Prepaid expenses	5,836	6,136
Charitable gift annuities and other trusts	14,427	13,603
Property, plant and equipment, net	15,246	16,321
Right-of-use asset – operating	4,924	3,941
Other assets	200	270
Permanently restricted investments	5,499	5,489
TOTAL ASSETS	\$ 153,293	\$ 152,113
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 10,776	\$ 8,782
Accrued payroll and related costs	3,765	3,623
Deferred revenue	11,566	11,202
Lease liability – operating	6,063	5,257
Bonds payable, net of premium and unamortized financing fees	9,636	10,060
Convertible debt (SAFE)	275	-
Accrued pension and post-retirement benefits	4,750	10,320
Charitable gift annuities and other trust obligations	2,966	3,045
TOTAL LIABILITIES	49,797	52,289
Net Assets		
Without donor restrictions		
Undesignated	31,410	32,409
Designated	14,378	12,698
Noncontrolling interest in subsidiary	(93)	-
Total Net Assets Without Donor Restrictions	45,695	45,107
With donor restrictions	57,801	54,717
TOTAL NET ASSETS	103,496	99,824
TOTAL LIABILITIES AND NET ASSETS	\$ 153,293	\$ 152,113

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended August 31, 2023 and 2022

(in thousands)

(continued)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT						
Contributions from individuals	\$ 35,428	\$ 20,107	\$ 55,535	\$ 33,085	\$ 15,822	\$ 48,907
Contributions from governments, foundations and corporations	12,602	25,590	38,192	11,360	24,355	35,715
Publications	15,114	-	15,114	15,522	-	15,522
Nature education materials	9,461	-	9,461	10,709	-	10,709
Investment income appropriated for operations	2,567	-	2,567	2,560	-	2,560
Royalties	1,326	-	1,326	1,426	-	1,426
Donated advertising and other services	1,474	-	1,474	851	-	851
Other	1,238	-	1,238	(253)	-	(253)
Net assets released from restrictions:						
Satisfaction of program restrictions	37,241	(37,241)	-	30,912	(30,912)	-
Expiration of time restrictions	5,310	(5,310)	-	9,715	(9,715)	-
TOTAL OPERATING REVENUE AND SUPPORT	121,761	3,146	124,907	115,887	(450)	115,437
OPERATING EXPENSES						
Program Services:						
Conservation programs	45,994	-	45,994	36,927	-	36,927
Membership and other nature education programs	30,382	-	30,382	32,451	-	32,451
Education outreach and publications	31,119	-	31,119	27,620	-	27,620
Garden for wildlife	1,765	-	1,765	-	-	-
Total Program Services	109,260	-	109,260	96,998	-	96,998
Supporting Services:						
Fundraising	9,302	-	9,302	8,586	-	8,586
General and administrative	8,006	-	8,006	7,463	-	7,463
Total Supporting Services	17,308	-	17,308	16,049	-	16,049
TOTAL OPERATING EXPENSES	126,568	-	126,568	113,047	-	113,047
Change in net assets from operations	(4,807)	3,146	(1,661)	2,840	(450)	2,390

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended August 31, 2023 and 2022
(in thousands)

(continued)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Nonoperating activities:						
Investment income (loss) in excess of earnings appropriated for operations	\$ 4,867	\$ -	\$ 4,867	\$ (15,800)	\$ -	\$ (15,800)
Pension and post-retirement related charges, including net periodic benefit costs other than services cost	460	-	460	1,206	-	1,206
CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTEREST	520	3,146	3,666	(11,754)	(450)	(12,204)
Net income attributable to noncontrolling interest	99	-	99	-	-	-
CHANGE IN NET ASSETS	<u>\$ 619</u>	<u>\$ 3,146</u>	<u>\$ 3,765</u>	<u>\$ (11,754)</u>	<u>\$ (450)</u>	<u>\$ (12,204)</u>

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the Years Ended August 31, 2023 and 2022
(in thousands)

	Undesignated	Designated	Noncontrolling Interest	Total Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, August 31, 2021	\$ 45,744	\$ 11,117	\$ -	\$ 56,861	\$ 55,167	\$ 112,028
Change in net assets before noncontrolling interest	(13,335)	1,581	-	(11,754)	(450)	(12,204)
Net income attributable to noncontrolling interest	-	-	-	-	-	-
Net Assets, August 31, 2022	32,409	12,698	-	45,107	54,717	99,824
Change in net assets before noncontrolling interest	(1,061)	1,680	-	619	3,146	3,765
Net income attributable to noncontrolling interest	-	-	(99)	(99)	-	(99)
Non controlling investments	-	-	6	6	-	6
Net Assets, August 31, 2023	<u>\$ 31,348</u>	<u>\$ 14,378</u>	<u>\$ (93)</u>	<u>\$ 45,633</u>	<u>\$ 57,863</u>	<u>\$ 103,496</u>

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2023
(in thousands)

	Program Services					Supporting Services			
	Conservation Programs	Membership and Other Nature Education Programs	Education Outreach and Publications	Garden For Wildlife	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 20,986	\$ 9,787	\$ 9,410	\$ 604	\$ 40,787	\$ 1,817	\$ 4,378	\$ 6,195	\$ 46,982
Consultants and contractors	8,991	4,977	5,330	532	19,830	1,201	1,343	2,544	22,374
Printing and production	109	4,800	4,459	7	9,375	3,175	560	3,735	13,110
Conservation assistance	9,459	6	3,160	-	12,625	-	9	9	12,634
Postage, mailing and shipping	70	4,091	4,767	92	9,020	2,433	425	2,858	11,878
Other	2,116	3,113	1,979	192	7,400	602	335	937	8,337
Occupancy and depreciation and amortization	1,882	1,195	1,008	72	4,157	42	810	852	5,009
Cost of goods sold – merchandise	42	2,064	241	236	2,583	-	1	1	2,584
Travel	1,448	212	374	30	2,064	32	90	122	2,186
Donated advertising and other services	891	137	391	-	1,419	-	55	55	1,474
TOTAL EXPENSES	\$ 45,994	\$ 30,382	\$ 31,119	\$ 1,765	\$ 109,260	\$ 9,302	\$ 8,006	\$ 17,308	\$ 126,568

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2022
(in thousands)

	Program Services				Supporting Services			
	Conservation Programs	Membership and Other Nature Education Programs	Education Outreach and Publications	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 18,691	\$ 9,734	\$ 8,708	\$ 37,133	\$ 1,791	\$ 4,581	\$ 6,372	\$ 43,505
Consultants and contractors	9,171	5,597	5,317	20,085	1,159	1,136	2,295	22,380
Printing and production	134	4,866	4,218	9,218	2,595	435	3,030	12,248
Conservation assistance	5,014	20	1,511	6,545	-	20	20	6,565
Postage, mailing and shipping	25	4,005	4,422	8,452	2,263	373	2,636	11,088
Other	1,331	4,102	1,824	7,257	657	56	713	7,970
Occupancy and depreciation and amortization	1,670	1,099	1,057	3,826	108	828	936	4,762
Cost of goods sold – merchandise	60	2,737	142	2,939	-	2	2	2,941
Travel	441	92	179	712	13	12	25	737
Donated advertising and other services	390	199	242	831	-	20	20	851
TOTAL EXPENSES	\$ 36,927	\$ 32,451	\$ 27,620	\$ 96,998	\$ 8,586	\$ 7,463	\$ 16,049	\$ 113,047

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2023 and 2022

(in thousands)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,765	\$ (12,204)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,657	1,746
Realized and unrealized losses (gains) on investments and annuities	(5,509)	13,528
Unrecognized gain on pension and post-retirement plans	(460)	(1,206)
Amortization of right of use assets	(983)	847
Net income attributable to noncontrolling interest	(99)	-
Non controlling investments	6	-
Changes in assets and liabilities:		
Grants and other donor restricted receivables	(8,608)	482
Bequests and other contributions receivable	(2,606)	1,374
Accounts receivable	(262)	648
Inventory, nature education materials	(305)	(883)
Prepaid expenses	300	(3,072)
Charitable gift annuities and other trusts	(824)	2,124
Other assets	70	157
Accounts payable and accrued expenses	1,994	4,461
Accrued payroll and related costs	142	656
Deferred revenue	364	1,202
Lease liability – operating	806	(1,011)
Accrued pension and post-retirement benefits	(5,110)	(2)
Charitable gift annuities and other trust obligations	(79)	(98)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(15,741)</u>	<u>8,749</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(582)	(1,568)
Purchases of investments	(7,298)	(24,175)
Sales and maturities of investments	22,520	17,162
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>14,640</u>	<u>(8,581)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bonds	(424)	(409)
Borrowings under line of credit	4,190	-
Repayments on line of credit	(4,190)	-
Sale of convertible debt (SAFE)	275	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(149)</u>	<u>(409)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,250)</u>	<u>(241)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,156</u>	<u>3,397</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,906</u></u>	<u><u>\$ 3,156</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	<u><u>\$ 401</u></u>	<u><u>\$ 411</u></u>

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

1. Organization, Purpose and Summary of Significant Accounting Policies

Organization

National Wildlife Federation (the Federation) is a not-for-profit organization that was formed in the District of Columbia for the purpose of promoting the wise use and proper management of our natural resources. Founded in 1936, the Federation, its member supporters and a national network of affiliated organizations work to inspire Americans to protect wildlife for our children's future. Support is provided primarily by individuals, foundations, and corporations, along with federal and state grants. Other major revenue sources are memberships, subscriptions to magazines published by the Federation, sales of nature educational materials and royalties.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting.

