

# **WILDLIFE HABITAT COUNCIL, INC.**

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019



# WILDLIFE HABITAT COUNCIL, INC.

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## **REPORT OF INDEPENDENT AUDITOR**

Board of Directors  
Wildlife Habitat Council, Inc.  
Silver Spring, Maryland

We have audited the accompanying financial statements of Wildlife Habitat Council, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits 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 auditor's 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, the financial statements referred to above present fairly, in all material respects, the financial position of Wildlife Habitat Council, Inc. as of December 31, 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.

*UHY LLP*

Columbia, Maryland  
April 16, 2021

**WILDLIFE HABITAT COUNCIL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2020 and 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 876,116	\$ 424,889
Accounts receivable	96,575	83,647
Grants and contributions receivable	-	41,231
Prepaid expenses	15,516	-
Investments	426,815	386,696
	<u>1,415,022</u>	<u>936,463</u>
<b>NON-CURRENT ASSETS</b>		
Grants and contributions receivable, net of current portion	-	100,000
Property and equipment, net	39,341	66,226
Security deposit	19,241	19,241
	<u>58,582</u>	<u>185,467</u>
Total current assets	<u>1,415,022</u>	<u>936,463</u>
Total non-current assets	<u>58,582</u>	<u>185,467</u>
Total assets	<u>\$ 1,473,604</u>	<u>\$ 1,121,930</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 26,132	\$ 36,508
Accrued vacation and employee benefits	23,569	93,097
Deferred revenue for services	242,800	166,969
Line of credit	100,000	100,000
Deferred rent	33,863	26,740
Paycheck Protection Program loan	264,600	-
	<u>690,964</u>	<u>423,314</u>
Total current liabilities	<u>690,964</u>	<u>423,314</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred rent, net of current portion	16,261	50,123
	<u>16,261</u>	<u>50,123</u>
Total liabilities	<u>707,225</u>	<u>473,437</u>
<b>NET ASSETS</b>		
Without donor restrictions	624,271	458,587
With donor restrictions	142,108	189,906
	<u>766,379</u>	<u>648,493</u>
Total net assets	<u>766,379</u>	<u>648,493</u>
Total liabilities and net assets	<u>\$ 1,473,604</u>	<u>\$ 1,121,930</u>

**WILDLIFE HABITAT COUNCIL, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the years ended December 31, 2020 and 2019

	<b>2020</b>			<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>						
Membership	\$ 757,160	\$ -	\$ 757,160	\$ 846,843	\$ -	\$ 846,843
Grants and contributions	473,224	55,000	528,224	389,036	45,000	434,036
Technical assistance	319,681	-	319,681	389,068	-	389,068
Conference and workshop fees	103,787	-	103,787	395,121	-	395,121
Certifications	352,600	-	352,600	300,400	-	300,400
Calendar	75,383	-	75,383	106,859	-	106,859
Site sign and other revenue	69,294	-	69,294	109,162	-	109,162
Interest and dividends, net of fees	2,995	-	2,995	5,100	-	5,100
Net assets released from restrictions	102,798	(102,798)	-	148,649	(148,649)	-
<b>Total revenue and support</b>	<b>2,256,922</b>	<b>(47,798)</b>	<b>2,209,124</b>	<b>2,690,238</b>	<b>(103,649)</b>	<b>2,586,589</b>
<b>EXPENSES</b>						
Program services:						
Wildlife Habitat Strategy and Planning	920,886	-	920,886	1,116,640	-	1,116,640
Knowledge Center and Conference	90,457	-	90,457	378,999	-	378,999
WHC Conservation Certification®	291,038	-	291,038	257,830	-	257,830
Membership Services	474,931	-	474,931	414,103	-	414,103
Total program services	1,777,312	-	1,777,312	2,167,572	-	2,167,572
Supporting services:						
General and Administrative	258,903	-	258,903	408,242	-	408,242
Development and Fundraising	92,146	-	92,146	45,166	-	45,166
Total supporting services	351,049	-	351,049	453,408	-	453,408
<b>Total expenses</b>	<b>2,128,361</b>	<b>-</b>	<b>2,128,361</b>	<b>2,620,980</b>	<b>-</b>	<b>2,620,980</b>
<b>Change in Net Assets from Operations</b>	<b>128,561</b>	<b>(47,798)</b>	<b>80,763</b>	<b>69,258</b>	<b>(103,649)</b>	<b>(34,391)</b>
<b>Realized and Unrealized Gains on Investments</b>	<b>37,123</b>	<b>-</b>	<b>37,123</b>	<b>48,657</b>	<b>-</b>	<b>48,657</b>
<b>Change in Net Assets</b>	<b>165,684</b>	<b>(47,798)</b>	<b>117,886</b>	<b>117,915</b>	<b>(103,649)</b>	<b>14,266</b>
<b>Net Assets, Beginning</b>	<b>458,587</b>	<b>189,906</b>	<b>648,493</b>	<b>340,672</b>	<b>293,555</b>	<b>634,227</b>
<b>Net Assets, Ending</b>	<b>\$ 624,271</b>	<b>\$ 142,108</b>	<b>\$ 766,379</b>	<b>\$ 458,587</b>	<b>\$ 189,906</b>	<b>\$ 648,493</b>

