



NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

Consolidated Financial Statements

For the Years Ended August 31, 2024 and 2023



**and
Report Thereon**



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

For the Year Ended August 31, 2024



NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

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Independent Auditors' Report

**The Board of Directors
National Wildlife Federation and Subsidiary
Reston, VA**

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 (the "Federation"), which comprise the consolidated statement of financial position as of August 31, 2024, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Federation as of and for the year ended August 31, 2023, were audited by Marcum LLP, whose report dated February 16, 2024, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 financial statements as a whole. The accompanying 2024 consolidating statement of financial position and activities on pages 38 through 39, and 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 on pages 45 through 48, are presented for the purpose of additional analysis and is not a required part of the 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 financial statements. The 2024 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the 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 March 17, 2025 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.

CBIZ CPAs P.C.

Washington, DC
March 17, 2025

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of August 31, 2024 and 2023
(in thousands)

| | 2024 | 2023 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 17,139 | \$ 1,906 |
| Unrestricted investments | 65,660 | 73,524 |
| Grants and other donor restricted receivables, net | 42,456 | 24,133 |
| Bequests and other contributions receivable, net | 3,583 | 4,560 |
| Accounts receivable, net of allowance for credit losses of \$41 and \$39, respectively | 1,261 | 1,218 |
| Inventory, nature education materials | 1,868 | 1,820 |
| Prepaid expenses | 5,253 | 5,836 |
| Charitable gift annuities and other trusts | 15,992 | 14,427 |
| Property, plant and equipment, net | 14,738 | 15,246 |
| Right-of-use asset – operating | 6,965 | 4,924 |
| Other assets | 213 | 200 |
| Permanently restricted investments | 5,501 | 5,499 |
| TOTAL ASSETS | \$ 180,629 | \$ 153,293 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 8,244 | \$ 10,776 |
| Accrued payroll and related costs | 3,340 | 3,765 |
| Deferred revenue | 12,147 | 11,566 |
| Lease liability – operating | 8,175 | 6,063 |
| Bonds payable, net of premium and unamortized financing fees | 9,197 | 9,636 |
| Convertible debt (SAFE) | 1,734 | 275 |
| Accrued pension and post-retirement benefits | 5,236 | 4,750 |
| Charitable gift annuities and other trust obligations | 2,839 | 2,966 |
| TOTAL LIABILITIES | 50,912 | 49,797 |
| Net Assets | | |
| Without donor restrictions | | |
| Undesignated | 34,895 | 31,410 |
| Designated | 9,097 | 14,378 |
| Noncontrolling interest in subsidiary | (178) | (93) |
| Total Net Assets Without Donor Restrictions | 43,814 | 45,695 |
| With donor restrictions | | |
| | 85,903 | 57,801 |
| TOTAL NET ASSETS | 129,717 | 103,496 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 180,629 | \$ 153,293 |

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, 2024 and 2023
(in thousands)

| | 2024 | | | 2023 | | |
|---|----------------------------|-------------------------|------------------|----------------------------|-------------------------|-----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| OPERATING REVENUE AND SUPPORT | | | | | | |
| Contributions from individuals | \$ 31,630 | \$ 12,733 | \$ 44,363 | \$ 35,428 | \$ 20,107 | \$ 55,535 |
| Contributions from governments, foundations and corporations | 21,081 | 58,455 | 79,536 | 12,602 | 25,590 | 38,192 |
| Publications | 15,703 | - | 15,703 | 15,114 | - | 15,114 |
| Nature education materials | 7,986 | - | 7,986 | 9,461 | - | 9,461 |
| Investment income appropriated for operations | 3,001 | - | 3,001 | 2,567 | - | 2,567 |
| Royalties | 1,195 | - | 1,195 | 1,326 | - | 1,326 |
| Donated advertising and other services | 333 | - | 333 | 1,474 | - | 1,474 |
| Other | 1,839 | - | 1,839 | 1,238 | - | 1,238 |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of program restrictions | 36,989 | (36,989) | - | 37,303 | (37,303) | - |
| Expiration of time restrictions | 6,097 | (6,097) | - | 5,310 | (5,310) | - |
| TOTAL OPERATING REVENUE AND SUPPORT | 125,854 | 28,102 | 153,956 | 121,823 | 3,084 | 124,907 |
| OPERATING EXPENSES | | | | | | |
| Program Services: | | | | | | |
| Conservation programs | 53,275 | - | 53,275 | 45,994 | - | 45,994 |
| Education outreach and publications | 32,413 | - | 32,413 | 31,119 | - | 31,119 |
| Membership and other nature education programs | 27,568 | - | 27,568 | 30,382 | - | 30,382 |
| Garden for wildlife | 3,679 | - | 3,679 | 1,765 | - | 1,765 |
| Total Program Services | 116,935 | - | 116,935 | 109,260 | - | 109,260 |
| Supporting Services: | | | | | | |
| Fundraising | 8,141 | - | 8,141 | 9,302 | - | 9,302 |
| General and administrative | 9,080 | - | 9,080 | 8,006 | - | 8,006 |
| Total Supporting Services | 17,221 | - | 17,221 | 17,308 | - | 17,308 |
| TOTAL OPERATING EXPENSES | 134,156 | - | 134,156 | 126,568 | - | 126,568 |
| Change in net assets from operations | (8,302) | 28,102 | 19,800 | (4,745) | 3,084 | (1,661) |
| Nonoperating activities: | | | | | | |
| Investment income in excess of earnings appropriated for operations | 6,910 | - | 6,910 | 4,867 | - | 4,867 |
| Pension and post-retirement related charges, including net periodic benefit costs other than service cost | (664) | - | (664) | 460 | - | 460 |
| CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTEREST | (2,056) | 28,102 | 26,046 | 582 | 3,084 | 3,666 |
| Net income attributable to noncontrolling interest | 260 | - | 260 | 99 | - | 99 |
| CHANGE IN NET ASSETS | \$ (1,796) | \$ 28,102 | \$ 26,306 | \$ 681 | \$ 3,084 | \$ 3,765 |

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, 2024 and 2023
(in thousands)

| | Undesignated | Designated | Noncontrolling Interest | Total Without Donor Restrictions | With Donor Restrictions | Total |
|---|------------------|-----------------|----------------------------|--|----------------------------|-------------------|
| Net Assets, August 31, 2022 | \$ 32,409 | \$ 12,698 | \$ - | \$ 45,107 | \$ 54,717 | \$ 99,824 |
| Change in net assets before noncontrolling interest | (999) | 1,680 | - | 681 | 3,084 | 3,765 |
| Net income attributable to noncontrolling interest | - | - | (99) | (99) | - | (99) |
| Non controlling investments | - | - | 6 | 6 | - | 6 |
| Net Assets, August 31, 2023 | 31,410 | 14,378 | (93) | 45,695 | 57,801 | 103,496 |
| Change in net assets before noncontrolling interest | 3,485 | (5,281) | - | (1,796) | 28,102 | 26,306 |
| Net income attributable to noncontrolling interest | - | - | (260) | (260) | - | (260) |
| Non controlling investments | - | - | 175 | 175 | - | 175 |
| Net Assets, August 31, 2024 | <u>\$ 34,895</u> | <u>\$ 9,097</u> | <u>\$ (178)</u> | <u>\$ 43,814</u> | <u>\$ 85,903</u> | <u>\$ 129,717</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, 2024
(in thousands)