State affiliates, who are members of the Federation, are independent and autonomous organizations. As the Federation has no economic interest in or control of state affiliates, their consolidated financial activities are not included in the accompanying consolidated financial statements of the Federation.

The Federation reports information regarding its consolidated financial position and activities according to two classes of net assets: with and without donor restrictions. Net assets with donor restrictions consist of contributions whose use by the Federation is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Federation related to those stipulations. Additionally, net assets with donor restrictions include contributions whose use by the Federation is limited by donor-imposed stipulations that the assets be maintained permanently.

Included in the accompanying consolidated financial statements are the accounts of Garden For Wildlife, Inc., a majority owned subsidiary of the Federation.

Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid money market funds that are not part of the Federation's investment portfolio.

Investments

Investments are reported at fair value. Investments in common stock, fixed income funds and equity mutual and index funds, and money market funds are stated at quoted market values. Investments in limited partnerships and private investment funds are reported at fair value based on the net asset value (NAV) as determined by the external partnership or fund manager. As permitted by accounting principles generally accepted in the United States of America (GAAP), the Federation uses NAV as a practical expedient to estimate the fair value of the Federation's ownership interest in limited partnerships and private investment funds, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. The Federation

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

Investments (continued)

performs due diligence procedures related to these investments to support recognition at fair value at fiscal year-end. Because many of these investments are not readily marketable, the estimates of fair value involve assumptions and estimation methods which are uncertain, and therefore the estimates could differ from actual results.

Purchases and sales of investments are recorded on a trade date basis. Interest and dividends are recorded when earned. GAAP realized gains and losses from security transactions are recorded on the average cost basis and are recorded in the accompanying statements of activities. For unsettled sales as of the reporting period date, the sale price is included with investments in the accompanying statements of consolidated financial position.

Investment returns reported in the accompanying statements of activities include realized gains or losses. Unrealized gains and losses resulting from changes in fair value are also included in investment returns in the accompanying statements of activities.

Because of the inherent uncertainty of valuation of the limited partnerships and private investment funds, it is reasonably possible that estimated values may differ from the values that would have been used had a ready market for the partnerships and funds existed. In addition, the partnerships and funds may also have risk associated with their concentrations of investments in certain industries or geographic regions.

Grants and Other Contributions Receivable

Unconditional promises to give, including grants, contributions and bequests 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 using a discount rate commensurate with the risks identified. Amortization of the discounts is included in contribution revenue. The allowance method is used to determine the uncollectible amounts. The Federation records an allowance for doubtful accounts on its outstanding receivables based on its collection history, analysis of subsequent collections and specific identification of uncollectible accounts. No allowance was deemed necessary as of August 31, 2023 and 2022. Credit risk with respect to grants and other contributions receivable is limited because the Federation deals with a large number of foundations, grant makers and donors with a wide range of awards and geographic area.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of amounts due from third parties for the Federation's publications, advertising, and royalties. The allowance method is used to determine the uncollectible amounts. The Federation records an allowance for doubtful accounts on its outstanding receivables based on its collection history, analysis of subsequent collections and specific identification of uncollectible accounts. Amounts determined to be uncollectible are recorded against the allowance.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

Charitable Gift Annuities and Other Trusts

The Federation has been named as beneficiary in split income gifts that include charitable gift annuities, charitable remainder and lead trusts, and perpetual trusts. The split interest gifts have been valued based on discount rates approved by the Internal Revenue Service (the IRS) on the date of the gift, which range from 0.4% to 9.4%. The Federation serves as the administrator for all charitable gift annuities and certain remainder trusts received. A third party holds amounts received and makes specified payments to annuitants. The excess in fair value of assets received over the liability assumed is recorded as either revenue with or without donor restrictions. The liabilities are included in the accompanying statements of consolidated financial position. The assets are adjusted each year based on the fair value of the investments held by the third party. The liability is adjusted each year based on the adjusted life expectancies of the annuitants. Changes in assets and liabilities are recorded in the accompanying statements of activities in other revenue with donor restrictions.

Charitable remainder and lead trusts for which the Federation is not the trustee are recorded as revenue with donor restrictions when the trusts are established. The receivables associated with the charitable remainder and lead trusts are adjusted each year based upon the present value of future cash flows. This change is recorded in the accompanying statements of activities in net assets with donor restrictions as other revenue.

The beneficial interests in perpetual trusts are recorded at fair value and the change in fair value of the trusts is recorded in the accompanying statements of activities in net assets with donor restrictions as other revenue.

Property and Equipment and Related Depreciation and Amortization

The Federation capitalizes all purchases of capital assets that are greater than \$1,000. Building and improvements are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 20 to 50 years. Equipment, furniture, and software are recorded at cost and depreciated using the straight-line method over their estimated useful lives of three to eight years. Leasehold improvements are amortized over the lesser of 10 years or the life of the lease. Maintenance and repairs are charged to expense as incurred.

Impairment of Long-Lived Assets

The Federation reviews the carrying amounts of assets whenever events or circumstances indicate that such carrying amounts may not be recoverable. When an asset is considered impaired, the carrying amount of the asset is reduced by a charge to the statements of activities to its current fair value. As of August 31, 2023 and 2022, the Federation has not recognized an impairment loss.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

The Federation's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Federation at the discretion of The Federation's management and the Board of Directors (the Board). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Federation's management has designated \$1,086 of net assets without donor restrictions to serve as a working capital reserve to secure the Federation's long-term financial viability.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Federation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of August 31, 2023 and 2022, the Federation had \$9,951 and \$9,835, respectively, of net assets with donor restrictions that are required to be maintained in perpetuity.

Conservation Properties

Conservation properties are recorded at estimated fair value at the date of donation and are included in property, plant, and equipment in the accompanying statements of consolidated financial position. The carrying value is adjusted if the fair value is less than the recorded value. Covenants on certain properties restrict their future use to conservation activities.

Revenue Recognition

Contributions and Grants

Unconditional contributions received are recorded as revenue with or without donor restrictions, depending on the existence and/or nature of any donor stipulations. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the stipulation. When a restriction expires (that is, when a stipulated time restriction ends or purpose of a restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

A contribution, gift or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Membership and Publications

The Federation's contribution program promotes subscriptions to National Wildlife® magazine as a benefit of membership in the Federation. Therefore, a portion of the membership revenue is considered to be a contribution and a portion is considered to be an exchange transaction for the magazine. The amount of the contribution less the value to fulfill the magazine benefit is recognized as contribution revenue in these consolidated financial statements. The remaining amount is recorded as deferred revenue and recognized ratably over one year. Subscription revenue for all other publications, including Ranger Rick®, Ranger Rick Cub®, and Ranger Rick Junior®, is recognized as publications revenue ratably over the subscription period, with the unearned portion classified as deferred revenue in the accompanying statements of consolidated financial position. Unconditional donations, bequests, grants, and federal and state grant awards are recorded in the reporting period in which they are received at the expected realizable value.

Nature Education Materials

Revenue for nature education materials is recognized, when, or as, the performance obligation is satisfied. The performance obligation is satisfied when the order is placed with the third-party service provider, who owns the goods sold and fulfills the orders, independently of the Federation.

Royalties

The Federation enters into several licensing and trademark agreements to use the intellectual property of the Federation. Revenue earned under the royalties is dependent on the performance obligation. Under fixed fee agreements, revenue is earned ratably over the period of the agreement for allowing the third-party organization to use the Federation's intellectual property. Under variable agreements, revenue is recognized in the period in which sales of goods utilizing the Federation's intellectual property are reported.

Investment Income

Realized and unrealized gains and losses and investment income (losses) derived from investment transactions are included as income in the year earned.

Donated Services

In-kind contributions are recognized as both revenue and support and expenses in the accompanying statement of activities at the estimated fair value as provided by the donor at the date of donation. In-kind contributions are predominantly professional legal, actuarial, and program advertising services. However, many individuals volunteer their time and perform a variety of tasks that assist the Federation with its conservation education programs but do not meet the criteria for recording contributed services in the consolidated financial statements.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
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1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

Pension and Retiree Medical Benefits

The Federation sponsors a noncontributory defined benefit pension plan and a contributory defined contribution savings plan covering substantially all full-time employees. Liabilities and expenses under the defined benefit pension plan are actuarially determined.