See notes to the financial statements.

**WILDLIFE HABITAT COUNCIL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended December 31, 2020**

	Wildlife Habitat Strategy and Planning	Knowledge Center and Conference	WHC Conservation Certification®	Membership Services	Total Program Services	Supporting Services		Total
						General and Administrative	Development and Fundraising	
Personnel costs:								
Salaries	\$ 498,495	\$ 60,065	\$ 140,795	\$ 286,187	\$ 985,542	\$ 116,683	\$ 60,370	\$ 1,162,595
Benefits	77,845	9,380	21,987	44,691	153,903	18,223	9,427	181,553
Payroll taxes	41,363	4,984	11,683	23,747	81,777	9,682	5,009	96,468
Total personnel costs	617,703	74,429	174,465	354,625	1,221,222	144,588	74,806	1,440,616
Awards and Grants	95,000	-	-	-	95,000	-	-	95,000
Bank service charges	2,887	504	8,416	3,657	15,464	948	267	16,679
Conference and meetings	682	236	-	-	918	411	-	1,329
Depreciation	11,528	1,389	3,256	6,618	22,791	2,699	1,396	26,886
Dues and subscriptions	266	-	-	2,000	2,266	769	41	3,076
Equipment rent and maintenance	731	-	-	-	731	10,338	-	11,069
Information technology	22,793	4,784	18,483	13,946	60,006	23,294	2,284	85,584
Insurance	7,797	939	2,202	4,476	15,414	1,826	944	18,184
Interest	-	-	-	-	-	5,159	-	5,159
Other	-	300	100	-	400	281	-	681
Photography	-	509	-	390	899	-	-	899
Postage and shipping	112	22	300	3,421	3,855	1,462	-	5,317
Printing and certification site signs	214	2,526	248	24,374	27,362	-	-	27,362
Professional fees	12,425	4,055	56,185	9,250	81,915	22,727	-	104,642
Project materials	17,579	-	47	88	17,714	2,891	-	20,605
Rent	111,780	-	25,544	48,444	185,768	40,026	11,640	237,434
Telephone and internet	6,343	764	1,792	3,642	12,541	1,484	768	14,793
Travel	13,046	-	-	-	13,046	-	-	13,046
	<u>\$ 920,886</u>	<u>\$ 90,457</u>	<u>\$ 291,038</u>	<u>\$ 474,931</u>	<u>\$ 1,777,312</u>	<u>\$ 258,903</u>	<u>\$ 92,146</u>	<u>\$ 2,128,361</u>