| | Program Services | | | | Supporting Services | | | | Total Expenses |
|---|-----------------------|-------------------------------------|--|---------------------|------------------------|-----------------|----------------------------|---------------------------|-------------------|
| | Conservation Programs | Education Outreach and Publications | Membership and Other Nature Education Programs | Garden For Wildlife | Total Program Services | Fundraising | General and Administrative | Total Supporting Services | |
| Salaries and benefits | \$ 23,458 | \$ 10,073 | \$ 9,505 | \$ 1,225 | \$ 44,261 | \$ 1,913 | \$ 5,619 | \$ 7,532 | \$ 51,793 |
| Conservation assistance | 15,064 | 5,055 | 9 | | 20,128 | - | 11 | 11 | 20,139 |
| Consultants and contractors | 7,939 | 4,722 | 4,142 | 445 | 17,248 | 1,114 | 1,211 | 2,325 | 19,573 |
| Printing and production | 120 | 4,056 | 4,436 | | 8,612 | 2,302 | 336 | 2,638 | 11,250 |
| Postage, mailing and shipping | 28 | 4,762 | 3,847 | | 8,637 | 2,180 | 325 | 2,505 | 11,142 |
| Other | 3,199 | 2,004 | 2,913 | 930 | 9,046 | 494 | 468 | 962 | 10,008 |
| Occupancy and depreciation and amortization | 2,072 | 955 | 634 | 432 | 4,093 | 108 | 974 | 1,082 | 5,175 |
| Cost of goods sold – merchandise | 45 | 379 | 1,844 | 624 | 2,892 | - | 1 | 1 | 2,893 |
| Travel | 1,211 | 258 | 193 | | 1,662 | 30 | 97 | 127 | 1,789 |
| Donated advertising and other services | 139 | 149 | 45 | 23 | 356 | - | 38 | 38 | 394 |
| TOTAL EXPENSES | \$ 53,275 | \$ 32,413 | \$ 27,568 | \$ 3,679 | \$ 116,935 | \$ 8,141 | \$ 9,080 | \$ 17,221 | \$ 134,156 |

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

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, 2024 and 2023

(in thousands)

| | 2024 | 2023 |
|---|------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 26,306 | \$ 3,765 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation and amortization | 1,693 | 1,657 |
| Realized and unrealized gains on investments and annuities | (8,607) | (5,509) |
| Unrecognized loss (gain) on pension and post-retirement plans | 664 | (460) |
| Amortization of right of use assets | (2,041) | (983) |
| Net income attributable to noncontrolling interest | (260) | (99) |
| Non controlling investments | 175 | 6 |
| Changes in assets and liabilities: | | |
| Grants and other donor restricted receivables | (18,323) | (8,608) |
| Bequests and other contributions receivable | 977 | (2,606) |
| Accounts receivable | (43) | (262) |
| Inventory, nature education materials | (48) | (305) |
| Prepaid expenses | 583 | 300 |
| Charitable gift annuities and other trusts | (1,565) | (824) |
| Other assets | (13) | 70 |
| Accounts payable and accrued expenses | (2,532) | 1,994 |
| Accrued payroll and related costs | (425) | 142 |
| Deferred revenue | 581 | 364 |
| Lease liability – operating | 2,112 | 806 |
| Accrued pension and post-retirement benefits | (178) | (5,110) |
| Charitable gift annuities and other trust obligations | (127) | (79) |
| NET CASH USED IN OPERATING ACTIVITIES | (1,071) | (15,741) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property, plant and equipment | (1,185) | (582) |
| Purchases of investments | (2,405) | (7,298) |
| Sales and maturities of investments | 18,874 | 22,520 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 15,284 | 14,640 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on bonds | (439) | (424) |
| Borrowings under line of credit | - | 4,190 |
| Repayments on line of credit | - | (4,190) |
| Sale of convertible debt (SAFE) | 1,459 | 275 |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | 1,020 | (149) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 15,233 | (1,250) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,906 | 3,156 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 17,139 | \$ 1,906 |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Cash paid during the year for interest | \$ 386 | \$ 401 |

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, 2024 and 2023
(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. (Garden for Wildlife), a majority owned subsidiary of the Federation.

Cash and Cash Equivalents

Cash and cash equivalents include 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, 2024 and 2023

(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 consolidated statements of activities. For unsettled sales as of the reporting period date, the sale price is included with investments in the accompanying consolidated statements of financial position.

Investment returns reported in the accompanying consolidated 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 consolidated 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, 2024 and 2023. 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 Credit Losses

Accounts receivable consist primarily of amounts due from third parties for the Federation's publications, advertising, and royalties. The Federation has tracked historical loss information for its accounts and other receivables and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due). Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

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

Accounts Receivable and Allowance for Credit Losses (continued)

receivable held at August 31, 2024, because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit loss at August 31, 2024 and 2023, totaled \$41 and \$39, respectively.

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 consolidated statements of 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 consolidated 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 consolidated 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 consolidated 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.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

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

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 consolidated statements of activities to its current fair value. As of August 31, 2024 and 2023, the Federation has not recognized an impairment loss.

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, 2024 and 2023, the Federation had \$10,514 and \$9,951, 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 consolidated statements of 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 consolidated statements of activities as net assets released from restrictions.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023
(in thousands)

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

Revenue Recognition (continued)

Contributions and Grants (continued)

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.

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 consolidated statements of 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 (loss) in the year earned.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023
(in thousands)

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

Donated Services

In-kind contributions are recognized as both revenue and support and expenses in the accompanying consolidated statements 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.

Pension and Retiree Medical Benefits

The Federation sponsors a contributory defined contribution plan covering substantially all full-time employees.

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 consolidated 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 consolidated 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).

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023
(in thousands)

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

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 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.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

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

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.

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 of the investment portfolio in excess of endowment and other earnings appropriated for operations and pension and post-retirement related changes, including net periodic benefit costs other than service costs.

Adoption of New Accounting Standard

The FASB issued guidance (FASB ASC 326), *Current Expected Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Federation that are subject to the guidance in FASB ASC 326 were trade accounts receivables. The Federation adopted the standard effective September 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new and enhanced disclosures only.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

2. Grants and Other Donor Restricted Receivables

At August 31, 2024 and 2023, grants and other donor restricted receivables included the following unconditional promises to give:

| | <u>2024</u> | <u>2023</u> |
|----------------------------------|------------------|------------------|
| Amount due in less than one year | \$ 31,210 | \$ 19,752 |
| Amount due in one to five years | <u>11,843</u> | <u>4,601</u> |
| Subtotal | 43,053 | 24,353 |
| Less: Discount (5%) | <u>(597)</u> | <u>(220)</u> |
| Total | <u>\$ 42,456</u> | <u>\$ 24,133</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 \$831 as revenue for the year ended August 31, 2024. The remaining amount is conditional upon annual parliamentary budget approval. As of August 31, 2024, and 2023, total conditional grants were approximately \$92 and \$500, respectively.