Functional Allocation of Expenses

The cost of providing the various conservation education programs and supporting services has been accounted for on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among program and supporting services based on total direct expenses or total salaries, benefits, and related expenses.

Conservation education programs consist of conservation advocacy, education outreach, publications, and other nature and membership education programs. These activities result in goods and services being distributed to beneficiaries, customers and members that fulfill the purposes and mission for which the Federation exists.

Supporting services include fundraising and general and administrative expenses. Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor mailing lists, preparing, and distributing fundraising materials and conducting other activities involved with soliciting contributions. General and administrative activities include oversight, business management, general recordkeeping, budgeting, finance, and other related administrative activities, except for direct conduct of program services and fundraising activities.

Certain costs are allocated among benefiting program and supporting services in the accompanying statements of activities. Occupancy expenses are allocated directly to programs and supporting services where the property is used based on square footage. Other costs are allocated based on salary expense. General and administrative costs that have been allocated include utilities, repairs and maintenance, and other administrative departments, such as finance, human resources, and information systems.

Promotional Costs

Promotional costs of children's publications and the Federation's catalog, including postage, artwork, and fulfillment, are deferred as prepaid expenses and amortized to expense over the period during which future benefits are expected to be received (generally one to four months).

Fair Value of Financial Instruments

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

The Federation follows the accounting guidance that permits, as a practical expedient, the fair value of investments within its scope to be estimated using NAV or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in capital, as provided by the partnership or fund, whose consolidated financial statements are prepared in a manner consistent with the measurement principles of an investment company or that has the attributes of an investment company. In accordance with the standard, investment funds measured at NAV are excluded from the fair value hierarchy.

Deferred Financing Costs and Amortization

Deferred financing costs are presented as a reduction of the carrying amount of the related debt liability and the related amortization charge is included in interest expense. Financing costs are amortized over the term of the debt liability using the straight-line method. GAAP requires that the effective yield method be used to amortize financing costs. However, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

Estimates

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

Measure of Operating Results

Operating revenue and expenses generally reflect those revenues and expenses that management can influence, including annual authorized operating support from the endowment and investment pool based on the spending formula established by the Federation's Board of Directors. To clarify net assets from operations without and with donor restrictions, under GAAP, unconditional promises to give are recognized as revenue when received, including contributions with donor-imposed restrictions. When the restriction expires, that is, when the specified purpose for which the contribution was restricted has been fulfilled and/or when the specified time has elapsed, net assets with donor restrictions are released and reclassified as net assets without donor restrictions. Due to these timing differences, net assets released from restrictions may exceed revenue recognized from donor-restricted contributions, resulting in a reduction in net assets with donor restrictions. All expenses are recorded as without donor restrictions.

Nonoperating activities include investment earnings (losses) of the investment portfolio in excess of endowment and other earnings appropriated for expenditure and post-retirement and pension related changes other than net periodic benefit cost.

2. Grants and Other Donor Restricted Receivables

At August 31, 2023 and 2022, grants and other donor restricted receivables included the following unconditional promises to give:

	<u>2023</u>	<u>2022</u>
Amount due in less than one year	\$ 19,752	\$ 14,708
Amount due in one to five years	<u>4,601</u>	<u>858</u>
Subtotal	24,353	15,566
Less: Discount (5%)	<u>(220)</u>	<u>(41)</u>
Total	<u>\$ 24,133</u>	<u>\$ 15,525</u>

During 2021, the Federation received a grant award from a foreign government agency of approximately \$4,200, to be paid over five years, to support a conservation program. The Federation recognized approximately \$850 as revenue for the year ended August 31, 2023. The remaining amount is conditional upon annual parliamentary budget approval. As of August 31, 2023, and 2022, total conditional grants were approximately \$500 and \$2,500, respectively.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
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3. Bequests and Other Contributions Receivable

At August 31, 2023 and 2022, bequests and other contributions receivable included the following unconditional promises to give:

	<u>2023</u>	<u>2022</u>
Amount due in less than one year	\$ 4,547	\$ 1,923
Amount due in one to five years	<u>15</u>	<u>50</u>
Subtotal	4,562	1,973
Less: Discount (5%)	<u>(2)</u>	<u>(19)</u>
Total	<u>\$ 4,560</u>	<u>\$ 1,954</u>

The Federation received \$3,042 and \$2,958 in the years ended August 31, 2023 and 2022, respectively, from a monthly donor program. The pledges from this program are deemed to be conditional because donors can cancel their participation at any time. Therefore, the pledges are recognized as revenue only when payment is received.

4. Investments and Permanently Restricted Investments

Investments, including permanently restricted investments, at fair value, consisted of the following as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Common stocks	\$ 12,146	\$ 11,315
Money market funds	2,796	3,935
Limited partnerships and private investment funds	20,249	19,288
Mutual funds – fixed income	14,198	25,105
Mutual and index funds – equity	<u>24,135</u>	<u>23,604</u>
Total Unrestricted Investments	73,524	83,247
Limited partnerships and private Investment funds – permanently restricted	<u>5,499</u>	<u>5,489</u>
Total Investments	<u>\$ 79,023</u>	<u>\$ 88,736</u>

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
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5. Charitable Gift Annuities and Other Trusts

Charitable gift annuities and other trusts consisted of the following as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Charitable gift annuities	\$ 5,829	\$ 5,640
Charitable remainder trusts	4,146	3,617
Perpetual trusts	<u>4,452</u>	<u>4,346</u>
Total Charitable Gift Annuities and Other Trusts	<u>\$ 14,427</u>	<u>\$ 13,603</u>

The estimated liabilities for the above charitable gift annuities and other trusts consisted of the following as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Charitable gift annuities	\$ 2,789	\$ 2,875
Charitable remainder trusts	<u>177</u>	<u>170</u>
Total Estimated Liabilities for Charitable Gift Annuities and Other Trusts	<u>\$ 2,966</u>	<u>\$ 3,045</u>

6. Property, Plant and Equipment

The Federation's property, plant and equipment consisted of the following as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 3,947	\$ 3,947
Building and improvements	14,064	14,064
Equipment, furniture and vehicles	15,322	14,992
Leasehold improvements	1,285	1,275
Conservation properties	<u>689</u>	<u>689</u>
Total Property, Plant and Equipment	35,307	34,967
Less: Accumulated Depreciation and Amortization	<u>(20,061)</u>	<u>(18,646)</u>
Property, Plant and Equipment, Net	<u>\$ 15,246</u>	<u>\$ 16,321</u>

The Federation recorded depreciation and amortization expense on its property, plant and equipment of \$1,657 and \$1,746 for the years ended August 31, 2023 and 2022, respectively, and is included in occupancy and depreciation and amortization on the consolidated statements of functional expenses.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended August 31, 2023 and 2022 (in thousands)

7. Bonds Payable, Note Payable and Line of Credit

The Federation had the following debt obligations as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Taxable and non-taxable variable rate, Series 2019	\$ 8,900	\$ 9,305
Plus: Unamortized original issue premium	977	1,038
Less: Unamortized debt issuance costs	(178)	(214)
Less: Underwriter's discount	<u>(63)</u>	<u>(69)</u>
Total Bonds and Notes Payable, Net	<u>\$ 9,636</u>	<u>\$ 10,060</u>

For the years ended August 31, 2023 and 2022, the Federation recorded interest expense of \$401 and \$411, respectively. On the consolidated statements of functional expenses, interest expense is included in other expenses.

Bonds Payable

In August 2018, the Federation issued through, the Fairfax Economic Development Authority, \$8,820 of Series 2018A Tax-exempt Green Bonds and \$1,970 of Series 2018B Taxable Green Bonds. The Series A Bond was issued at premium of \$1,287. There was an underwriter's discount of \$93 and a cost of issuance of \$361.

As of August 31, 2023 and 2022, the Federation was in compliance with all of its financial covenants.

Costs associated with the issuance of bonds have been deferred and are amortized over the terms of the bonds. The Federation uses the straight-line method, which approximates the effective interest method. The bond issuance costs are presented as a direct deduction from the face amount of the debt.

The Federation is required to make interest payments twice a year on September 1 and March 1, and a principal payment annually on September 1. Aggregate annual maturities of the bonds are due as follows:

<u>For the Year Ending August 31,</u>	
2024	\$ -
2025	420
2026	440
2027	455
2028	475
Thereafter	<u>7,110</u>
Total Bonds Payable	8,900
Unamortized Premium	977
Unamortized Discount	(63)
Deferred Financing Fees	<u>(178)</u>
Total	<u>\$ 9,636</u>

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

7. Bonds Payable, Note Payable and Line of Credit (continued)

Line of Credit

The Federation has an unsecured operating line of credit based on two tiers from \$2,000 to \$8,000 that expires March 31, 2024. As of August 31, 2023 and 2022, there was no balance drawn on the line of credit. Beginning February 28, 2022, the interest rate on the line of credit is a rate per year equal to the Bloomberg Short Term Bank Yield Index (BSBY) Daily Floating Rate plus 0.75%, which was 6.13 and 3.18% at August 31, 2023 and 2022, respectively.