**WILDLIFE HABITAT COUNCIL, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2019

	Wildlife Habitat Strategy and Planning	Knowledge Center and Conference	WHC Conservation Certification®	Membership Services	Total Program Services	Supporting Services		Total
						General and Administrative	Development and Fundraising	
Personnel costs:								
Salaries	\$ 639,261	\$ 102,391	\$ 137,409	\$ 206,976	\$ 1,086,037	\$ 223,337	\$ 29,580	\$ 1,338,954
Benefits	92,435	14,805	19,869	29,928	157,037	32,294	4,277	193,608
Payroll taxes	50,906	8,154	10,943	16,483	86,486	17,786	2,356	106,628
Total personnel costs	782,602	125,350	168,221	253,387	1,329,560	273,417	36,213	1,639,190
Awards and Grants	30,000	-	-	-	30,000	-	-	30,000
Bank service charges	9,837	3,185	1,575	2,114	16,711	3,436	455	20,602
Conference and meetings	6,835	134,112	120	63	141,130	3,980	-	145,110
Depreciation	12,828	2,055	2,757	4,153	21,793	4,482	593	26,868
Dues and subscriptions	1,710	-	32	1,071	2,813	3,650	-	6,463
Equipment rent and maintenance	5,832	44,650	-	-	50,482	9,578	-	60,060
Information technology	29,457	9,538	4,718	6,332	50,045	10,292	1,363	61,700
Insurance	9,769	1,565	2,100	3,163	16,597	3,413	452	20,462
Interest	-	-	-	-	-	6,373	-	6,373
Other	-	-	-	-	-	978	-	978
Photography	392	8,260	-	230	8,882	-	-	8,882
Postage and shipping	312	977	-	10,652	11,941	1,666	-	13,607
Printing and certification site signs	1,683	23,945	-	87,662	113,290	-	-	113,290
Professional fees	3,075	3,203	49,926	3,275	59,479	31,493	-	90,972
Project materials	25,055	311	-	-	25,366	5,505	-	30,871
Rent	149,370	-	26,118	39,341	214,829	34,051	5,623	254,503
Telephone and internet	7,991	1,280	1,718	2,587	13,576	2,791	370	16,737
Training	1,031	-	-	-	1,031	4,345	-	5,376
Travel	38,861	20,568	545	73	60,047	8,792	97	68,936
	<u>\$ 1,116,640</u>	<u>\$ 378,999</u>	<u>\$ 257,830</u>	<u>\$ 414,103</u>	<u>\$ 2,167,572</u>	<u>\$ 408,242</u>	<u>\$ 45,166</u>	<u>\$ 2,620,980</u>



**WILDLIFE HABITAT COUNCIL, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from grants and contributions	\$ 669,455	\$ 603,704
Cash received from memberships	757,160	846,843
Cash received from programs and other	983,648	1,378,922
Cash received from interest and dividends	7,862	9,756
Cash paid for personnel costs	(1,510,144)	(1,646,900)
Cash paid for goods and services	(713,199)	(969,172)
Cash paid for interest	(5,159)	(6,373)
	<u>189,623</u>	<u>216,780</u>
Net cash provided by operating activities		
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of investments	139,999	98,913
Purchases and reinvested earnings on investments	(142,995)	(104,014)
Purchases of property and equipment	-	(23,161)
	<u>(2,996)</u>	<u>(28,262)</u>
Net cash used by investing activities		
<b>Cash Flows from Financing Activities</b>		
Proceeds from Paycheck Protection Program Loan	264,600	-
	<u>264,600</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	451,227	188,518
Cash and Cash Equivalents, Beginning	424,889	236,371
Cash and Cash Equivalents, Ending	<u>\$ 876,116</u>	<u>\$ 424,889</u>
<b>Reconciliation of Change in Net Assets to Net Cash from Operating Activities</b>		
Change in net assets	\$ 117,886	\$ 14,266
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,886	26,868
Realized and unrealized gains on investments	(37,123)	(48,657)
Changes in operating assets and liabilities:		
Accounts receivable	(12,929)	(1,773)
Grants and contributions receivable	141,231	169,668
Security deposit and other assets	(15,516)	3,676
Accounts payable	(10,376)	1,417
Accrued vacation and employee benefits	(69,528)	(7,710)
Deferred revenue	75,831	80,085
Deferred rent	(26,739)	(21,060)
	<u>\$ 189,623</u>	<u>\$ 216,780</u>
Net cash provided by operating activities		

**Supplemental Disclosure**

Property and equipment with a cost basis of \$149,244 and accumulated depreciation of \$149,244 was disposed of during the year ended December 31, 2019.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Wildlife Habitat Council, Inc. (WHC) is organized pursuant to the laws of the District of Columbia as a nonprofit, charitable organization. WHC promotes and certifies habitat conservation and management on corporate lands through partnerships and education. WHC, believes that every act of conservation matters. Whether it's a small pollinator garden or a complex wetlands restoration, each and every conservation action contributes to the collective positive outcome for the environment.