3. Bequests and Other Contributions Receivable

At August 31, 2024 and 2023, bequests and other contributions receivable included the following unconditional promises to give:

| | <u>2024</u> | <u>2023</u> |
|----------------------------------|-----------------|-----------------|
| Amount due in less than one year | \$ 3,502 | \$ 4,547 |
| Amount due in one to five years | <u>88</u> | <u>15</u> |
| Subtotal | 3,590 | 4,562 |
| Less: Discount (5%) | <u>(7)</u> | <u>(2)</u> |
| Total | <u>\$ 3,583</u> | <u>\$ 4,560</u> |

The Federation received \$3,057 and \$3,042 in the years ended August 31, 2024 and 2023, 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.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

4. Investments and Permanently Restricted Investments

Investments, including permanently restricted investments, at fair value, consisted of the following as of August 31, 2024 and 2023:

| | 2024 | 2023 |
|---|-----------|-----------|
| Common stocks | \$ 12,007 | \$ 12,146 |
| Money market funds | 4,409 | 2,796 |
| Limited partnerships and private investment funds | 24,779 | 20,249 |
| Mutual funds – fixed income | 17,204 | 14,198 |
| Mutual and index funds – equity | 7,261 | 24,135 |
| Total Unrestricted Investments | 65,660 | 73,524 |
| Limited partnerships and private Investment funds – permanently restricted | 5,501 | 5,499 |
| Total Investments | \$ 71,161 | \$ 79,023 |

For the years ended August 31, 2024 and 2023, the Federation incurred investment fees of \$333 and \$275, respectively.

5. Charitable Gift Annuities and Other Trusts

Charitable gift annuities and other trusts consisted of the following as of August 31, 2024 and 2023:

| | 2024 | 2023 |
|---|-----------|-----------|
| Charitable gift annuities | \$ 6,396 | \$ 5,829 |
| Charitable remainder trusts | 4,583 | 4,146 |
| Perpetual trusts | 5,013 | 4,452 |
| Total Charitable Gift Annuities and Other Trusts | \$ 15,992 | \$ 14,427 |

The estimated liabilities for the above charitable gift annuities and other trusts consisted of the following as of August 31, 2024 and 2023:

| | 2024 | 2023 |
|--|----------|----------|
| Charitable gift annuities | \$ 2,652 | \$ 2,789 |
| Charitable remainder trusts | 187 | 177 |
| Total Estimated Liabilities for Charitable Gift Annuities and Other Trusts | \$ 2,839 | \$ 2,966 |

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended August 31, 2024 and 2023
(in thousands)

6. Property, Plant and Equipment

The Federation's property, plant and equipment consisted of the following as of August 31, 2024 and 2023:

| | 2024 | 2023 |
|--|-----------|-----------|
| Land | \$ 3,947 | \$ 3,947 |
| Building and improvements | 14,064 | 14,064 |
| Equipment, furniture and vehicles | 14,239 | 15,322 |
| Leasehold improvements | 1,285 | 1,285 |
| Conservation properties | 689 | 689 |
| Total Property, Plant and Equipment | 34,224 | 35,307 |
| Less: Accumulated Depreciation and Amortization | (19,486) | (20,061) |
| Property, Plant and Equipment, Net | \$ 14,738 | \$ 15,246 |

The Federation recorded depreciation and amortization expense on its property, plant and equipment of \$1,693 and \$1,657 for the years ended August 31, 2024 and 2023, respectively, and is included in occupancy and depreciation and amortization on the consolidated statements of functional expenses.

7. Bonds Payable, Note Payable and Line of Credit

The Federation had the following debt obligations as of August 31, 2024 and 2023:

| | 2024 | 2023 |
|--|----------|----------|
| Taxable and non-taxable variable rate, Series 2019 | \$ 8,480 | \$ 8,900 |
| Plus: Unamortized original issue premium | 915 | 977 |
| Less: Unamortized debt issuance costs | (142) | (178) |
| Less: Underwriter's discount | (56) | (63) |
| Total Bonds and Notes Payable, Net | \$ 9,197 | \$ 9,636 |

For the years ended August 31, 2024 and 2023, the Federation recorded interest expense of \$386 and \$401, respectively, which is included in other expenses on the consolidated statements of functional 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.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

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

Bonds Payable (continued)

As of August 31, 2024 and 2023, 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</u> <u>August 31,</u> | |
|---|-----------------|
| 2025 | \$ - |
| 2026 | 440 |
| 2027 | 455 |
| 2028 | 475 |
| 2029 | 500 |
| Thereafter | <u>6,610</u> |
| Total Bonds Payable | 8,480 |
| Unamortized Premium | 915 |
| Unamortized Discount | (56) |
| Deferred Financing Fees | <u>(142)</u> |
| Total | <u>\$ 9,197</u> |

Line of Credit

The Federation has an unsecured operating line of credit based on two tiers from \$4,000 to \$12,000 that expires March 30, 2025. As of August 31, 2024 and 2023, there was no balance drawn on the line of credit. Beginning March 20, 2024, the interest rate on the line of credit is a rate per year equal to the sum of the greater of Daily Secured Overnight Financing Rate (Daily SOFR) or the Index Floor (zero percent), plus 0.9 percentage point(s), plus the SOFR Adjustment of 0.1 percentage point, which was 6.35% at August 31, 2024.

Prior to March 20, 2024, the interest rate on the line of credit was a rate per year equal to the Bloomberg Short Term Bank Yield Index (BSBY) Daily Floating Rate plus 0.75%, which was 6.13% at August 31, 2023.

Under the most restrictive financial covenant, the Federation must maintain a liquidity ratio of at least 1 to 1. At August 31, 2024 and 2023, the Federation was in compliance with this financial covenant.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

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

SAFE Notes

Garden For Wildlife entered into a Simple Agreement for Future Equity (SAFE) with multiple investors, under which Garden for Wildlife received cash proceeds of \$1,734. The SAFE grants the investors the right to future equity in Garden for Wildlife upon the occurrence of certain triggering events. The SAFE will convert into shares of the Garden for Wildlife's preferred stock under certain conditions: (1) In the event of an equity financing round, the SAFE will automatically convert into the preferred stock issued in that round, at a discount of 20% to the price per share paid by new investors; (2) if a liquidity event such as a reorganization, merger or consolidation of Garden for Wildlife occurs, the SAFE will convert into Garden for Wildlife's preferred stock immediately prior to the event, also at a 20% discount to the price per share determined for the event; (3) should Garden for Wildlife undergo dissolution or liquidation before the SAFE converts, the investors are entitled receive a portion of proceeds equal to the cash-out amount, due and payable to the investor immediately prior to the dissolution event. This repayment is subordinated to other creditors but takes precedence over common stockholders.

Additionally, the SAFE includes a valuation cap of \$25,000. This means that if the pre-money valuation of Garden for Wildlife in an equity financing exceeds this cap, the SAFE will convert at a price based on the \$25,000 valuation. Notably, the SAFE does not accrue interest and does not have a maturity date.

