

**WILLIAM HOLDEN WILDLIFE FOUNDATION**  
**(a California Nonprofit Corporation)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

DRAFT

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## Independent Auditors' Report

To the Board of Directors of  
William Holden Wildlife Foundation  
Beverly Hills, California

We have audited the accompanying financial statements of William Holden Wildlife Foundation (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Kenya operations of William Holden Wildlife Foundation, which statements reflect total assets of \$572,842 and \$510,546 as of June 30, 2020 and 2019, respectively, and total expenses of \$591,462 and \$478,268, respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Kenya operations of William Holden Wildlife Foundation is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of William Holden Wildlife Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Woodland Hills, California

                    , 2021

**WILLIAM HOLDEN WILDLIFE FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 303,912	\$ 206,963
Prepaid expenses and other assets	6,391	12,431
Investments	6,847,002	6,638,412
Property and equipment, net	<u>415,720</u>	<u>423,086</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,573,025</u></b>	<b><u>\$ 7,280,892</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 16,904	\$ 5,239
Other liabilities	<u>92,742</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>109,646</u></b>	<b><u>5,239</u></b>
<b>NET ASSETS:</b>		
Without donor restrictions	6,226,369	6,072,782
With donor restrictions	<u>1,237,010</u>	<u>1,202,871</u>
<b>Total net assets</b>	<b><u>7,463,379</u></b>	<b><u>7,275,653</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 7,573,025</u></b>	<b><u>\$ 7,280,892</u></b>

The accompanying notes are an integral part of the financial statements

**WILLIAM HOLDEN WILDLIFE FOUNDATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUE AND SUPPORT:		
Contributions	\$ 209,245	\$ 163,732
Investment income, net	465,971	257,243
Other revenues	-	4,899
Net assets released from restrictions	<u>229,914</u>	<u>369,980</u>
Total revenue and support	<u>905,130</u>	<u>795,854</u>
PROGRAM EXPENSES:		
Depreciation and amortization	10,815	10,964
Legal and accounting fees	9,511	2,575
Motor vehicle expenses	2,840	2,138
Miscellaneous program expenses	22,256	30,566
Repairs and maintenance	13,778	11,398
Rural outreach	262,873	267,463
Staff salaries and expenses	261,902	143,732
Telephone and other utilities	<u>7,487</u>	<u>9,432</u>
Total program expenses - Kenya	591,462	478,268
Other program expenses - U.S.	<u>61,640</u>	<u>101,037</u>
Total program expenses	<u>653,102</u>	<u>579,305</u>
FUNDRAISING EXPENSES - U.S.:		
Postage and printing	<u>12,651</u>	<u>10,346</u>
Total fundraising expenses	<u>12,651</u>	<u>10,346</u>
GENERAL AND ADMINISTRATIVE EXPENSES - U.S.:		
Legal and accounting fees	21,000	11,980
Office and other miscellaneous expenses	29,987	23,416
Postage and printing	5,422	4,434
Rent	26,400	8,497
Telephone and other utilities	<u>2,981</u>	<u>2,587</u>
Total general and administrative expenses	<u>85,790</u>	<u>50,914</u>
Total expenses	<u>751,543</u>	<u>640,565</u>
Increase in net assets without donor restrictions	<u>153,587</u>	<u>155,289</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Grants and contributions	250,000	250,000
Investment income, net	14,053	410,972
Net assets released from restrictions	<u>(229,914)</u>	<u>(369,980)</u>
Increase in net assets with donor restrictions	<u>34,139</u>	<u>290,992</u>
CHANGE IN NET ASSETS	187,726	446,281
NET ASSETS, beginning of year	<u>7,275,653</u>	<u>6,829,372</u>
NET ASSETS, end of year	<u>\$ 7,463,379</u>	<u>\$ 7,275,653</u>

The accompanying notes are an integral part of the financial statements

**WILLIAM HOLDEN WILDLIFE FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 187,726	\$ 446,281
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,815	10,964
Net realized and unrealized (gain) on investments	(397,092)	(558,228)
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses and other assets	6,040	(5,648)
Increase (decrease) in accounts payable	11,665	(777)
Increase (decrease) in other liabilities	<u>92,742</u>	<u>(27,209)</u>
Net cash (used in) operating activities	<u>(88,104)</u>	<u>(134,617)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net sale of investments	271,434	244,779
Interest and dividend reinvestment, net of expenses	(82,932)	(109,987)
Purchase of property and equipment	<u>(3,449)</u>	<u>(1,440)</u>
Net cash provided by investing activities	<u>185,053</u>	<u>133,352</u>
<b>NET CHANGE IN CASH</b>	96,949	(1,265)
CASH, beginning of year	<u>206,963</u>	<u>208,228</u>
CASH, end of year	<u>\$ 303,912</u>	<u>\$ 206,963</u>

The accompanying notes are an integral part of the financial statements

# WILLIAM HOLDEN WILDLIFE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - ORGANIZATION

William Holden Wildlife Foundation (the Foundation) is a California nonprofit founded in 1982 dedicated to wildlife conservation and alternatives to habitat destruction through education. Through its foreign operations in Kenya, the Foundation services 11,000 visitors, both young and old, per annum through a wildlife education center (the Education Center) in Nanyuki, Kenya, East Africa, and also a Rural Outreach Program.

