

**CONSERVATION COUNCIL OF NATIONS
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Conservation Council of Nations

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INDEPENDENT AUDITORS' REPORT

Management and Board of Directors Conservation Council of Nations Washington, DC

We have audited the accompanying financial statements of Conservation Council of Nations (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 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservation Council of Nations as of December 31, 2020 and 2019, and the changes in its net assets (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DeLeon & Stang

**DeLeon & Stang, CPAs and Advisors
Gaithersburg, Maryland
March 26, 2021**

**Conservation Council of Nations
Statements of Financial Position
December 31, 2020 and 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 657,628	\$ 100,497
Contributions receivable	68,968	66,123
Prepaid expenses and deposits	3,528	1,943
TOTAL ASSETS	\$ 730,124	\$ 168,563
LIABILITIES AND NET ASSETS (DEFICIT)		
<u>Liabilities:</u>		
Accounts payable and accrued expenses	\$ 46,188	\$ 149,941
Accrued payroll	-	59,750
Payroll protection plan loan	125,900	-
Total liabilities	172,088	209,691
<u>Net Assets (Deficit):</u>		
Without donor restrictions	(28,817)	(96,952)
With donor restrictions	586,853	55,824
Total net assets (deficit)	558,036	(41,128)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 730,124	\$ 168,563

**Conservation Council of Nations
Statements of Activities
For the Years Ended December 31, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and support:</u>						
Contributions	\$ 192,709	\$ 1,854,482	\$ 2,047,191	\$ 770,955	\$ 694,357	\$ 1,465,312
Net assets released from restrictions	1,323,453	(1,323,453)	-	681,261	(681,261)	-
Total revenue and support	1,516,162	531,029	2,047,191	1,452,216	13,096	1,465,312
<u>Expenses:</u>						
Program services	1,315,805	-	1,315,805	1,545,650	-	1,545,650
General and administrative	132,222	-	132,222	62,132	-	62,132
Total expenses	1,448,027	-	1,448,027	1,607,782	-	1,607,782
Change in net assets	68,135	531,029	599,164	(155,566)	13,096	(142,470)
Net assets (deficit) beginning of year	(96,952)	55,824	(41,128)	58,614	42,728	101,342
Net assets (deficit) end of year	<u>\$ (28,817)</u>	<u>\$ 586,853</u>	<u>\$ 558,036</u>	<u>\$ (96,952)</u>	<u>\$ 55,824</u>	<u>\$ (41,128)</u>

See accompanying notes to financial statements.

**Conservation Council of Nations
Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019**

	2020		
	Program services	General and administrative	Total
Salaries	\$ 684,134	\$ -	\$ 684,134
Contract labor	268,443	-	268,443
Officers Salary	209,833	-	209,833
Conferences, meetings, and events	91,244	-	91,244
Employee benefits	-	60,119	60,119
Payroll taxes	-	58,430	58,430
Professional fees	10,430	7,635	18,065
Travel and transportation	15,826	-	15,826
Office expenses	9,587	-	9,587
Bank service charges	8,916	-	8,916
Telephone and utilities	7,506	-	7,506
Insurance	-	6,038	6,038
Grants and gifts	5,000	-	5,000
Supplies and equipment	4,886	-	4,886
	\$ 1,315,805	\$ 132,222	\$ 1,448,027

(Continued)

**Conservation Council of Nations
Statements of Functional Expenses (Continued)
For the Years Ended December 31, 2020 and 2019**

	2019		
	Program services	General and administrative	Total
Salaries	\$ 658,385	\$ 12,561	\$ 670,946
Travel and transportation	236,632	1,855	238,487
Conferences, meetings, and events	170,206	589	170,795
Contract labor	147,479	-	147,479
Officers Salary	124,500	-	124,500
Grants and gifts	94,200	-	94,200
Payroll taxes	45,688	128	45,816
Employee benefits	18,497	21,656	40,153
Professional fees	32,700	7,176	39,876
Bank service charges	5,329	6,406	11,735
Insurance	69	6,706	6,775
Miscellaneous	3,046	3,658	6,704
Office expenses	4,667	-	4,667
Telephone and utilities	2,852	1,397	4,249
Advertising	1,400	-	1,400
	<u>\$ 1,545,650</u>	<u>\$ 62,132</u>	<u>\$ 1,607,782</u>

**Conservation Council of Nations
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019**

	2020	2019
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 599,164	\$(142,470)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in operating assets:		
Contributions receivable	(2,845)	(13,721)
Prepaid expenses and deposits	(1,585)	26,632
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	(103,753)	45,459
Accrued payroll	(59,750)	48,434
Total adjustments	(167,933)	106,804
Net cash provided by (used in) operating activities	431,231	(35,666)
<u>Cash Flows from Financing Activities:</u>		
Proceeds from payroll protection plan loan	125,900	-
Net cash provided by financing activities	125,900	-
Net increase (decrease) in cash and cash equivalents	557,131	(35,666)
Cash and cash equivalents at beginning of year	100,497	136,163
Cash and cash equivalents at end of year	\$ 657,628	\$ 100,497

**Conservation Council of Nations
Notes to Financial Statements
December 31, 2020 and 2019**

NOTE 1 - ORGANIZATION

Conservation Council of Nations (the Organization or CCN) is a nonprofit organization, incorporated on July 7, 2010 in the state of Virginia. The Organization's mission is to build and maintain the world's strongest network of policymakers, corporations, and non-governmental organizations to promote the efficient and beneficial use of natural resources and effective transnational conservation solutions, including through its Natural Resource Wealth Management program initiatives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance under U.S. GAAP. The ASUs also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. CCN adopted the new standard for the year ended December 31, 2020 using the full retrospective method.