WHC's programs translate corporate sustainability goals and objectives into tangible and measurable on-the-ground actions. Through a focus on building collaboration for conservation with corporate employees, other conservation organizations, government agencies and community members, WHC's programs focus on healthy ecosystems and connected communities. WHC has allocated their resources among the following programs:

Wildlife Habitat Strategy and Planning

WHC delivers customized, comprehensive services that help companies align conservation efforts with business needs. WHC works with over 80 members and numerous partners to build strong conservation programs on their lands using a variety of approaches that range from the development of conservation plans, implementation of conservation projects on corporate lands, stakeholder and employee engagement in plan design and implementation, and corporate-wide approaches that leverage conservation to meet a business opportunity. The voluntary conservation programs can be found in 47 U.S. states, the District of Columbia and 28 countries. Comprehensive services focus on property-scale efforts and extend to nature-based solutions to climate change. Under a temporary effort called the Climate Action Works initiative, WHC helps corporate landowners utilize nature-based climate change solutions that are corporate-driven, community-minded, and biodiversity-based. During a year of challenges related to the pandemic, technical expertise was widely dispensed related to the use of conservation and biodiversity as a tool for health and wellness.

Content and Engagement

WHC webinars provide expertise on conservation trends, tools and topics. These free on-demand and live webinars are designed for practical conservation, produced within a corporate context, and presented by an expert(s) in the field of study. WHC expanded webinars in 2020 to include a series produced for children and families, these webinars were presented by educators and topic experts and encouraged families to connect with nature wherever possible during the Pandemic. WHC webinars attract 150 to 500 attendees per session. WHC also brings community partners, government agencies, corporations and local ENGOs together to increase awareness of the power of conservation to address environmental and social challenges. The efforts focus on underserved communities and urban industrial areas. The group also performs research and publishes case studies and conservation tools for broad use globally. Grants are sought from foundations, the government and other entities which allow WHC to engage in projects to restore both the natural and the human communities in which our members operate, focusing on topics such as STEM education in underserved communities and rejuvenating urban areas through native plantings.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Conservation Conferences

The WHC Conservation Conference, hosted in person or virtually, provides attendees with educational opportunities, relationship building, and awards recognition. Over 400 individuals attend this annual meeting open to conservation leaders, community members, students, decision-makers, and employee volunteers from all programs engaged in conservation. The Fall meeting includes learning sessions and networking events in which participants share successes, discuss challenges and inspire one another.

WHC Conservation Certification®

WHC Conservation Certification® recognizes meaningful wildlife habitat management and conservation education programs through an objective, third-party review. With over 600 certified programs worldwide, WHC Conservation Certification® produces an aggregated metric for reporting and disclosure, helping companies demonstrate a long-term commitment to managing quality habitat for wildlife, conservation education and community outreach initiatives. WHC Conservation Certification® requires all projects to be locally appropriate, exceed pertinent regulatory requirements, add value to the environment or community, be designed around a conservation objective, and be monitored as evidence of implementation.

Membership Services

WHC helps members connect corporate level sustainability goals to meaningful on-the-ground actions through a series of decision tools and strategic engagements that may be utilized for corporate sustainability key performance indicators. These biodiversity and education actions enhance the meaning of corporate conservation throughout the company and ensures the longevity of both implementation and management, which in turn improves conservation and education outcomes. WHC produces several types of guidance, including 22 WHC Project Guidances that provide suggestion and instruction on the development and implementation of conservation projects across four categories: Habitat, Species, Education and Awareness, and Other Options. WHC also produces white papers, success stories and blogs highlighting case studies from WHC members that demonstrate positive outcomes for biodiversity, the environment and communities. Toolkits and other publications specifically written to support member efforts are also produced.

Supporting services include the following categories:

General and Administrative

Activities include program oversight, business management, general record-keeping, budgeting, and related administrative activities.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Development and Fundraising

WHC solicits contributions from individuals, foundations, and corporations. Fundraising activities also include development and management of various activities involved with soliciting contributions.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when earned and expenses are recognized when incurred.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. Cash and short-term investments held by the investment advisors are reported as investments.