The Education Center offers overnight accommodations for groups of up to 60 visitors, an extensive library, video and lecture hall, and practical exhibits of environmental conservation methods, and lectures given by the Foundation's education staff.

The Rural Outreach Program consists of enhancements to impoverished rural schools with libraries, classrooms and sustainable kitchen canteens built at both primary and secondary schools in three districts of Kenya.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Recently Adopted Accounting Guidance

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Foundation adopted ASU 2018-08 during the year ended June 30, 2020, using the modified prospective basis. The implementation of this standard did not significantly impact the Foundation's financial statements.

#### Basis of Presentation

The accompanying financial statements of the Foundation have been prepared using accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

In accordance with GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets without donor restrictions represent net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objective of the Foundation.



# WILLIAM HOLDEN WILDLIFE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Basis of Presentation – Continued

- Net assets with donor restrictions – Net assets with donor restrictions represent net assets subject to donor-imposed stipulations, which may include (a) restrictions that may or will be met either by actions of the Foundation and/or the passage of time, and (b) stipulations that require the corpus to be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. As restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

#### Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

#### Grant Income

The Foundation receives grant income from private foundations and corporations. Grant income is recorded and recognized in accordance with the contribution policy described above.

#### In-Kind Contributions

In accordance with GAAP, in-kind services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

The Foundation receives a significant amount of donated services from unpaid volunteers. These services have not been recorded in the financial statements since they do not meet the accounting criteria necessary for recognition.

During the year ended June 30, 2020, the Foundation also received donated rent with estimated fair value of \$2,200 per month. Total rent of \$26,400 for the year ended June 30, 2020 is recorded as contributions and expense in the accompanying financial statements.

# WILLIAM HOLDEN WILDLIFE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Advertising

Advertising costs are expensed as incurred. For the years ended June 30, 2020 and 2019, advertising costs were insignificant.

#### Investments

In accordance with GAAP, investments are measured at fair value in the statements of financial position. Investment income or loss (including interest, dividends, realized and unrealized gains or losses on investments) is included in the statements of activities and changes in net assets.

#### Property and Equipment

Property and equipment are recorded at cost when purchased. Donated property and equipment is recorded at its estimated fair value on the date received. Depreciation is computed on a declining balance basis at rates ranging from 2% to 25%.

Maintenance and repair costs are expensed as they are incurred, while renewals and improvements of a significant nature are capitalized. At the time of retirement or disposal of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the changes in net assets.

#### Impairment of Long-Lived Assets

In accordance with GAAP, the Foundation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such review indicates an asset may not be recoverable, an impairment loss is recognized for the excess of the carrying amount over the fair value of an asset to be held and used or over the fair value less cost to sell an asset to be disposed.

During the years ended June 30, 2020 and 2019, there were no events or changes in circumstances indicating that the carrying amount of the assets may not be recoverable.

#### Functional Expenses

The costs of providing program activities or supporting services have been summarized on a functional basis in the financial statements. Expenses that are specifically associated with a program activity or supporting service are allocated to that activity. Expenses that are attributable to more than one program or supporting function are allocated by management based on estimates of time, effort, and actual benefits provided.

# WILLIAM HOLDEN WILDLIFE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Foreign Currency

Accounts of the Foundation's foreign operations in Kenya, where the functional currency is the local foreign currency, are translated into U.S. dollars using exchange rate in effect at year-end for assets and liabilities, as well as historical exchange rate for certain property and equipment. The average exchange rate during the fiscal year is used to translate revenues, expenses, gains and losses. Translation adjustments, if material, are presented in the statements of financial position as accumulated other comprehensive income under net assets, and in the statements of activities and changes in net assets as other comprehensive income.

All amounts included in the accompanying financial statements and footnotes are stated in U.S. dollars.

#### Income Taxes

William Holden Wildlife Foundation is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and the corresponding provisions of the California Revenue and Taxation Code, except to the extent of unrelated business income (UBI) as defined by the IRC.

The Foundation evaluates uncertain tax positions through its review of the sources of income to identify UBI and certain other matters, including those which may affect its tax exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2020 and 2019, the Foundation had no uncertain tax positions requiring accrual.

The Foundation files federal and California exempt organization returns. It is no longer subject to income tax examinations by taxing authorities for years before 2016 for their federal and 2015 for their state tax filings.