Under the most restrictive financial covenant, the Federation must maintain a liquidity ratio of at least 1 to 1. At August 31, 2023 and 2022, the Federation was in compliance with this financial covenant.

8. Revenue from Contracts with Customers

The following table provides information about significant changes in the Federation's deferred revenue:

Deferred revenue, September 1, 2021	\$	10,000
Revenue recognized that was included in deferred revenue at the beginning of year		(10,000)
Increase in deferred revenue due to cash received during the period		<u>11,202</u>
Deferred revenue, August 31, 2022		11,202
Revenue recognized that was included in deferred revenue at the beginning of year		(11,202)
Increase in deferred revenue due to cash received during the period		<u>11,566</u>
Deferred revenue, August 31, 2023	\$	<u>11,566</u>

9. Net Assets

Net Assets Without Donor Restrictions

The net assets without donor restrictions as of August 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 31,317	\$ 32,409
Federation's fund	10,535	8,011
Board designated:		
Beere Fund	1,086	1,086
Conservation Program Reserve Fund	<u>2,757</u>	<u>3,601</u>
Total Net Assets Without Donor Restrictions	<u>\$ 45,695</u>	<u>\$ 45,107</u>

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022

(in thousands)

9. Net Assets (continued)

Net Assets Without Donor Restrictions (continued)

Board designated net assets represent amounts designated for specific uses. The Beere Fund was designated by the Board after receipt of a bequest in 1993 permitting the Board to determine the use for these funds. The funds can be used at the Board's discretion. The Conservation Program Reserve Fund, formerly known as the Endangered Species Fund, was established as a separate Board designated net asset fund in 1986 from the sale of property donated to the Federation in 1976. The Conservation Program Reserve Fund may be used to fund conservation programs. The Federation's designated funds relate to management internally designating a portion of net assets for future investments.

Net Assets With Donor Restrictions

The net assets with donor restrictions were available with the following purpose and time restrictions as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose:		
Conservation programs	\$ 10,098	\$ 11,648
Education outreach and publications	1,436	2,128
Time	7,564	4,190
Time and Purpose:		
Conservation programs	23,080	22,940
Education outreach and publications	5,672	3,976
Restricted in perpetuity	<u>9,951</u>	<u>9,835</u>
Total	<u>\$ 57,801</u>	<u>\$ 54,717</u>

At August 31, 2023 and 2022, net assets with donor restrictions that were restricted in perpetuity, and the income from which these assets was expendable to support the following:

	<u>2023</u>	<u>2022</u>
Conservation and advocacy programs	\$ 257	\$ 257
Education outreach and publications	503	503
Any activities of the organization	<u>4,739</u>	<u>4,729</u>
Subtotal	5,499	5,489
Perpetual trusts	<u>4,452</u>	<u>4,346</u>
Total	<u>\$ 9,951</u>	<u>\$ 9,835</u>

Endowment Net Assets

ASC 958-205, *Reporting Endowment Funds* provides guidance on the net asset classification of donor-restricted endowed funds for a not-for-profit organization. The Federation is subject to the Commonwealth of Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and adopted ASC 958-205 as of September 1, 2008.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
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9. Net Assets (continued)

Endowment Net Assets (continued)

The Federation has interpreted the Commonwealth of Virginia's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowed funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies as net assets with donor restrictions (a) the original value of gifts donated to a permanent endowed fund, and (b) the original value of subsequent gifts to the permanent endowed funds. The associated gains and income on donor-restricted endowed funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowed funds:

- The duration and preservation of the fund
- The purposes of the Federation and the donor-restricted endowed 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 Federation
- The investment policies of the Federation

Endowed Investments and Spending Policies

Endowed assets include those assets of donor-restricted funds that the Federation must hold in perpetuity. The Federation has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding to programs supported by its endowment.

The primary financial objective of the investment policy is to maintain intergenerational equity by preserving and enhancing real purchasing power, while at all times keeping in mind the utmost importance of protecting capital. The primary investment objective of the investment policy is to secure sufficient income and portfolio growth over time to meet the ongoing requirements of the Federation. The total return objective is an average annual real rate of return of 6% as measured over a full market cycle, generally three to five years. The Federation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters. The Federation's spending policy governs the use of resources in the various endowed funds for program expenses and administrative costs. Endowed funds are used for the specified purpose, or over the specified time period, as indicated by the donor. Endowed funds for which there is some discretion in how the funds are expended are not used to cover operating deficits in specific units.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

9. Net Assets (continued)

Endowment Net Assets (continued)

The annual amount made available for spending, also known as the annual “endowment draw,” from endowed funds is determined as 4.5% to 6% of the 12-quarter trailing average fair value of the endowment. Draws are used solely for the purposes set forth by the donor in the gift instrument, subject to the submission of a budget that has been reviewed and endorsed by executive management and approved by the Federation’s Audit/Finance Committee.

The Federation’s endowed funds consist of 18 funds established for a variety of purposes. All funds are donor restricted. Net assets associated with endowed funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowed funds may fall below the level that the donor requires the Federation to retain as a fund of perpetual duration. In this situation, the decline in fair value of the funds is accounted for in net assets with donor restrictions. As of August 31, 2023 and 2022, there were no deficiencies for the endowed funds.

The Federation has a policy that permits spending from underwater endowment funds depending on the degrees to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations. There were no expenditures from underwater funds as of August 31, 2023 and 2022.

The endowment activity was as follows for the year ended August 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 5,531	\$ 5,531
Net investment loss	-	538	538
Contributions	-	10	10
Appropriation of endowment assets for expenditure	-	(467)	(467)
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 5,612</u>	<u>\$ 5,612</u>

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
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9. Net Assets (continued)

Endowment Net Assets (continued)

The endowment activity was as follows for the year ended August 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 5,708	\$ 5,708
Net investment loss	-	(177)	(177)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 5,531</u>	<u>\$ 5,531</u>

10. Employee Benefit Plans

Defined Benefit Retirement Plan

National Wildlife Federation Retirement Income Plan (the Plan) is a noncontributory, defined benefit plan for Federation employees. All employees who reach age and length-of-service requirements and whose employment began prior to January 1, 2003, automatically became participants in the Plan. The Plan is subject to the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

During October 2008, the Federation announced that effective January 1, 2009, for employees then 55 years old and older, the Plan would continue to exist as it was. For employees in the Plan who were under age 55, the Plan would freeze their individual earned pension benefit as of December 31, 2008, and give them enhanced benefits under the Tax Deferred Annuity Plan (the TDA Plan). This preserved all the benefits they had earned to date and guaranteed them a monthly pension for life, as they had expected.

In March 2013, the Plan agreement was amended, and the accrued benefits of all participants were frozen effective June 30, 2013, and no participant would earn any additional pension amounts after that date. No employment with the Federation on or after July 1, 2013, is counted as benefit service under the Plan. The final average earnings of all participants were frozen effective June 30, 2013, and would not change after that date.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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10. Employee Benefit Plans (continued)

Defined Benefit Retirement Plan (continued)

The changes in the funded status of the Plan for the years ended August 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ (21,645)	\$ (24,875)
Service cost	-	(449)
Interest cost	-	(617)
Actuarial gains	-	3,833
Settlements	21,645	-
Benefits paid	-	1,210
Additional plan termination liability	-	(747)
Benefit Obligation at End of Year	<u>-</u>	<u>(21,645)</u>
Change in plan assets		
Fair value of plan assets at beginning of year	(5,028)	20,600
Employer contribution	-	859
Actual return on plan assets	-	(3,266)
Settlements	5,028	-
Administrative expenses	-	(1,210)
Fair value of plan assets at end of year	<u>-</u>	<u>16,617</u>
Funded Status		
(Accrued Pension Liability)	<u>\$ -</u>	<u>\$ (5,028)</u>

In accordance with ASC 715, the service cost component of the net periodic benefit costs are included in salaries and benefits within the various functional classifications and the remaining components are reported in postretirement-related charges, including net periodic benefit costs other than service cost within nonoperating activities on the statements of activities for the years ended August 31, 2023 and 2022. The accrued pension liability for the retirement plan is included in accrued pension and post-retirement benefits in the accompanying statements of consolidated financial position.

In determining the benefit obligation, a discount rate at August 31, 2022, of 2.50% was assumed. The rate of increase in future compensation levels assumed was 0% at August 31, 2023 and 2022, since the final earnings in the Plan have been frozen. A rate of return on Plan assets of 5.5% at August 31, 2022 was assumed. This assumption is based on historical returns and is adjusted from time to time to reflect actual plan asset experience.