**Accounts Receivable**

Receivables are carried at the original invoice amounts less an estimate made for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by annually evaluating individual receivables and considering the financial condition, credit history, and current economic conditions of the creditors. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded in revenue when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than ninety days. However, WHC does not charge interest on past due receivables. As of December 31, 2020 and 2019, there is no allowance for doubtful accounts, based on management's evaluation of the collectability of accounts receivable, and the accounts receivable are due in less than one year.

**Grants and Contributions Receivable**

Grants and contributions receivable represent unconditional amounts committed to WHC and recorded at the earlier of the date received or the date of receipt of a donor's non-contingent promise or pledge. Unconditional promises to give that are expected to be collected in one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in grants and contributions revenue. The discount will be recognized as contribution revenue in future fiscal years as the discount is amortized over the duration of the contributions. At December 31, 2020 and 2019, no allowance for doubtful accounts has been recorded based on management's evaluation of the grants and contributions receivable. No discount has been recorded since the amount was not material to the financial statements.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2020 and 2019

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments in exchange traded funds with readily determinable fair values are reflected at fair market value. The change in fair market value is recorded as a component of realized and unrealized gains on investments in the statement of activities. Interest and dividends are recorded in revenue when earned.

**Fair Value Measurements**

WHC complies with the accounting standard on accounting for fair value measurements. This standard defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy under this topic are described below:

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

WHC holds investments in a money market fund and in various exchange traded funds. The exchange traded funds held by WHC are publicly traded on the New York Stock Exchange.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

*Exchange Traded Funds* - An exchange traded fund is a marketable security that tracks an index and trades like a common stock on a national stock market exchange. The funds are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2020 and 2019

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment are recorded at cost and consists of office equipment and leasehold improvements. WHC capitalizes all property and equipment with a useful life greater than one year and a cost basis of \$5,000 or more. Depreciation of office equipment is computed over an estimated useful life of three years on a straight-line basis. Depreciation of leasehold improvements is computed over the shorter of the lease term or the useful life of the improvement on a straight-line basis. When office equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Repairs and maintenance are expensed when incurred.

**Net Assets**

Net assets, revenue, gains and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of WHC and changes therein are classified and reported as follows:

Net assets without donor restriction - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. WHC reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

See Note 7 for more information on the composition of net assets with donor restrictions.

**Contributions and Grants**

WHC recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenue without donor restrictions or revenue with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenue without donor restrictions. Conditional promises to give, with a measurable barrier and a right of return, are not recognized until the conditions on which they depend are substantially met. Revenue from federal grants is recognized as services are performed and costs are incurred.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2020 and 2019

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

Membership revenue is recognized as contributions when they are received. Certification fees are recognized as revenue when the certification components have been completed. Technical assistance, project site fees, and site signs revenue are recognized as services are completed.

Calendar revenue received in advance are recorded as deferred revenue and recognized when the calendars are published. Calendars sold after the publication date are recognized when orders are fulfilled. Conference and registration fees are recognized as revenue in the year the event occurs. Fees received prior to the conference or workshop event are included in deferred revenue. Other revenue is recognized when earned.

**In-Kind Services**

In-kind contributions are recorded at the fair value as of the date of the donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. WHC receives services from a number of volunteers who give significant amounts of their time to WHC's programs and fund-raising campaigns but these services do not meet the criteria for financial statement recognition.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort except for direct costs associated with specific programs, which are recorded as expenses for the program benefited.

**Measure of Operations**

The accompanying statement of activities distinguishes between operating and non-operating activities. Operating activities include all revenue and expenses that are an integral part of WHC's programs. Non-operating activities include the net realized and unrealized gains (losses) on investments.

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2020 and 2019

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ materially from those estimates and be affected by the severity and duration of the COVID-19 pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

**Income Taxes**

WHC is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, as amended, and classified as other than a private foundation. However, income from certain activities not directly related to WHC's tax-exempt purpose may be subject to taxation as unrelated business income.

The income tax positions taken by WHC for any years open under the various statutes of limitations are that WHC continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. WHC believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of WHC's federal or state income tax returns are currently under examination.