#### Fair Value of Financial Instruments

Financial instruments included in the Foundation's statements of financial position include cash, prepaid expenses and other assets, investments, accounts payable, and other liabilities. For cash, prepaid expenses and other assets, accounts payable, and other liabilities, the carrying amounts represent a reasonable estimate of the fair value due to their short-term maturity. Investments are reflected at estimated fair value in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurement and Disclosure*. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value based on observable and unobservable data.

# WILLIAM HOLDEN WILDLIFE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Fair Value of Financial Instruments – Continued

The fair value hierarchy categorizes the inputs into three levels, with the highest priority given to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority given to unobservable inputs (Level 3). The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the measurement date.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one level to another. In such instances the transfer is reported at the end of the reporting period. There have been no transfers between the levels of input during the years ended June 30, 2020 and 2019.

#### Management Estimates

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

#### Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash and investments. The Foundation maintains these instruments with high credit quality financial institutions. Cash (excluding cash and equivalents from the investment portfolio) are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, such balances may be in excess of the FDIC insurance limit. Investments are not insured by the FDIC or any other federal government agency.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term, and that such changes could materially affect amounts reported in the statements of financial position.

# WILLIAM HOLDEN WILDLIFE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The ASU is required to be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the impact that this guidance will have on its financial statements.

The Foundation reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to its operations or that no material effect is expected on its financial statements as a result of future adoption.

#### Subsequent Events

The Foundation evaluated events occurring between June 30, 2020 and 2021, 2021 (the date these financial statements were available to be issued) and determined that there were no material subsequent events that required recognition or disclosure in these financial statements.

### NOTE 3 - INVESTMENTS AND FAIR VALUE DISCLOSURE

Fair value of investments is as follows at June 30:

Fair value measurements using quoted prices in  
active markets for identical assets (Level 1)

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 373,942	\$ 233,982
Domestic corporate bonds	269,594	232,235
Equities	1,194,461	1,164,475
Foreign corporate bond	50,325	50,035
Mutual funds	<u>4,958,680</u>	<u>4,957,685</u>
	<u>\$ 6,847,002</u>	<u>\$ 6,638,412</u>

# WILLIAM HOLDEN WILDLIFE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - INVESTMENTS AND FAIR VALUE DISCLOSURE – CONTINUED

The following is the summary of investment income from these investments for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 119,071	\$ 135,422
Net realized (loss) gain	(17,249)	1,366,161
Net unrealized gain (loss)	<u>414,341</u>	<u>(807,933)</u>
	516,163	693,650
Investment expenses	<u>(36,139)</u>	<u>(25,435)</u>
	<u>\$ 480,024</u>	<u>\$ 668,215</u>

### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 10	\$ 10
Buildings and improvements	597,975	597,975
Equipment	215,942	212,493
Vehicles	<u>174,623</u>	<u>174,623</u>
	988,550	985,101
Less: accumulated depreciation and amortization	<u>(572,830)</u>	<u>(562,015)</u>
	<u>\$ 415,720</u>	<u>\$ 423,086</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 amounted to \$10,815 and \$10,964, respectively.

**WILLIAM HOLDEN WILDLIFE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
<u>Subject to expenditure for specified purpose:</u>		
JL Foundation fund	\$ 316,229	\$ 312,410
Norris Library fund	695,529	687,413
Chocolat fund	7,413	7,364
Milma Library fund	10,973	10,850
Annenberg grant *	<u>206,866</u>	<u>184,834</u>
	\$ <u>1,237,010</u>	\$ <u>1,202,871</u>

\*Completion of construction projects within the grant year was rendered impossible due to unforeseen extreme weather. Consent from the donor was sought and given for an extension to the time period for disbursement of the designated funds remaining.

Net assets were released from restrictions by incurring expenses satisfying the donor-restricted purposes or time requirements as follows during the years ended June 30:

	<u>2020</u>	<u>2019</u>
Annenberg grant	\$ <u>229,914</u>	\$ <u>369,980</u>
	\$ <u>229,914</u>	\$ <u>369,980</u>

**NOTE 6 - AVAILABILITY OF FINANCIAL ASSETS**

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows at June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 303,912	\$ 206,963
Investments	<u>6,847,002</u>	<u>6,638,412</u>
	7,150,914	6,845,375
Less: financial assets unavailable for general expenditures (subject to expenditure for donor-specified purpose)	<u>(1,237,010)</u>	<u>(1,202,871)</u>
	\$ <u>5,913,904</u>	\$ <u>5,642,504</u>

# WILLIAM HOLDEN WILDLIFE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 - AVAILABILITY OF FINANCIAL ASSETS – CONTINUED

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in short-term investments.

### NOTE 7 - LEGAL MATTERS

The Foundation may, from time-to-time, be involved in litigation and regulatory investigations that arise in the normal course of doing business. Management believes that matters existing as of June 30, 2020, if any, will be resolved without material adverse effect on the Foundation's future financial position, changes in net assets, or cash flows.