In July 2022 the governing body of the Retirement Income Plan approved the termination of the Plan with an effective date of August 9, 2022. Participants with vested benefits were given a choice of electing to receive their Plan benefit in an immediate lump sum payment or to roll their benefits over into an annuity administered by United of Omaha Life Insurance Company. 105 participants elected a lump sum payment, totaling \$8M, and 187 participants chose the annuity option, with a total gross premium of \$12.6M.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(in thousands)

10. Employee Benefit Plans (continued)

Defined Benefit Retirement Plan (continued)

The components of the Federation's net periodic pension cost for the years ended August 31, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Employee service cost	\$ -	\$ 449
Interest cost	-	617
Expected return on plan assets	-	(1,089)
Net amortization and deferral:		
Unrecognized prior service credit	-	(8)
Total Net Periodic Pension Cost	<u>\$ -</u>	<u>\$ (31)</u>

Items not yet recognized as a component of net periodic pension cost for the years ended August 31, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Prior service cost	\$ -	\$ (18)
Net actuarial loss	-	2,558
Total	<u>\$ -</u>	<u>\$ 2,540</u>

The Plan also follows ASC 820 (see Note 1) for the valuation of investments in the Plan. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2023 and 2022.

Money market funds – The carrying value is considered to be a reasonable estimate of the fair value.

Mutual funds – The fair value is based on quoted NAV of the shares held by the Plan.

Guaranteed investment contracts – The fair value of the guaranteed investment contracts is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

The preceding methods as described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with those of 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.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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10. Employee Benefit Plans (continued)

Defined Benefit Retirement Plan (continued)

Investments of the Plan consist of deposits in an Immediate Participation Guarantee Contract with Prudential Retirement Insurance & Annuity Co., investments in Vanguard Institutional Investments and funds from the Federation's operations that are commingled with Endowment investments in Vanguard 500 Index Fund Signal. In order to achieve a dependable income stream for the payment of benefits and expenses of the Plan, as well as growth in the investments, the trustees of the Plan have adopted an investment strategy which includes the following weighted average target asset allocation for investments in Vanguard: equity and money market funds 50%, bond and other fixed income funds 40%, and other investments 10%, net of insurance contracts comprising 3% of the total allocation. From time to time, the investment managers will buy and sell funds to achieve this target allocation.

The Plan's weighted average asset allocation at August 31, 2023 and 2022, by asset category, was as follows:

	<u>2023</u>	<u>2022</u>
Mutual Funds:		
Equity and money market funds	-	62%
Fixed income	-	37%
Other Investments	-	1%
Total	<u>-</u>	<u>100%</u>

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of August 31, 2022:

	<u>2022 Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Vanguard Prime Money Market Fund	\$ 107	\$ 107	\$ -	\$ -
Vanguard Federal Money Market Fund	2,587	2,587	-	-
Vanguard Investments Mutual Funds:				
Fixed income	12,339	12,339	-	-
Balanced funds	<u>1,584</u>	<u>1,584</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 16,617</u>	<u>\$ 16,617</u>	<u>\$ -</u>	<u>\$ -</u>

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022

(in thousands)

10. Employee Benefit Plans (continued)

Defined Benefit Retirement Plan (continued)

Contributions

Historically, the Federation's funding policy was to contribute annually an amount in accordance with ERISA guidelines.

Post-Retirement Benefits

Other Information

Other changes in plan assets and benefit obligations recognized in pension and post-retirement related changes other than net periodic pension cost were as follows for the years ended August 31:

	<u>2023</u>	<u>2022</u>
Net gain (loss)	\$ -	\$ (888)
Prior service (cost) credit	<u>-</u>	<u>(8)</u>
Total	<u>\$ -</u>	<u>\$ (896)</u>

The Federation sponsors a self-insured, post-retirement medical plan that covers its employees who retire with a minimum of 10 years' employment and are age 55 or older and have been in the group medical plan for the continuous 12 months prior to retirement. The Plan is contributory and retiree contributions have been established as a percentage of premiums. For fiscal year 2013 and after, the retiree contribution was increased, resulting in a decrease in the total future benefit obligation. In addition, the Federation sponsors a post-retirement life insurance plan that covers all retirees whose benefits commencement date was January 1, 1987, or after and who retire with a minimum of 10 years' employment and are age 55 or older. These plans are unfunded.

Components of the net periodic post-retirement benefit cost for the years ended August 31, 2023 and 2022, included the following:

	<u>2023</u>	<u>2022</u>
Service cost	\$ 257	\$ 427
Interest cost	247	197
Amortization of prior service costs	<u>(493)</u>	<u>(493)</u>
Net Periodic Post-Retirement Benefit Cost	<u>\$ 11</u>	<u>\$ 131</u>

A national 9% annual rate of increase in the per capita costs of covered health care benefits was assumed, gradually decreasing to 4% by the year 2031. At August 31, 2023 and 2022, a discount rate of 4.75 and 2.75%, respectively, was used to determine the accumulated benefit obligation. The effective discount rate was developed using the yield curve listed in the Citigroup Pension Liability Index.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

10. Employee Benefit Plans (continued)

Post-Retirement Benefits (continued)

Other Information (continued)

The following sets forth the Plan's changes in benefit obligation and accrued benefit costs reported in the accompanying statements of consolidated financial position at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Benefit obligation at beginning of year	\$ (5,292)	\$ (7,253)
Service cost	(257)	(427)
Interest cost	(247)	(197)
Participant contributions	(125)	(164)
Benefits paid	157	348
Actuarial gain (loss)	1,014	2,401
Benefit obligation at end of year	(4,750)	(5,292)
Plan assets at end of year	<u>-</u>	<u>-</u>
Funded Status		
(Accrued Benefit Liability)	<u>\$ (4,750)</u>	<u>\$ (5,292)</u>

The accrued benefit liability for post-retirement benefits is included in accrued pension and post-retirement benefits in the accompanying statements of consolidated financial position.

Increasing or decreasing the assumed health care cost trend rates by one percentage point in 2023 would have the following effect:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total service and interest cost	\$ 132	\$ (98)
Effect on benefit obligation	\$ 791	\$ (623)

Other changes in benefit obligations recognized in other than net periodic benefit cost are \$153 and \$1,479 for the years ended August 31, 2023 and 2022, respectively. Items not yet recognized as a component of the net periodic post-retirement benefit cost for the years ended August 31, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Prior service cost	\$ (1,294)	\$ (1,787)
Net actuarial (gain)/loss	<u>(2,292)</u>	<u>(1,339)</u>
Total	<u>\$ (3,586)</u>	<u>\$ (3,126)</u>

Of the cumulative unrecognized amount as of August 31, 2022, \$493 is included in net periodic post-retirement benefit cost for the year ending August 31, 2022.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

10. Employee Benefit Plans (continued)

Post-Retirement Benefits (continued)

Contributions

Benefits are funded on a pay as you go basis. Management of the Federation contributed \$184 during the year ended August 31, 2022. Based upon projections from its actuary, management did not expect to contribute to its post-retirement plan during the year ending August 31, 2023.

Estimated Future Benefit Payments

The following benefit payments are expected to be paid for the next 10 years ending August 31:

	Pension Benefits	Post- Retirement Benefits
2024	\$ -	\$ 221
2025	-	236
2026	-	217
2027	-	218
2028	-	225
2028 to 2032	-	1,400

Employee Retirement Savings Plan

The Federation has a defined contribution plan for the benefit of its employees. The Federation matches one dollar for each dollar contributed by the employee up to a maximum of 5% of the employee's base compensation, based on length of service. The Federation contributed approximately \$1,965 and \$1,748 for the years ended August 31, 2023 and 2022, respectively.

Self-Insured Medical Plan

The Federation maintains a self-insured medical plan for the benefit of its employees. A stop-loss policy is in effect, which limits the Federation's loss per individual employee to \$185 and an aggregate stop-loss of \$5,045. The Plan is administered through a contractual relationship with an unrelated company. The Federation is solely responsible for all claims incurred up to the amount of the stop-loss provisions. The Federation's expense under the Plan amounted to \$4,891 and \$3,657 for the years ended August 31, 2023 and 2022, respectively. The Federation included a provision for estimated claims incurred, but not yet reported, in accounts payable and accrued expenses in the accompanying statements of consolidated financial position in the amount of \$663 and \$617 as of August 31, 2023 and 2022, respectively.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

11. Availability and Liquidity

The Federation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Federation's financial assets available within one year of the statement of consolidated financial position date for general expenditures at August 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,906	\$ 3,156
Grants, bequest and other contributions receivable	28,693	17,494
Accounts receivable	1,218	956
Investments	<u>79,023</u>	<u>88,737</u>
Total Financial Assets		
Available Within One Year	110,840	110,343
Less:		
Amounts unavailable for general expenditures		
within one year due to donors' restriction		
with purpose and time restriction	57,801	54,717
Amounts unavailable to management without		
Board approval:		
Board-designated	<u>14,378</u>	<u>12,698</u>
Financial Assets Available to Meet		
General Expenditures Within One Year	<u>\$ 38,661</u>	<u>\$ 42,928</u>

The Federation has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities, and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Federation throughout the year. This is done through monitoring and reviewing the Federation's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Federation's cash flow related to the Federation's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities, or to support organizational initiatives. The Federation can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs with the exceptions of the investments being held in perpetuity. To help manage unanticipated liquidity needs, the Federation has a committed line of credit of \$2 million to \$8 million, all of which was unused and available to draw upon as of August 31, 2023. Additionally, the Federation has board-designated net assets that could be available for current operations with Board approval, if necessary.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022

(in thousands)

12. Commitments and Contingencies

Operating Leases

The Federation leases office space, vehicles, and equipment under operating leases, the last of which expires in 2028. Certain office space leases include rent escalations, abatement periods and lease incentives. The leases also include tenant allowances totaling approximately \$1 million to build out and furnish the office space. The tenant allowances are reflected as lease liability-operating in the accompanying statements of consolidated financial position and are being amortized ratably over the terms of the leases. Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives, are recognized on a straight-line basis over the term of the lease.