There is inherent risk and uncertainty associated with the SAFE, primarily related to the ultimate number of shares to be issued upon conversion and the timing of such conversion. These factors depend on future financing rounds, liquidity events, or other triggering events. As of August 31, 2024, no triggering events for the conversion of the SAFE have occurred. Management continues to monitor potential triggering events that may necessitate conversion in accordance with the terms of the SAFE.

8. Revenue from Contracts with Customers

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

| | |
|---|------------------|
| Deferred revenue, September 1, 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 | 11,566 |
| Revenue recognized that was included in deferred revenue at the beginning of year | (11,566) |
| Increase in deferred revenue due to cash received during the period | <u>12,147</u> |
| Deferred revenue, August 31, 2024 | <u>\$ 12,147</u> |

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

9. Net Assets

Net Assets Without Donor Restrictions

The net assets without donor restrictions as of August 31, 2024 and 2023, were as follows:

| | 2024 | 2023 |
|--|-----------|-----------|
| Undesignated | \$ 34,717 | \$ 31,317 |
| Federation's fund | 6,052 | 10,535 |
| Board designated: | | |
| Beere Fund | 1,086 | 1,086 |
| Conservation Program Reserve Fund | 1,959 | 2,757 |
| Total Net Assets Without Donor Restrictions | \$ 43,814 | \$ 45,695 |

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, 2024 and 2023:

| | 2024 | 2023 |
|-------------------------------------|-----------|-----------|
| Purpose: | | |
| Conservation programs | \$ 7,649 | \$ 10,098 |
| Education outreach and publications | 1,522 | 1,436 |
| Time | 6,617 | 7,564 |
| Time and Purpose: | | |
| Conservation programs | 47,362 | 23,080 |
| Education outreach and publications | 12,239 | 5,672 |
| Restricted in perpetuity | 10,514 | 9,951 |
| Total | \$ 85,903 | \$ 57,801 |

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

9. Net Assets (continued)

Net Assets With Donor Restrictions (continued)

At August 31, 2024 and 2023, net assets with donor restrictions that were restricted in perpetuity, and the income from which these assets was expendable to support the following:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|------------------|-----------------|
| Conservation and advocacy programs | \$ 259 | \$ 257 |
| Education outreach and publications | 503 | 503 |
| Any activities of the organization | <u>4,739</u> | <u>4,739</u> |
| Subtotal | 5,501 | 5,499 |
| Perpetual trusts | <u>5,013</u> | <u>4,452</u> |
| Total | <u>\$ 10,514</u> | <u>\$ 9,951</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.

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023
(in thousands)

9. Net Assets (continued)

Endowment Net Assets (continued)

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.

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, 2024 and 2023, 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, 2024 and 2023.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

9. Net Assets (continued)

Endowment Net Assets (continued)

The endowment activity was as follows for the year ended August 31, 2024:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|-----------------|
| Endowment net assets, beginning of year | \$ - | \$ 5,612 | \$ 5,612 |
| Net investment loss | - | 6 | 6 |
| Contributions | - | - | - |
| Appropriation of endowment assets for expenditure | <u>-</u> | <u>(4)</u> | <u>(4)</u> |
| Endowment Net Assets, End of Year | <u>\$ -</u> | <u>\$ 5,614</u> | <u>\$ 5,614</u> |

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

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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

10. Employee Benefit Plans (continued)

Defined Benefit Retirement Plan (continued)

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.

The changes in the funded status of the Plan for the years ended August 31, 2024 and 2023, were as follows:

| | 2024 | 2023 |
|--|------|-------------|
| Change in benefit obligation: | | |
| Benefit obligation at beginning of year | \$ - | \$ (21,645) |
| Service cost | - | - |
| Interest cost | - | - |
| Actuarial gains | - | - |
| Settlements | - | 21,645 |
| Benefits paid | - | - |
| Additional plan termination liability | - | - |
| Benefit Obligation at End of Year | - | - |
| Change in plan assets | | |
| Fair value of plan assets at beginning of year | - | (5,028) |
| Employer contribution | - | - |
| Actual return on plan assets | - | - |
| Settlements | - | 5,028 |
| Administrative expenses | - | - |
| Fair value of plan assets at end of year | - | - |
| Funded Status (Accrued Pension Liability) | \$ - | \$ - |

In July 2022 the governing body of the 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

For the Years Ended August 31, 2024 and 2023

(in thousands)

10. Employee Benefit Plans (continued)

Post-Retirement Benefits

Other Information

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, 2024 and 2023, included the following:

| | 2024 | 2023 |
|--|--------|--------|
| Service cost | \$ 253 | \$ 257 |
| Interest cost | 255 | 247 |
| Amortization of prior service costs | (493) | (493) |
| Net Periodic Post-Retirement Benefit Cost | \$ 15 | \$ 11 |

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, 2024 and 2023, a discount rate of 5.50% and 4.75%, 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.

The following sets forth the Plan's changes in benefit obligation and accrued benefit costs reported in the accompanying consolidated statements of financial position at August 31, 2024 and 2023:

| | 2024 | 2023 |
|--|------------|------------|
| Benefit obligation at beginning of year | \$ (4,750) | \$ (5,292) |
| Service cost | (253) | (257) |
| Interest cost | (256) | (247) |
| Participant contributions | (145) | (125) |
| Benefits paid | 207 | 157 |
| Actuarial (loss) gain | (39) | 1,014 |
| Benefit obligation at end of year | (5,236) | (4,750) |
| Plan assets at end of year | - | - |
| Funded Status (Accrued Benefit Liability) | \$ (5,236) | \$ (4,750) |

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

10. Employee Benefit Plans (continued)

Post-Retirement Benefits (continued)

Other Information (continued)

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

Increasing or decreasing the assumed health care cost trend rates by one percentage point in 2024 would have the following effect:

| | 1% Increase | 1% Decrease |
|---|----------------|----------------|
| Effect on total service and interest cost | \$ 111 | \$ (85) |
| Effect on benefit obligation | \$ 960 | \$ (750) |

Other changes in benefit obligations recognized in other than net periodic benefit cost are \$178 and \$153 for the years ended August 31, 2024 and 2023, respectively. Items not yet recognized as a component of the net periodic post-retirement benefit cost for the years ended August 31, 2024 and 2023, consisted of the following:

| | 2024 | 2023 |
|--------------------|------------|------------|
| Prior service cost | \$ (801) | \$ (1,294) |
| Net actuarial gain | (2,121) | (2,292) |
| Total | \$ (2,922) | \$ (3,586) |

Of the cumulative unrecognized amount as of August 31, 2023, \$493 is included in net periodic post-retirement benefit cost for the year ending August 31, 2023.

Contributions

Benefits are funded on a pay as you go basis. Management of the Federation contributed \$62 and \$32 during the years ended August 31, 2024 and 2023, respectively.

Estimated Future Benefit Payments

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

| | Post- Retirement Benefits |
|--------------|---------------------------------|
| 2024 | \$ 236 |
| 2025 | 217 |
| 2026 | 218 |
| 2027 | 225 |
| 2028 | 250 |
| 2029 to 2033 | 1,495 |

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

10. Employee Benefit Plans (continued)

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 \$2,070 and \$1,965 for the years ended August 31, 2024 and 2023, respectively.