**Accounting Pronouncements Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, a new accounting pronouncement for leases. This guidance significantly changes the accounting for a lessee. Under previous guidance, the lessee did not have to record an operating lease on the statement of financial position. Under the new guidance, a lessee must record both a liability for the lease payments and an asset for the right to use the leased property during the lease term. The new accounting pronouncement also adds comprehensive qualitative and quantitative disclosures for lease arrangements. The disclosure requirements include information about management's significant judgments in its accounting for a leasing arrangement. Adoption of this accounting standard is required for the year ended December 31, 2021, although early adoption is permitted, and is expected to result in additions to WHC's assets and liabilities for the office leases to the statement of financial position and adding information to the lease disclosures in the notes to the financial statements.



**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 - GRANTS AND CONTRIBUTIONS RECEIVABLE**

As of December 31, 2020 and 2019, grants and contributions receivable included the following:

	<u>2020</u>	<u>2019</u>
Due in less than 1 year	\$ -	\$ 41,231
Due in 1 – 5 years	<u>-</u>	<u>100,000</u>
Total	<u>\$ -</u>	<u>\$ 141,231</u>

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The table below represents the balances of investments measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2020 and 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments - December 31, 2020				
Exchange traded funds	\$ 412,140	\$ -	\$ -	\$ 412,140
Money market funds	<u>14,675</u>	<u>-</u>	<u>-</u>	<u>14,675</u>
Total	<u>\$ 426,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,815</u>
Investments - December 31, 2019				
Exchange traded funds	\$ 372,754	\$ -	\$ -	\$ 372,754
Money market funds	<u>13,942</u>	<u>-</u>	<u>-</u>	<u>13,942</u>
Total	<u>\$ 386,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,696</u>

Net investment income (loss) consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 7,862	\$ 9,756
Less investment expenses	<u>(4,867)</u>	<u>(4,656)</u>
	<u>2,995</u>	<u>5,100</u>
Net realized gains (losses)	(194)	2,061
Net unrealized gains	<u>37,317</u>	<u>46,596</u>
	<u>37,123</u>	<u>48,657</u>
Net investment income	<u>\$ 40,118</u>	<u>\$ 53,757</u>

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**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 290,975	\$ 290,975
Leasehold improvements	<u>47,428</u>	<u>47,428</u>
Total depreciable property and equipment	338,403	338,403
Less, Accumulated depreciation	<u>(299,062)</u>	<u>(272,177)</u>
Net value of property and equipment	<u>\$ 39,341</u>	<u>\$ 66,226</u>

Depreciation expense totaled \$26,886 and \$26,868 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 5 - LINE OF CREDIT**

WHC has a \$100,000 revolving line of credit, due on demand, collateralized by WHC's investments, and it has a 6.50% annual interest rate. The line of credit does not have a specific term or duration and can be terminated at the bank's discretion. There was \$100,000 outstanding as of December 31, 2020 and 2019.

**NOTE 6 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

On April 17, 2020 WHC entered into a U.S. Small Business Administration (SBA) PPP loan in the principal amount of \$264,600 payable to Truist Financial Corporation (the bank) evidencing a PPP loan from the bank. The PPP loan will bear interest at a rate of 1% per annum. No payments will be due on the PPP loan until either (1) the date that SBA remits the loan forgiveness amount to the lender or (2) if WHC does not apply for loan forgiveness, 7 months from the date the loan amount is funded. If the PPP loan is not forgiven, WHC will be obligated to make monthly payments of principal and interest, each in such equal amount required to fully amortize the principal amount outstanding on the PPP loan by the maturity date. The Maturity date is April 17, 2022.

The principal amount of the PPP loan is subject to forgiveness by the bank through the SBA under the PPP upon WHC's request to the extent that PPP loan proceeds were used to pay expense permitted by the PPP, including payroll, rent, and utilities. The bank may forgive interest accrued on any principal if the SBA pays interest. There can be no assurance that any part of the PPP loan will be forgiven.

According to the rules of the SBA, WHC is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of WHC's judgements pertaining to satisfying PPP loan

**WILDLIFE HABITAT COUNCIL, INC.**  
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**NOTE 6 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN (Continued)**

eligibility or forgiveness conditions, WHC may be required to adjust previously reported amounts and disclosures in the financial statements.

The PPP loan contains customary borrower default provisions and lender remedies, including the right of the bank to require immediate payment in full of the outstanding principal balance of the PPP loan with accrued interest.