In June 2018, FASB released ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. This update provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to the new revenue recognition standards implemented by ASU 2014-09 and aims to minimize diversity in the classification of grants and contracts that exist under current guidance.

The adoption of these ASUs did not have a significant impact on the financial statements. Based on the Organization's evaluation process and review of its contracts and contributions, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standards. No changes were required to previously reported revenues as a result of adoption.

**Conservation Council of Nations
Notes to Financial Statements
December 31, 2020 and 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard (Continued)

During 2019, CCN adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; recognition of underwater endowment funds as a reduction in net assets with donor restrictions; and reporting investment income net of external and direct internal investment expenses.

The guidance also enhances disclosures for board designated amounts, compositions of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the balance sheet date, and expenses by both their natural and functional classification, including methods used to allocate costs among program and support functions and underwater endowments.

Description of Net Assets

Net assets are classified based on existence or absence of donor imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets that are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.
- *Net Assets With Donor Restrictions* – Net assets that are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose. Net assets with donor restrictions at December 31, 2020 and 2019 was \$586,853 and \$55,824, respectively.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Conservation Council of Nations
Notes to Financial Statements
December 31, 2020 and 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires or is satisfied in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions in accordance with the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenue or gain in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Expense Allocation

Expenses are generally either directly charged to one or more program or support activity or allocated to all program or support activities based principally on the value of labor employed on behalf of each program or support activity during the period the expense was incurred. Shared costs are allocated based on various identifiable bases (i.e. allowable occupancy costs are allocated based on the percentage of space occupied).

Advertising

The Organization expenses the costs of advertising as they are incurred. There were no advertising costs for the year ended December 31, 2020. Advertising expense aggregated \$1,400 for the year ended December 31, 2019.

Income Taxes

The Organization is exempt from Federal income taxes (other than unrelated business income taxes) under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements because there was no unrelated business income during both years.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Conservation Council of Nations
Notes to Financial Statements
December 31, 2020 and 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Federal tax returns are subject to audit for three years after filing, hence the Organization's returns for years 2017 and onward are open to examination.

NOTE 3 - SATISFACTION OF RESTRICTED ACTIVITIES

Net assets were released from donor restrictions during the years ended December 31, 2020 and 2019 by incurring program expenses of \$1,323,453 and \$681,261, respectively, by satisfying the restricted purposes of the following program activities:

	2020	2019
<u>Net assets with donor restrictions:</u>		
U.S. Agency for International Development	\$ 235,538	\$ 362,130
Global Environment Facility	343,940	270,000
International Waters	599,825	-
United Nations Development Programme	-	37,227
Clean Future Forum	84,500	-
US Fish & Wildlife Service	-	11,630
Traffic International	59,650	274
Total net assets released	<u>\$ 1,323,453</u>	<u>\$ 681,261</u>

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization maintains restricted net assets, which will be used when program expenses are incurred in connection with these activities. At December 31, 2020 and 2019, the Organization maintains net asset with donor restrictions for the following programs:

	2020	2019
<u>Net assets with donor restrictions:</u>		
Clean Future Forum	\$ 540,500	\$ -
US Fish & Wildlife Service	31,098	31,098
Traffic International	15,255	24,726
Total net assets with donor restrictions	<u>\$ 586,853</u>	<u>\$ 55,824</u>

**Conservation Council of Nations
Notes to Financial Statements
December 31, 2020 and 2019**

NOTE 5 - PAYROLL PROTECTION PLAN LOAN

In May 2020, CCN received a \$125,900 Payroll Protection Program Loan (note) through the Small Business Administration. Under terms of this note, all or a portion of the loan, including accrued interest, may be forgiven if proceeds are used for qualifying expenses and if certain staffing levels are maintained. CCN expects this note to be fully forgiven. However, any unforgiven amounts are payable over an twenty four month period beginning at the time any unforgiven amounts are determined by the Small Business Administration. Interest on the unforgiven balance accrues at 1% annually.

NOTE 6 - LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year and board designated endowments. These board designations could be drawn upon if the board approves that action.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2019 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash	\$ 657,628	\$ 100,497
Contributions receivable	68,968	66,123
Subtotal	726,596	166,620
Less: Net assets with donor restrictions	<u>(586,853)</u>	<u>(55,824)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 139,743</u>	<u>\$ 110,796</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Conservation Council of Nations
Notes to Financial Statements
December 31, 2020 and 2019**

NOTE 7 - EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution plan pursuant Section 401(k) of the Internal Revenue Code. The plan covers all employees who meet minimum age and service requirements. The plan allows for eligible employees to contribute a portion of their salary each year to the plan. The Foundation has elected to make matching contributions to the plan which are up to 4% of wages that each employee elects to contribute to the plan, and totaled \$21,669 and \$13,864 for the years ended December 31, 2020 and 2019, respectively.

NOTE 8 - UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic. The pandemic has caused business disruption through mandated and voluntary closings of businesses for non-essential services and triggered volatility in financial markets and a significant negative impact on the global economy. CCN's management has concluded that while it is reasonably possible that COVID-19 could have a negative impact on CCN's results of operations, the specific impact is not readily determinable. However, there are no comparable recent events which may provide guidance as to the effect of the spread of the pandemic. As a result, the ultimate impact of the COVID-19 outbreak is highly uncertain and subject to change. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.