Self-Insured Medical Plan

The Federation maintains a self-insured medical plan for the benefit of its employees. As of August 31, 2024 and 2023, a stop-loss policy is in effect, which limits the Federation's loss per individual employee to \$215 and \$185, respectively, and an aggregate stop-losses of \$5,414 and \$5,045, respectively. 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 \$5,522 and \$4,891 for the years ended August 31, 2024 and 2023, 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 \$805 and \$663 as of August 31, 2024 and 2023, respectively.

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, 2024 and 2023, were as follows:

| | 2024 | 2023 |
|---|-----------|-----------|
| Cash and cash equivalents | \$ 17,139 | \$ 1,906 |
| Grants, bequest and other contributions receivable | 46,039 | 28,693 |
| Accounts receivable | 1,261 | 1,218 |
| Investments | 71,161 | 79,023 |
| Total Financial Assets | | |
| Available Within One Year | 135,600 | 110,840 |
| Less: | | |
| Amounts unavailable for general expenditures within one year due to donors' restriction with purpose and time restriction | 85,903 | 57,801 |
| Amounts unavailable to management without Board approval: | | |
| Board-designated | 9,097 | 14,378 |
| Financial Assets Available to Meet | | |
| General Expenditures Within One Year | \$ 40,600 | \$ 38,661 |

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

11. Availability and Liquidity (continued)

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 exception of the investments being held in perpetuity. To help manage unanticipated liquidity needs, the Federation has a committed line of credit of \$4 million to \$12 million (see Note 7), all of which was unused and available to draw upon as of August 31, 2024. Additionally, the Federation has board-designated net assets that could be available for current operations with Board approval, if necessary.

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 consolidated statements of consolidated 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.

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 \$1,648 and \$1,530 for the years ended August 31, 2024 and 2023, respectively.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

12. Commitments and Contingencies (continued)

Future minimum rental payments as of August 31, 2024, are as follows:

| <u>For the Year Ending August 31,</u> | |
|---|-----------------|
| 2025 | \$ 1,344 |
| 2026 | 991 |
| 2027 | 940 |
| 2028 | 766 |
| 2029 | 776 |
| Thereafter | <u>4,576</u> |
| Total | 9,393 |
| Less: Present Value Discount | <u>(1,218)</u> |
| Lease Liability - Operating | <u>\$ 8,175</u> |

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. Due to the federal government's review and potential restructuring of federal funding priorities, there is uncertainty regarding the continuation and amount of future funding from federal sources. The Federation is monitoring policy developments and may need to explore alternative funding sources to mitigate potential impacts.

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, 2024 and 2023, 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, 2024 and 2023, the amount in excess of the Federal Deposit Insurance Corporation insured limit of \$250 was approximately \$16,744 and \$1,530, respectively.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

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, 2024 and 2023, the Federation received donated professional legal, actuarial, and program advertising services.

| | Donated Services | |
|--|------------------|----------|
| | 2024 | 2023 |
| Advertising services | \$ 332 | \$ 195 |
| Legal, actuarial and other consulting services | 1 | 1,224 |
| General and administrative | - | 55 |
| Total | \$ 333 | \$ 1,474 |

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, 2024 and 2023, the Federation incurred joint costs of \$16,381 and \$18,732, respectively. Of those costs, \$7,037 and \$8,332 were allocated to fundraising expense, \$8,334 and \$8,978 were allocated to membership education and other nature education programs and \$1,010 and \$1,422 were allocated to general and administrative expense in 2024 and 2023, respectively. Other direct and allocated operating expenses of \$1,104 and \$970 were also incurred for fundraising activities during 2024 and 2023, 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

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023
(in thousands)

16. Income Taxes (continued)

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, 2024 and 2023.

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, 2024 and 2023, 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.

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 \$260 and \$245 in grants to NWF Action Fund for the years ended August 31, 2024 and 2023, 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, 2024 and 2023, NWF Action Fund owed the Federation \$163 and \$160, respectively, for such costs.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

18. Fair Value Measurement

The Federation's financial assets measured at fair value as of August 31, 2024 and 2023, are classified in the consolidated statements of financial position as follows:

| | 2024 | 2023 |
|--|-----------|-----------|
| Charitable gift annuities and other trusts | \$ 15,992 | \$ 14,427 |
| Unrestricted investments | 65,660 | 73,524 |
| Permanently restricted investments | 5,501 | 5,499 |
| Total | \$ 87,153 | \$ 93,450 |

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:

| | 2024 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 | \$ 9,596 | \$ - | \$ - | \$ 9,596 |
| Investments and permanently restricted investments, including charitable gift annuity investments: | | | | |
| Common stocks: | | | | |
| Large cap | 11,969 | 11,969 | - | - |
| Fixed income mutual funds: | | | | |
| Bond funds | 18,001 | 18,001 | - | - |
| Government securities | 693 | 693 | - | - |
| Equity mutual and index funds: | | | | |
| Large blend | 1,620 | 1,620 | - | - |
| Small and mid-blend | 1,841 | 1,841 | - | - |
| International equities | 8,259 | 8,259 | - | - |
| Money market fund | 4,894 | 4,894 | - | - |
| Subtotal | 56,873 | \$ 47,277 | \$ - | \$ 9,596 |
| Limited partnerships and private investment funds ^(a) | 30,280 | | | |
| Total | \$ 87,153 | | | |

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended August 31, 2024 and 2023

(in thousands)

18. Fair Value Measurement (continued)

| | <u>2023</u> | <u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets/</u> <u>Liabilities</u> <u>(Level 1)</u> | <u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u> | <u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u> |
|--|------------------|--|--|--|
| | <u>Total</u> | | | |
| 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> | | | |

(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 consolidated statements of 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, 2024 and 2023. 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, 2024 and 2023

(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, 2024:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Redemption Frequency</u> | <u>Notice Period (Days)</u> |
|-----------------------------------|-------------------|-----------------------------|-----------------------------|
| Fund partnerships – International | \$ 4,849 | Annually | 65 |
| Fund partnerships – International | 1,964 | Annually | 60 |
| Fund partnerships – International | 2,384 | Annually | 15 |
| Fund partnerships – International | 1,114 | Quarterly | 60 |
| Global Equity Fund | 6,831 | Quarterly | 30 |
| Fund Partnerships – International | 5,460 | Monthly | 30 |
| Fund Partnerships – Domestic | 3,420 | Monthly | 30 |
| Fund Partnerships – Domestic | 2,880 | Monthly | 15 |
| Fund partnerships – International | <u>1,378</u> | Ill-liquid | N/A |
| Total | <u>\$ 30,280</u> | | |

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

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Redemption Frequency</u> | <u>Notice Period (Days)</u> |
|-----------------------------------|-------------------|-----------------------------|-----------------------------|
| 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> | | |

There were \$502 and \$705 unfunded commitments or illiquid investments at August 31, 2024 and 2023, respectively.

19. Subsequent Events

The Federation has evaluated subsequent events through March 17, 2025, 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.