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following activities during the year ended December 31, 2020

	December 31, 2020			
	Balance January 1, 2020	Additions	Releases	Balance December 31, 2020
Purpose restrictions:				
Enbridge project	\$ 10,000	\$ -	\$ -	\$ 10,000
Calumet office	-	40,000	(22,961)	17,039
Content & Partnership	1,527	-	(1,527)	-
Climate smart corporate conservation	30,071	-	(20,181)	9,890
Time restrictions	<u>148,308</u>	<u>15,000</u>	<u>(58,129)</u>	<u>105,179</u>
Total	<u>\$ 189,906</u>	<u>\$ 55,000</u>	<u>\$ (102,798)</u>	<u>\$ 142,108</u>

Net assets with donor restrictions consist of the following activities during the year ended December 31, 2019:

	December 31, 2019			
	Balance January 1, 2019	Additions	Releases	Balance December 31, 2019
Purpose restrictions:				
Enbridge project	\$ 50,000	\$ -	\$ (40,000)	\$ 10,000
Calumet office	36,555	-	(36,555)	-
Content & Partnership	2,970	-	(1,443)	1,527
Climate smart corporate conservation	-	45,000	(14,929)	30,071
Time restrictions	<u>204,030</u>	<u>-</u>	<u>(55,722)</u>	<u>148,308</u>
Total	<u>\$ 293,555</u>	<u>\$ 45,000</u>	<u>\$ (148,649)</u>	<u>\$ 189,906</u>

**WILDLIFE HABITAT COUNCIL, INC.**  
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**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

**Annual Conservation Conference**

WHC has entered into a hotel space contract for the annual conference to be held in June 2021. In the event of a cancellation, WHC is required to pay various costs of the hotel rooms as stipulated in the contract, the amounts of which are dependent upon the date of cancellation.

**Leases**

WHC leases office space under an extended non-cancelable operating lease agreement. Base rent on the office space lease agreement is subject to annual escalations, and is recorded on a straight-line basis over the entire lease term. The deferred rent liability in the accompanying statement of financial position represents the cumulative difference between the monthly rent expense and rent paid. The lease expires on May 30, 2022.

The future minimum payments under the lease are as follows:

<u>Years Ending December 31,</u>	
2021	265,829
2022	<u>112,913</u>
Total	<u>\$ 378,742</u>

Rent expense under the lease agreement for the years ended December 31, 2020 and 2019 totaled \$237,434 and \$254,503, respectively, which is included in rent expense in the statements of functional expenses.

**NOTE 9 - RETIREMENT PLAN**

WHC maintains a defined contribution retirement plan for its employees who are eligible to participate. WHC contributes 3% of each covered employee's annual salary. Retirement plan contributions are included as a component of benefits expense on the statement of functional expenses. For the years ended December 31, 2020 and 2019, retirement expenses totaled \$47,136 and \$44,54

**WILDLIFE HABITAT COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

WHC's financial assets that are available for general expenditures within one year of the statement of financial position date are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 876,116	\$ 424,889
Accounts receivable	96,575	83,647
Grants and contributions receivable, current portion	-	41,231
Investments	<u>426,815</u>	<u>386,696</u>
	1,399,506	936,463
Less, amounts unavailable for general expenditure within one year, due to restrictions by donors for specified purposes	<u>(36,929)</u>	<u>(41,598)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,362,577</u>	<u>\$ 894,865</u>

WHC structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 11 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject WHC to significant concentrations of credit risk consist of cash and investments. Such investments are exposed to various risks such as market and credit fluctuation. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

WHC maintains the cash and investment accounts with financial institutions that from time to time may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). WHC has not experienced any credit losses on its cash and investments to date, as it relates to FDIC and SIPC insurance limits. WHC assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

**WILDLIFE HABITAT COUNCIL, INC.**  
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**NOTE 12 - COVID-19 FINANCIAL STATEMENT IMPACT**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. WHC is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on WHC's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on WHC's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact WHC's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**NOTE 13 - SUBSEQUENT EVENTS**

On March 17, 2021, WHC received a second round of loan from the Paycheck Protection Program in the amount of \$239,581.

WHC evaluated subsequent events through April 16, 2021, which is the date the financial statements were available to be issued.