The Federation has also entered into multiple noncancelable leases for equipment for its office locations. The leases contain fixed rate payments over the lease term that began in 2017 and expires in 2022. The leases are accounted for as operating leases under the lease accounting guidance.

All leases noted above are accounted for in accordance with ASC 842, *Leases*, and lease liabilities are recorded based on the present value of the future payments of the lease, discounted at estimated incremental borrowing rates at 0.9%, based on comparable interest rates available to the Federation under borrowing arrangements for similar amounts and duration of the leases. The Federation has established right of use assets equal to the remaining lease liabilities under the lease agreements.

Total rental expense for operating leases was approximately \$1,530 and \$1,371 for the years ended August 31, 2023 and 2022, respectively.

Future minimum rental payments as of August 31, 2023, are as follows:

For the Year Ending August 31,	
2024	\$ 1,528
2025	1,562
2026	1,191
2027	1,152
2028	992
Thereafter	<u>66</u>
Total	6,491
Less: Present Value Discount	<u>(428)</u>
Lease Liability	<u><u>\$ 6,063</u></u>

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

12. Commitments and Contingencies (continued)

Compliance Audit

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

Other

The Federation may also be party to various legal actions and claims arising in the ordinary course of operations. However, as of August 31, 2023 and 2022, management was not aware of any such actions or claims.

13. Concentration of Credit Risk

Consolidated financial instruments which potentially subject the Federation to a concentration of credit risk consist principally of cash and cash equivalent balances maintained at various creditworthy consolidated financial institutions.

While the amount at a given bank, at times, exceeds the amount guaranteed by federal agencies and, therefore, bears some risk, the Federation has not experienced, nor does it anticipate, any losses on its funds. At August 31, 2023 and 2022, the amount in excess of the Federal Deposit Insurance Corporation insured limit of \$250 was approximately \$1,530 and \$2,569, respectively.

14. Donated Services

The Federation receives various types of in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations. These services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not donated. The Federation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

During the year ended August 31, 2023 and 2022, the Federation received donated professional legal, actuarial, and program advertising services.

	<u>Donated Services</u>	
	<u>2023</u>	<u>2022</u>
Advertising services	\$ 195	\$ 303
Legal, actuarial and other consulting services	1,224	528
General and administrative	<u>55</u>	<u>20</u>
Total	<u>\$ 1,474</u>	<u>\$ 851</u>

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

14. Donated Services (continued)

All donated services were utilized by the Federation's programs and supporting services. There were no donor-imposed restrictions associated with the donated services. Donated advertising is valued using third-party estimated billing rates in like circumstances. Donated legal, actuarial and other consulting services are valued at the standard hourly rates charged for those services.

15. Allocation of Joint Costs

The Federation accounts for joint costs incurred for informational materials and activities that are included in fundraising appeals in accordance with ASC 958-720-45, *Accounting for Costs of Activities That Include Fundraising*, in determining costs to be allocated. For the years ended August 31, 2023 and 2022, the Federation incurred joint costs of \$18,732 and \$18,013, respectively. Of those costs, \$8,332 and \$7,548 were allocated to fundraising expense, \$8,978 and \$9,249 were allocated to membership education and other nature education programs and \$1,422 and \$1,216 were allocated to general and administrative expense in 2023 and 2022, respectively. Other direct and allocated operating expenses of \$970 and \$1,038 were also incurred for fundraising activities during 2023 and 2022, respectively.

16. Income Taxes

The Federation has received determination letters from the Internal Revenue Service (IRS) that it has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC), except for tax on any income that may be a result of unrelated business transactions. Additionally, the IRS has classified the Federation as a public charity under IRC Section 509(a)(1). The Federation believes that operations are consistent with the nature of its exemptions granted by the IRS. The Federation is required to report unrelated business income to the IRS. The Federation's unrelated business income consists of advertising income in publications. There was no significant net unrelated business income for the years ended August 31, 2023 and 2022.

The Federation reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertainty in income taxes. For the years ended August 31, 2023 and 2022, management did not identify any uncertainty in income taxes requiring recognition or disclosure in these consolidated financial statements. It is the Federation's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. The Federation's tax returns are subject to possible examination by the taxing authorities; however, no examinations are currently pending or in progress.

Garden for Wildlife is subject to federal and state income taxes and files separate federal and applicable state income tax returns. Temporary differences that give rise to the deferred tax assets are comprised of the differences between the financial statement carrying amount and the tax basis of net operating loss carryforwards, bad debt allowance reserves and payroll liabilities.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022

(in thousands)

17. National Wildlife Federation Action Fund

National Wildlife Federation Action Fund (NWF Action Fund) is a not-for-profit organization that was formed in Colorado in 1989 for the purpose of conducting conservation advocacy programs such as National Wildlife Action. In August 2008, National Wildlife Action was renamed National Wildlife Federation Action Fund. NWF Action Fund advocates for the conservation interests of hunters, anglers, and outdoor enthusiasts from all walks of life and political stripes. Through grassroots action and focused legislative campaigns, NWF Action Fund works to give wildlife and wildlife enthusiasts a voice in the democratic process and raises the visibility of key conservation such as like global warming with voters and elected officials.

Although certain Federation employees serve on NWF Action Fund's Board of Directors, the Federation officers and employees represent less than 50% of the total officers and Directors for NWF Action Fund and the Federation does not control a majority of the appointments to NWF Action Fund's Board of Directors. As such, the Federation does not consolidate the activities of NWF Action Fund.

The Federation provided \$245 and \$832 in grants to NWF Action Fund for the years ended August 31, 2023 and 2022, respectively. In addition, NWF Action Fund reimburses the Federation for certain costs such as leased staff, benefits, miscellaneous expenses, and overhead costs. As of August 31, 2023 and 2022, NWF Action Fund owed the Federation \$160 and \$66, respectively, for such costs.

18. Fair Value Measurement

The Federation's financial assets measured at fair value as of August 31, 2023 and 2022, are classified in the statements of consolidated financial position as follows:

	<u>2023</u>	<u>2022</u>
Charitable gift annuities and other trusts	\$ 14,427	\$ 13,603
Unrestricted investments	73,524	83,247
Permanently restricted investments	<u>5,499</u>	<u>5,489</u>
Total	<u>\$ 93,450</u>	<u>\$ 102,339</u>

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

18. Fair Value Measurement (continued)

The following tables set forth the fair values of financial assets that are measured at fair value on a recurring basis by their fair value hierarchy classification as of August 31:

	2023 Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Charitable remainder and perpetual trusts	\$ 8,598	\$ -	\$ -	\$ 8,598
Investments and permanently restricted investments, including charitable gift annuity investments:				
Common stocks:				
Large cap	12,112	12,112	-	-
Fixed income mutual funds:				
Bond funds	14,955	14,955	-	-
Government securities	622	622	-	-
Equity mutual and index funds:				
Large blend	17,058	1,456	15,602	-
Small and mid-blend	1,587	1,587	-	-
International equities	9,351	9,351	-	-
Money market fund	<u>3,419</u>	<u>3,419</u>	<u>-</u>	<u>-</u>
Subtotal	67,702	<u>\$ 43,502</u>	<u>\$ 15,602</u>	<u>\$ 8,598</u>
Limited partnerships and private investment funds ^(a)	<u>25,748</u>			
Total	<u>\$ 93,450</u>			

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

18. Fair Value Measurement (continued)

	2022 Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Charitable remainder and perpetual trusts	\$ 7,963	\$ -	\$ -	\$ 7,963
Investments and permanently restricted investments, including charitable gift annuity investments:				
Common stocks:				
Large cap	11,315	11,315	-	-
Fixed income mutual funds:				
Bond funds	25,726	25,726	-	-
Government securities	588	588	-	-
Equity mutual and index funds:				
Large blend	15,818	992	14,826	-
Small and mid-blend	2,011	2,011	-	-
International equities	9,537	9,537	-	-
Money market fund	4,604	4,604	-	-
Subtotal	77,562	<u>\$ 54,773</u>	<u>\$ 14,826</u>	<u>\$ 7,963</u>
Limited partnerships and private investment funds ^(a)	<u>24,777</u>			
Total	<u>\$ 102,339</u>			

(a) These investments are measured at NAV or its equivalent as a practical expedient and have not been classified 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 in the statement of consolidated financial position.