NATIONAL WILDLIFE FEDERATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
As of August 31, 2024
(in thousands)

| | National Wildlife Federation | Garden for Wildlife | Eliminations | Total |
|---|------------------------------------|------------------------|-----------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 17,025 | \$ 114 | \$ - | \$ 17,139 |
| Unrestricted investments | 65,660 | - | - | 65,660 |
| Grants and other donor restricted receivables, net | 42,456 | - | - | 42,456 |
| Bequests and other contributions receivable, net | 3,583 | - | - | 3,583 |
| Accounts receivable, net of allowance for credit losses of \$41 | 1,449 | 4 | (192) | 1,261 |
| Inventory, nature education materials | 1,758 | 110 | - | 1,868 |
| Prepaid expenses | 5,139 | 114 | - | 5,253 |
| Charitable gift annuities and other trusts | 15,992 | - | - | 15,992 |
| Investment in Garden for Wildlife | (1,269) | - | 1,269 | - |
| Property, plant and equipment, net | 14,348 | 390 | - | 14,738 |
| Right-of-use asset - operating | 6,965 | - | - | 6,965 |
| Other assets | 170 | 43 | - | 213 |
| Permanently restricted investments | 5,501 | - | - | 5,501 |
| TOTAL ASSETS | \$ 178,777 | \$ 775 | \$ 1,077 | \$ 180,629 |
| LIABILITIES AND NET ASSETS | | | | |
| Liabilities | | | | |
| Accounts payable and accrued expenses | \$ 8,020 | \$ 416 | \$ (192) | \$ 8,244 |
| Accrued payroll and related costs | 3,328 | 12 | - | 3,340 |
| Deferred revenue | 12,087 | 60 | - | 12,147 |
| Lease liability - operating | 8,175 | - | - | 8,175 |
| Bonds payable, net of premium and unamortized financing fees | 9,197 | - | - | 9,197 |
| Convertible debt (SAFE) | - | 2,911 | (1,177) | 1,734 |
| Accrued pension and post-retirement benefits | 5,236 | - | - | 5,236 |
| Charitable gift annuities and other trust obligations | 2,839 | - | - | 2,839 |
| TOTAL LIABILITIES | 48,882 | 3,399 | (1,369) | 50,912 |
| Net Assets | | | | |
| Without donor restrictions | | | | |
| Undesignated | 34,895 | - | - | 34,895 |
| Designated | 9,097 | - | - | 9,097 |
| Noncontrolling interest in subsidiary | - | - | (178) | (178) |
| Total Net Assets Without Donor Restrictions | 43,992 | - | (178) | 43,814 |
| With donor restrictions | 85,903 | - | - | 85,903 |
| TOTAL NET ASSETS | 129,895 | - | (178) | 129,717 |
| Stockholder's Equity | | | | |
| Capital stock, \$0.00001 par, 15,000,000 shares authorized, 8,575,000 shares issued and outstanding | - | 86 | (86) | - |
| Additional paid-in capital | - | 2,264 | (2,264) | - |
| Retained Earnings | - | (4,974) | 4,974 | - |
| TOTAL STOCKHOLDER'S EQUITY | - | (2,624) | 2,624 | - |
| TOTAL LIABILITIES, NET ASSETS AN STOCKHOLDER'S EQUITY | \$ 178,777 | \$ 775 | \$ 1,077 | \$ 180,629 |

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

NATIONAL WILDLIFE FEDERATION
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Years Ended August 31, 2024
(in thousands)

| | National Wildlife Federation | Garden for Wildlife | Eliminations | Total |
|--|------------------------------------|------------------------|--------------|----------------|
| OPERATING REVENUE AND SUPPORT | | | | |
| Contributions from individuals | \$ 44,363 | \$ - | \$ - | \$ 44,363 |
| Contributions from governments, foundations and corporations | 79,536 | - | - | 79,536 |
| Publications | 15,703 | - | - | 15,703 |
| Nature education materials | 7,119 | 867 | - | 7,986 |
| Investment income appropriated for operations | 3,001 | - | - | 3,001 |
| Royalties | 1,262 | - | (67) | 1,195 |
| Donated advertising and other services | 333 | - | - | 333 |
| Other | 1,838 | 14 | (13) | 1,839 |
| TOTAL OPERATING REVENUE AND SUPPORT | 153,155 | 881 | (80) | 153,956 |
| OPERATING EXPENSES | | | | |
| Program Services: | | | | |
| Conservation programs | 53,275 | - | - | 53,275 |
| Membership and other nature education programs | 27,568 | - | - | 27,568 |
| Education outreach and publications | 32,413 | - | - | 32,413 |
| Garden for wildlife | - | 3,746 | (67) | 3,679 |
| Total Program Services | 113,256 | 3,746 | (67) | 116,935 |
| Supporting Services: | | | | |
| Fundraising | 8,141 | - | - | 8,141 |
| General and administrative | 8,464 | 629 | (13) | 9,080 |
| Total Supporting Services | 16,605 | 629 | (13) | 17,221 |
| TOTAL OPERATING EXPENSES | 129,861 | 4,375 | (80) | 134,156 |
| Equity Earnings in Subsidiary | | | | |
| Garden for Wildlife | (3,234) | - | 3,234 | - |
| TOTAL EQUITY EARNINGS IN SUBSIDIARY | (3,234) | - | 3,234 | - |
| Change in net assets from operations | 20,060 | (3,494) | 3,234 | 19,800 |
| Nonoperating activities: | | | | |
| Investment income (loss) in excess of earnings appropriated for operations | 6,910 | - | - | 6,910 |
| Pension and post-retirement related charges, including net periodic benefit costs other than services cost | (664) | - | - | (664) |
| Change in net assets (deficits) before noncontrolling interests | 26,306 | (3,494) | 3,234 | 26,046 |
| Net Income attributable to noncontrolling interest | - | - | 260 | 260 |
| Change in net assets | 26,306 | (3,494) | 3,494 | 26,306 |

The accompanying notes are an integral part of 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 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of National Wildlife Federation and Subsidiary (the "Federation"), which comprise the consolidated statement of financial position as of August 31, 2024, 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 (collectively referred to as the "financial statements"), and have issued our report thereon dated March 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 Federation'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 schedule of findings and questioned costs as item 2024-01 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 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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-001.

The Federation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Federation's response to the finding 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 Federation'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 Federation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Washington, DC
March 17, 2025

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards 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's (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 each of the Federation's major federal programs for the year ended August 31, 2024. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2024.

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 each 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.

CBIZ CPAs P.C.

Washington, DC
March 17, 2025

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024

| 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> | | | | |
| Fisheries and Aquatic Resources Management | 15.244 | L20AC00515 | \$ - | \$ 98,087 |
| Total Fisheries and Aquatic Resources Management for ALN 15.244 | | | - | 98,087 |
| Wildlife Resource Management | 15.247 | | - | 51,716 |
| <i>Pass-Through from the National Fish and Wildlife Foundation</i> | | | | |
| Wildlife Resource Management | 15.247 | 2505.21.071006 | - | 6,329 |
| Wildlife Resource Management | 15.247 | 2505.23.078380 | - | 88,509 |
| Total Wildlife Resource Management for ALN 15.247 | | | - | 146,554 |
| Partners for Fish and Wildlife | 15.631 | F21AC02560-00 | - | 3,297 |
| Partners for Fish and Wildlife | 15.631 | F22AC02397-00 | - | 16,845 |
| <i>Pass-Through from the National Fish and Wildlife Foundation</i> | | | | |
| Partners for Fish and Wildlife | 15.631 | 2505.23.078380 | - | 86,800 |
| Partners for Fish and Wildlife | 15.631 | 2505.21.071006 | - | 11,179 |
| Total Partners for Fish and Wildlife for ALN 15.631 | | | - | 118,121 |
| <i>Pass-Through from the National Fish and Wildlife Foundation</i> | | | | |
| Great Lakes Restoration | 15.662 | 2008.23.077846 | - | 190,962 |
| Total Great Lakes Restoration for ALN 15.662 | | | - | 190,962 |
| <i>Pass-Through from the Sea Turtle Conservancy</i> | | | | |
| NFWF-USFWS Conservation Partnership | 15.663 | 0310.22.073887 | - | 19,325 |
| Total NFWF-USFWS Conservation Partnership for ALN 15.663 | | | - | 19,325 |
| Adaptive Science | 15.670 | F21AC00460-00 | - | 94 |
| <i>Pass-Through from the National Fish and Wildlife Foundation</i> | | | | |
| Adaptive Science | 15.670 | 0403.21.072182 | - | 26,928 |
| Adaptive Science | 15.670 | 0403.23.079144 | - | 145,664 |
| <i>Pass-Through from the Audubon</i> | | | | |
| Adaptive Science | 15.670 | 0403.21.072309 | - | 53,076 |
| Total Adaptive Science for ALN 15.670 | | | - | 225,762 |
| <u>Geological Survey</u> | | | | |
| U.S. Geological Survey Research and Data Collection | 15.808 | G21AC10854-00 | - | 42,535 |
| <i>Pass-Through from the Association of Fish and Wildlife Agencies'</i> | | | | |
| U.S. Geological Survey Research and Data Collection | 15.808 | G23AC00135-00 | - | 25,591 |
| Total U.S. Geological Survey Research and Data Collection for ALN 15.808 | | | - | 68,126 |

See accompanying notes to this schedule.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024

(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>Geological Survey (continued)</u> | | | | |
| National and Regional Climate Adaptation Science Centers | 15.820 | G21AC10874-00 | \$ - | \$ 64,250 |
| Total National and Regional Climate Adaptation Science Centers for ALN 15.820 | | | - | 64,250 |
| Total U.S. Department of the Interior | | | - | 931,187 |
| U.S. DEPARTMENT OF COMMERCE | | | | |
| <u>National Oceanic and Atmospheric Administration (NOAA)</u> | | | | |
| NOAA Mission-Related Education Award | 11.008 | NA20SEC0080005 | - | 13,753 |
| NOAA Mission-Related Education Award | 11.008 | NA23NMF0080193 | - | 49,416 |
| Total NOAA Mission-Related Education Award for ALN 11.008 | | | - | 63,169 |
| Marine Sanctuary Program | 11.429 | NA23NOS4290229 | - | 36,744 |
| Marine Sanctuary Program for ALN 11.429 | | | - | 36,744 |
| <i>Pass-Through from the National Fish and Wildlife Foundation</i> | | | | |
| Office for Coastal Management | 11.473 | 0318.18.062169 | - | 19,538 |
| Office for Coastal Management | 11.473 | 0318.20.068787 | - | 1,237,125 |
| Total Office of Coastal Management for ALN 11.473 | | | - | 1,256,663 |
| Total U.S. Department of Commerce | | | - | 1,356,576 |
| ENVIRONMENTAL PROTECTION AGENCY (EPA) | | | | |
| <u>EPA</u> | | | | |
| Surveys, Studies, Investigations, Training and Special Purpose Activities Relating to Environmental Justice | 66.309 | | 660,789 | 1,142,660 |
| Surveys, Studies, Investigations, Training and Special Purpose Activities Relating to Environmental Justice for ALN 66.309 | | | 660,789 | 1,142,660 |
| <i>Pass-Through from the National Fish and Wildlife Foundation</i> | | | | |
| Chesapeake Bay Program | 66.466 | 0603.22.075655 | - | 130,017 |
| Chesapeake Bay Program | 66.466 | 0603.22.075169 | - | 72,077 |
| Chesapeake Bay Program | 66.466 | 0603.24.079398 | - | 3,689 |
| <i>Pass-Through from CB Trust</i> | | | | |
| Chesapeake Bay Program | 66.466 | 22461 | - | 23,405 |
| <i>Pass-Through from Alliance for CB</i> | | | | |
| Chesapeake Bay Program | 66.466 | | - | 18,686 |
| Chesapeake Bay Program | 66.466 | 0600.19.066250 | - | 235 |
| Total Chesapeake Bay Program for ALN 66.466 | | | - | 248,109 |
| Long Island Sound Program | 66.437 | 1401.23.076225 | - | 200,191 |
| Total Long Island Sound Program for ALN 66.437 | | | - | 200,191 |
| Total EPA | | | 660,789 | 1,590,960 |

See accompanying notes to this schedule.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2024

(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 | | | | |
| <u>United States Forest Service</u> | | | | |
| <i>Pass-Through from the Texas Tech University</i> | | | | |
| Capacity Building for Non-Land Grant Colleges of Agriculture | 10.326 | 21A605-01 | \$ - | \$ 9,423 |
| Total Cooperative Forestry Assistance for ALN 10.326 | | | - | 9,423 |
| <i>USDA Forest Service</i> | | | | |
| Cooperative Forestry Assistance | 10.664 | 22-DG-11083150-122 | - | 43,362 |
| <i>Pass-Through from the National Fish and Wildlife Foundation</i> | | | | |
| Cooperative Forestry Assistance | 10.664 | 1903.23.078664 | - | 44,136 |
| Cooperative Forestry Assistance | 10.664 | 1903.21.071293 | - | 7,865 |
| Cooperative Forestry Assistance | 10.664 | 1903.22.075057 | - | 35,729 |
| Total Cooperative Forestry Assistance for ALN 10.664 | | | - | 131,092 |
| <u>National Institute of Food and Agriculture</u> | | | | |
| <i>Pass-Through from University of Georgia</i> | | | | |
| Sustainable Agriculture Research and Education | 10.215 | SUB00003181 | - | 53,980 |
| Total Sustainable Agriculture Research and Education for ALN 10.215 | | | - | 53,980 |
| <u>Natural Resources Conservation Service</u> | | | | |
| Conservation Reserve Program | 10.069 | NR206740XXXXG006 | - | 8,048 |
| Total Conservation Reserve Program for ALN 10.069 | | | - | 8,048 |
| Soil and Water Conservation | 10.902 | NR206740XXXXG006 | - | 8,048 |
| Soil and Water Conservation | 10.902 | NR2172XXXXG003 | - | 120,580 |
| Soil and Water Conservation | 10.902 | NR214532XXXXC011 | - | 121,000 |
| Soil and Water Conservation | 10.902 | NR227442XXXXC015 | - | 98,385 |
| Soil and Water Conservation | 10.902 | NR224423XXXXC102 | - | 119,192 |
| Soil and Water Conservation | 10.902 | NR224310XXXXG018 | - | 53,962 |
| Soil and Water Conservation | 10.902 | NR226424XXXXG006 | - | 78,396 |
| Soil and Water Conservation | 10.902 | NR234310XXXXG007 | - | 24,867 |
| <i>Pass-Through from the National Fish and Wildlife Foundation</i> | | | | |
| Soil and Water Conservation | 10.902 | 1903.23.078664 | - | 57,070 |
| Soil and Water Conservation | 10.902 | 1903.21.071293 | - | 19,774 |
| <i>Pass-Through from Global Forest Watch</i> | | | | |
| Soil and Water Conservation | 10.902 | 1903.21.071293 | - | 20,001 |
| Total Soil and Water Conservation for ALN 10.902 | | | - | 721,275 |
| Environmental Quality Incentives Program | 10.912 | NR206740XXXXG006 | - | 8,048 |
| Environmental Quality Incentives Program | 10.912 | NR214310XXXXC016 | - | 66,175 |
| Environmental Quality Incentives Program | 10.912 | NR223A750013G029 | - | 103,005 |
| <i>Pass-Through from the National Fish and Wildlife Foundation</i> | | | | |
| Environmental Quality Incentives Program | 10.912 | 1903.23.078664 | - | 57,070 |
| Total Environmental Quality Incentives Program for ALN 10.912 | | | - | 234,298 |
| Conservation Stewardship Program | 10.924 | NR206740XXXXG006 | - | 8,048 |
| Total Conservation Stewardship Program for ALN 10.924 | | | - | 8,048 |