The Federation has included in the tables below the category, fair value, redemption frequency and redemption notice period for those assets whose fair value is estimated using NAV per share or its equivalent for which fair value is not readily determinable as of August 31, 2023 and 2022. For the Federation, such investments include limited partnerships and private investment and hedge funds.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2023 and 2022
(in thousands)

18. Fair Value Measurement (continued)

The following table sets forth a summary of the Federation's investments with a reported NAV as of August 31, 2023:

Investment Type	Fair Value	Redemption Frequency	Notice Period (Days)
Fund partnerships – International	\$ 4,291	Annually	65
Fund partnerships – International	1,693	Annually	60
Fund partnerships – International	2,681	Annually	15
Fund partnerships – International	2,242	Quarterly	60
Fund partnerships – International	1,087	Quarterly	60
Global Equity Fund	6,188	Quarterly	30
Fund Partnerships – International	4,707	Monthly	30
Fund Partnerships – Domestic	1,545	Monthly	30
Fund partnerships – International	<u>1,314</u>	Ill-liquid	N/A
Total	<u>\$ 25,748</u>		

The following table sets forth a summary of the Federation's investments with a reported NAV as of August 31, 2022:

Investment Type	Fair Value	Redemption Frequency	Notice Period (Days)
Fund partnerships – International	\$ 4,108	Annually	65
Fund partnerships – International	1,586	Annually	60
Fund partnerships – International	3,122	Annually	15
Fund partnerships – International	2,672	Quarterly	60
Global Equity Fund	4,836	Quarterly	30
Fund Partnerships – International	7,511	Monthly	30
Fund partnerships – International	<u>942</u>	Ill-liquid	N/A
Total	<u>\$ 24,777</u>		

There were \$1,314 and \$942 unfunded commitments or illiquid investments at August 31, 2023 and 2022, respectively.

19. Subsequent Events

The Federation has evaluated subsequent events through February 16, 2024, the date the consolidated financial statements were available to be issued. There were no subsequent events noted that required adjustment to or disclosure in these consolidated financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
National Wildlife Federation and Subsidiary

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 (*Government Auditing Standards*), the consolidated financial statements of the National Wildlife Federation and Subsidiary (collectively, the Federation), which comprise the Federation's consolidated statement of financial position as of August 31, 2023, 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 February 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Federation'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 the Federation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Federation'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedules of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Federation'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 consolidated financial statements. 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*.

The Federation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Federation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Federation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Marcum LLP". The signature is written in a cursive, flowing style.

Washington, DC
February 16, 2024

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
National Wildlife Federation and Subsidiary

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited National Wildlife Federation and Subsidiary (collectively referred as to the Federation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Federation's major federal programs for the year ended August 31, 2023. The Federation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Federation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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 (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Federation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for its major federal program. Our audit does not provide a legal determination of the Federation's compliance with the 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 the Federation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Federation'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 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 the Federation's compliance with the requirements of each major 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 the Federation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Federation'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 the Federation'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.

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 Auditors' 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. 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, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Marcum LLP

Washington, DC
February 16, 2024

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF THE INTERIOR				
<u>Bureau of Land Management</u>				
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Fish, Wildlife and Plant Conservation Resource Management	15.231	2501.22.073871	\$ -	\$ 16,852
Total Fish, Wildlife and Plant Conservation Resource Management for ALN 15.231			-	16,852
Fisheries and Aquatic Resources Management	15.244	L20AC00515	-	48,133
Total Fisheries and Aquatic Resources Management for ALN 15.244			-	48,133
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Wildlife Resource Management	15.247	2505.21.071006	-	23,712
Wildlife Resource Management	15.247	2501.22.073871	-	43,617
Total Wildlife Resource Management for ALN 15.247			-	67,329
<u>Fish and Wildlife Service</u>				
Multistate Conservation Grant Program	15.628	F21AP00225-00	-	50,043
Total Multistate Conservation Grant Program for ALN 15.628			-	50,043
Partners for Fish and Wildlife	15.631	F21AC02560-00	-	2,309
	15.631	F22AC02397-00		19,129
	15.631	F22AC02417-00		25,000
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Partners for Fish and Wildlife	15.631	2505.21.071006	-	41,883
Total Partners for Fish and Wildlife for ALN 15.631			-	88,321
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Great Lakes Restoration	15.662	2008.20.067030	-	19,983
Detroit Public Spaces	15.662	2008.23.077846	-	6,282
Total Great Lakes Restoration for ALN 15.662			-	26,265
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
NFWF-USFWS Conservation Partnership	15.663	2501.20.070724	-	5,951
Total NFWF-USFWS Conservation Partnership for ALN 15.663			-	5,951
<i>Pass-Through from the Sea Turtle Conservancy</i>				
Sea Turtle Conservancy-USFWS Conservation Partnership	15.663	0310.22.073887	-	16,694
Total NFWF-USFWS Conservation Partnership for ALN 15.663			-	16,694
Partners for Fish and Wildlife				
Valle de Oro Outdoor Play Area Planning	15.654	F21AC00896-01	-	10,713
Total USFWS Conservation Partnership for ALN 15.654			-	10,713

See accompanying notes to this schedule.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023**

(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF THE INTERIOR (continued)				
<u>Fish and Wildlife Service (continued)</u>				
Adaptive Science	15.670	F21AC00460-00	\$ -	\$ 74,607
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Adaptive Science	15.670	0403.20.068970	-	137,550
Adaptive Science	15.670	0403.21.072182	-	111,906
Delaware Watershed	15.670	0400.22.073873	-	212,500
<i>Pass-Through from the Audubon</i>				
Polinator Project	15.670	0403.21.072309	-	31,924
Total Adaptive Science for ALN 15.670			-	568,487
<u>Geological Survey</u>				
<i>Pass-Through from the Association of Fish and Wildlife Agencies'</i>				
U.S. Geological Survey Research and Data Collection	15.808	G21AC10854-00	-	7
U.S. Geological Survey Research and Data Collection	15.808	G23AC00135-00	-	17,773
Total U.S. Geological Survey Research and Data Collection for ALN 15.808			-	17,780
National and Regional Climate Adaptation Science Centers	15.820	G21AC10874-00	-	138,565
Total National and Regional Climate Adaptation Science Centers for ALN 15.820			-	138,565
Total U.S. Department of the Interior			-	1,055,133
U.S. DEPARTMENT OF COMMERCE				
<u>National Oceanic and Atmospheric Administration (NOAA)</u>				
NOAA Mission-Related Education Award	11.008	NA20SEC0080005	-	180,741
Total NOAA Mission-Related Education Award for ALN 11.008			-	180,741
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Office of Coastal Management	11.473	0318.18.062169	-	126,797
Office of Coastal Management	11.473	0318.20.068787	-	49,274
Total Office of Coastal Management for ALN 11.473			-	176,071
Total U.S. Department of Commerce			-	356,812
ENVIRONMENTAL PROTECTION AGENCY (EPA)				
<u>EPA</u>				
<i>Pass-Through from The Montana Association</i>				
Nonpoint Source Implementation Grants	66.460	22-03	-	1,599
Total Nonpoint Source Implementation Grants for ALN 66.460			-	1,599
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Chesapeake Bay Program	66.466	0603.22.075655	-	156,525
Chesapeake Bay Program	66.466	0603.22.075169	-	45,767
Chesapeake Bay Program	66.466	0600.20.070371	-	73,327
Chesapeake Bay Program	66.466	0603.20.068873	-	15,171

See accompanying notes to this schedule.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023**