See accompanying notes to this schedule.

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024

(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>Natural Resources Conservation Service (continued)</u> | | | | |
| Agricultural Conservation Easement Program | 10.931 | NR206740XXXXG006 | \$ - | \$ 8,048 |
| Total Agricultural Conservation Easement Program for ALN 10.931 | | | - | 8,048 |
| Total U.S. Department of Agriculture | | | - | 1,174,212 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| <u>Federal Emergency Management Agency (FEMA)</u> | | | | |
| Cooperating Technical Partners | 97.045 | EMN-2023-CA-05012 | - | 310,925 |
| Cooperating Technical Partners | 97.045 | EMN-2022-CA-00018 | - | 13,606 |
| Cooperating Technical Partners for ALN 97.045 | | | - | 13,606 |
| Total U.S. Department of Homeland Security | | | - | 324,531 |
| U.S. DEPARTMENT OF DEFENSE | | | | |
| <i>Pass-Through from National Fish and Wildlife Foundation</i> | | | | |
| Readiness and Environmental Protection Integration (REPI) Program | 12.017 | 1903.23.078664 | - | 64,291 |
| Legacy Resource Management Program | 12.017 | 1903.22.075057 | - | 25,220 |
| Total REPI Program for ALN 12.017 | | | - | 89,511 |
| <i>Pass-Through from National Fish and Wildlife Foundation</i> | | | | |
| Legacy Resource Management Program | 12.632 | 1903.21.071293 | - | 3,258 |
| Total Legacy Resource Management Program for ALN 12.632 | | | - | 3,258 |
| <i>Pass-Through from Texas A&M University</i> | | | | |
| Conservation and Rehabilitation of Natural Resources on Military Installations | 12.005 | | - | 7,000 |
| Total Conservation and Rehabilitation of Natural Resources on Military Installations for ALN 12.005 | | | - | 7,000 |
| Total U.S. Department of Homeland Security | | | - | 99,769 |
| U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | |
| <i>Pass-Through from Solidaridad North America</i> | | | | |
| USAID Foreign Assistance for Programs Overseas | 98.001 | 72052722CA00002 | 189,189 | 366,564 |
| Total U.S. Agency for International Development | | | 189,189 | 366,564 |
| National Science Foundation | | | | |
| <i>Pass-Through from Xavier University Louisiana</i> | | | | |
| Geosciences | 47.050 | ORSP-23-215933-002 | - | 3,724 |
| Total Geosciences for ALN 97.050 | | | - | 3,724 |
| <i>Pass-Through from Xavier University Louisiana</i> | | | | |
| STEM Education | 47.076 | ORSP-23-215933-002 | - | 3,724 |
| Total STEM Education for ALN 97.076 | | | - | 3,724 |
| Total National Science Foundation | | | - | 7,448 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 849,978 | \$ 5,851,247 |

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, 2024**

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, 2024. 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, 2024

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

Surveys, Studies, Investigations, Training and Special Purpose Activities Relating to Environmental Justice

66.309

Office for Coastal Management

11.473

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

\$ 750,000

Auditee qualified as a low-risk auditee?

 Yes X No

NATIONAL WILDLIFE FEDERATION AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2024

(continued)

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

Finding No. 2024-001: Contribution Revenue Recognition and Financial Close Process – Material Weakness in Internal Control Over Financial Reporting

Criteria

Generally accepted accounting principles states that conditional contributions should only be recognized as revenue when the conditions on which they depend are substantially met. Contributions that include donor-imposed conditions that have not been met should not be recognized as revenue until those conditions are fulfilled.

Context

During our testing, we noted a conditional contribution that was overstated on the basis of the full amount of a conditional contribution being recorded, without overcoming the related conditions. The contribution should have been recorded in the amount of approximately \$700,000, whereas the full amount of \$2,100,000 was recorded. This resulted in an overstatement of grants and contributions revenue and grants and contributions receivable of approximately \$1,400,000 as of and for the year ended August 31, 2024.

Cause

The overstatement of revenue occurred due to a breakdown in internal control as the grant agreement was not analyzed to determine if the contribution was conditional or unconditional.

Effect

Grants and contribution revenue and receivables before the adjustments were overstated by approximately \$1,400,000, which could lead to decisions being made based on incorrect information.

Questioned Costs

None

Recommendation

We recommend the Federation 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, 2024**

(continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

Consolidated Financial Statement Audit Findings

This finding was repeated in 2024 as finding Number 2024-001.

Major Federal Award Programs Audit Findings and Questioned Costs

None reported.



FY2024 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, 2024, audit.

Financial Statement Finding

Finding No. 2024-001: Contribution Revenue Recognition and Financial Close Process – Material Weakness in Internal Control Over Financial Reporting

Recommendation

We recommend the Federation strengthen its existing internal control procedures, particularly concerning situations where multiple verbal conversations with donors lead to amendments in grant 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 2024, Management took corrective action to reverse a grant previously recorded in March 2024 from a donor-advised fund. The correction was made due to the uncertainty of the donor's ability to fulfil the multi-year grant obligations as agreed. We have since incorporated changes to our policy and procedures to ensure grants with similar conditions are recorded in accordance with generally accepted principles.

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,

A handwritten signature in black ink, appearing to be "Ismael Savadogo", written over a horizontal line.

Ismael Savadogo (Mar 17, 2025 17:21 EDT)

Ismael Savadogo
Chief Financial Officer
National Wildlife Federation