(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
ENVIRONMENTAL PROTECTION AGENCY (EPA)				
<u>EPA (continued)</u>				
<i>Pass-Through from CB Trust</i>				
Chesapeake Bay Program	66.466	20541	\$ -	\$ 7,504
Chesapeake Bay Program	66.466	19920	-	17,558
<i>Pass-Through from Alliance for CB</i>				
Chesapeake Bay Program	66.466	0600.19.066250	-	4,764
Total Chesapeake Bay Program for ALN 66.466			-	320,616
<i>Pass-Through from The Nature Conservancy</i>				
Great Lakes Program	66.469	NWF-A106313-12/22-01	-	19,585
Total Great Lakes Program for ALN 66.469			-	19,585
Environmental Education Grants	66.437	1401.23.076225	-	27,427
Total Environmental Education Grants for ALN 66.951			-	27,427
Total EPA			-	369,227
U.S. DEPARTMENT OF AGRICULTURE				
<u>United States Forest Service</u>				
<i>Pass-Through from the Texas Tech University</i>	10.326	21A605-01	-	26,869
Total Cooperative Forestry Assistance for ALN 10.326			-	26,869
<i>USDA Forest Service</i>				
Longleaf Hoke County	10.664	22-DG-11083150-122	-	60,059
<i>Pass-Through from the Montana DNRC</i>				
Cooperative Forestry Assistance	10.664	ConED-19-002	-	1,791
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Cooperative Forestry Assistance	10.664	1903.21.071293	-	16,720
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Cooperative Forestry Assistance	10.664	1903.22.075057	-	4,131
Total Cooperative Forestry Assistance for ALN 10.664			-	82,701
<u>National Institute of Food and Agriculture</u>				
<i>Pass-Through from University of Minnesota</i>				
Sustainable Agriculture Research and Education	10.215	2020-38640-31522	-	18,312
<i>Pass-Through from University of Georgia</i>				
Sustainable Agriculture Research and Education	10.215	SUB00003181	-	66
Total Sustainable Agriculture Research and Education for ALN 10.215			-	18,378
<i>Pass-Through from North Carolina State University</i>				
Agriculture and Food Research Initiative	10.310	2018-68011-28372	-	107,059
Total Agriculture and Food Research Initiative for ALN 10.310			-	107,059
<u>Natural Resources Conservation Service</u>				
Conservation Reserve Program	10.069	NR206740XXXXG006	-	6,909
Total Conservation Reserve Program for ALN 10.069			-	6,909

See accompanying notes to this schedule.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023**

(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE (continued)				
<u>Natural Resources Conservation Service (continued)</u>				
Soil and Water Conservation	10.902	NR206740XXXXG006	\$ -	\$ 6,909
Soil and Water Conservation	10.902	NR2172XXXXG003	-	65,948
Soil and Water Conservation	10.902	NR214532XXXXC011	-	13,450
Soil and Water Conservation	10.902	NR227442XXXXC015	-	26,454
Soil and Water Conservation	10.902	NR224423XXXXC102	-	14,877
Soil and Water Conservation	10.902	NR224310XXXXG018	-	5,610
Soil and Water Conservation	10.902	NR226424XXXXG006	-	14,151
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Soil and Water Conservation	10.902	1903.20.067467	-	7,721
Soil and Water Conservation	10.902	2501.20.070724	-	1,739
Soil and Water Conservation	10.902	1903.21.071293	-	42,040
Total Soil and Water Conservation for ALN 10.902			-	198,899
Environmental Quality Incentives Program	10.912	NR206740XXXXG006	-	6,909
Environmental Quality Incentives Program	10.912	NR214310XXXXC016	-	66,459
Environmental Quality Incentives Program	10.912	NR223A750013G029	-	65,510
Total Environmental Quality Incentives Program for ALN 10.912			-	138,878
Conservation Stewardship Program	10.924	NR206740XXXXG006	-	6,909
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Conservation Stewardship Program	10.924	2501.20.070724	-	1,317
Total Conservation Stewardship Program for ALN 10.924			-	8,226
Agricultural Conservation Easement Program	10.931	NR206740XXXXG006	-	6,909
<i>Pass-Through from the National Fish and Wildlife Foundation</i>				
Agricultural Conservation Easement Program	10.931	2501.20.070724	-	2,213
Total Agricultural Conservation Easement Program for ALN 10.931			-	9,122
Total U.S. Department of Agriculture			-	597,041
U.S. DEPARTMENT OF HOMELAND SECURITY				
<u>Federal Emergency Management Agency (FEMA)</u>				
Cooperating Technical Partners	97.045	EMN-2021-CA-00011	-	4,502
Cooperating Technical Partners	97.045	EMN-2022-CA-00018	-	311,405
Total U.S. Department of Homeland Security for ALN 97.045			-	315,907
U.S. DEPARTMENT OF DEFENSE				
<i>Pass-Through from National Fish and Wildlife Foundation</i>				
Legacy Resource Management Program	12.632	1903.21.071293	-	6,927
Total U.S. Department of Defense for ALN 12.632			-	6,927
<i>Pass-Through from National Fish and Wildlife Foundation</i>				
Legacy Resource Management Program	12.017	1903.22.075057	-	2,916
Total U.S. Department of Defense for ALN 12.017			-	2,916

See accompanying notes to this schedule.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023

(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT				
<i>Pass-Through from Solidaridad North America</i>				
USAID Foreign Assistance for Programs Overseas	98.001	72052722CA00002	\$ -	\$ 360,056
Total U.S. Agency for International Development			-	360,056
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Pass-Through from Early Milestones Colorado</i>				
Circle Project	93.575	O - 2201	-	264,788
Total U.S. Department of Health and Human Services			-	264,788
AmeriCorp				
NWF-AmeriCorps Georgia Planning Grant	94.006		-	8,709
Total AmeriCorp			-	8,709
National Science Foundation				
<i>Pass-Through from Xavier University Louisiana</i>				
ORE-CZ: Methane Emissions from Wetlands Surrounding Lake Pontchartrain	47.050	ORSP-23-215933-002	-	3,448
Total National Science Foundation for ALN 97.050			-	3,448
ORE-CZ: Methane Emissions from Wetlands Surrounding Lake Pontchartrain	47.076	ORSP-23-215933-002	-	3,448
Total National Science Foundation for ALN 97.076			-	3,448
Total National Science Foundation			-	6,896
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 3,344,412

See accompanying notes to this schedule.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of National Wildlife Federation (the Federation) under programs of the federal government for the year ended August 31, 2023. The information 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 schedule presents only a selected portion of the operations of the Federation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Federation.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule 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.

3. Indirect Cost Rates

The Federation has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements

Type of auditors' report issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X Yes No

Significant deficiency(ies) identified?

 Yes X None Reported

Non compliance material to consolidated financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal program(s):

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)?

 Yes X No

Identification of major federal programs:

Name of Federal Program or Cluster

**Assistance
Listing Numbers**

USAID Foreign Assistance for Programs Overseas

98.001

Adaptive Science

15.670

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

 X Yes No

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2023

(continued)

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

**Finding No. 2023-001: Contribution Revenue Recognition and Financial Close Process –
Material Weakness in Internal Control Over Financial Reporting**

Criteria

Generally accepted accounting principles require contribution revenue to be recognized when an unconditional promise to give is received. This includes recording multi-year pledges at their present value unless the pledge is considered conditional. Subsequent collections on these pledges should be recorded as reductions to the outstanding pledge balance.

Context

During our testing, we noted an unconditional contribution that was understated on the basis of the related revenue only being recorded as the amount received in cash. The contribution should have been recorded in the amount of approximately \$4,857,000, whereas only \$750,000 was recorded which was based on the cash as cash was received. This resulted in an understatement of grants and contributions revenue and grants and contributions receivable of approximately \$4,107,000 for the year ended August 31, 2023.

Cause

The understatement of revenue due to a breakdown in internal control as the grant agreement was not analyzed to determine if there were other unconditional amounts that were needed to be recorded. The adjustments related to the federal revenue were overlooked during the financial close process.

Effect

Contribution revenue and receivables before the adjustments were understated by approximately \$4,107,000, which could lead to decisions being made based on incorrect information.

Questioned Costs

None

Recommendation

We recommend the Federation to strengthen its existing internal control procedures, particularly concerning situations where multiple verbal conversations with donors lead to amendments in pledge commitments and payment arrangements. This will ensure that revenue related to those contributions are properly recognized in the correct period in accordance with generally accepted accounting principles on a timely basis.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2023**

(continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None required to be reported.

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

Consolidated Financial Statement Audit Findings

None reported.

Major Federal Award Programs Audit Findings and Questioned Costs

None reported.



FY2023 Audit Finding Corrective Action Plan

In accordance with *Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements* under Section 200.511, Audit Findings follow-up, the following details the corrective action plan to be taken for the findings noted in the August 31, 2023, audit.

Financial Statement Finding

Finding No. 2023-001: Contribution Revenue Recognition and Financial Close Process – Material Weakness in Internal Control Over Financial Reporting

Recommendation

We recommend the Federation to strengthen its existing internal control procedures, particularly concerning situations where multiple verbal conversations with donors lead to amendments in pledge commitments and payment arrangements. This will ensure that revenue related to those contributions are properly recognized in the correct period in accordance with generally accepted accounting principles on a timely basis.

Views of Responsible Officials and Planned Corrective Actions

Agree with finding. In August 2023, Management took corrective action to reverse a pledge previously recorded in December 2022. The correction was made due to the uncertainty of the donor's ability to fulfill the pledge as agreed. We have since incorporated and communicated changes to our policy and procedures to ensure pledges are updated timely and appropriate documentation is maintained.

Anticipated Completion Date: Completed

If U.S. Department of Interior has questions regarding this plan, please call Ismael Savadogo at (703) 438-6398 or savadogoi@nwf.org.

Sincerely,

Ismael Savadogo
Chief Financial Officer
National Wildlife Federation