

**INTERNATIONAL CONSERVATION CAUCUS FOUNDATION
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

International Conservation Caucus Foundation

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INDEPENDENT AUDITORS' REPORT

Management and Board of Directors International Conservation Caucus Foundation Washington, DC

We have audited the accompanying financial statements of International Conservation Caucus Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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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Independent Auditors' Report
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Conservation Caucus Foundation as of December 31, 2019, 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.

Prior Period Financial Statements

The financial statements of International Conservation Caucus Foundation as of December 31, 2018, were audited by other auditors whose report dated January 31, 2020, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 2 to the financial statements, as of December 31, 2019, International Conservation Caucus Foundation adopted Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, methods used to allocate costs to programmatic and other support information, and direction for consistency about information provided on investment return. The adoption of the standard resulted in additional footnote disclosures and significant changes to the classification of net assets and the disclosures related to net assets. The ASU has been applied retrospectively to all periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to this matter.

DeLeon & Stang

**DeLeon & Stang, CPAs and Advisors
Gaithersburg, Maryland
August 31, 2020**

International Conservation Caucus Foundation
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 41,689	\$ 74,881
Grants and contracts receivable	1,179,539	100,778
Advances to nonprofit organizations	7,738	7,738
Prepaid expenses and deposits	15,854	18,901
Cash surrender value of life insurance	32,774	23,780
Property and equipment, net of accumulated depreciation	-	216
TOTAL ASSETS	\$ 1,277,594	\$ 226,294
LIABILITIES AND NET ASSETS (DEFICIT)		
<u>Liabilities:</u>		
Accounts payable and accrued expenses	\$ 247,770	\$ 237,623
Deferred rent	10,898	1,516
Line of credit	17,027	33,052
Total liabilities	275,695	272,191
<u>Net Assets (Deficit):</u>		
Without donor restrictions	(568,641)	(222,134)
With donor restrictions	1,570,540	176,237
Total net assets (deficit)	1,001,899	(45,897)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 1,277,594	\$ 226,294

**International Conservation Caucus Foundation
Statements of Activities
For the Years Ended December 31, 2019 and 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue and support:</u>						
Individual contributions	\$ 857,942	\$ -	\$ 857,942	\$ -	\$ 771,397	\$ 771,397
Corporate contributions	1,078,167	1,874,550	2,952,717	899,140	371,058	1,270,198
Other revenues	13,514	-	13,514	72	-	72
Net assets released from restrictions	480,247	(480,247)	-	1,274,220	(1,274,220)	-
Total revenue and support	2,429,870	1,394,303	3,824,173	2,173,432	(131,765)	2,041,667
<u>Expenses:</u>						
Program services	2,534,792	-	2,534,792	1,937,518	-	1,937,518
Supporting services	241,585	-	241,585	307,840	-	307,840
Total expenses	2,776,377	-	2,776,377	2,245,358	-	2,245,358
Change in net assets	(346,507)	1,394,303	1,047,796	(71,926)	(131,765)	(203,691)
Net assets (deficit) beginning of year	(222,134)	176,237	(45,897)	(150,208)	308,002	157,794
Net assets (deficit) end of year	\$ (568,641)	\$ 1,570,540	\$ 1,001,899	\$ (222,134)	\$ 176,237	\$ (45,897)

See accompanying notes to financial statements.

International Conservation Caucus Foundation
Statements of Functional Expenses
For the Years Ended December 31, 2019 and 2018

	2019				Total
	Program services	Supporting services		Subtotal	
	Program services	General and administrative	Fundraising	Subtotal	Total
Mailing campaign expenses	\$ 615,795	\$ 15,790	\$ 157,896	\$ 173,686	\$ 789,481
Salaries	574,804	21,500	18,813	40,313	615,117
Grants and gifts	589,593	-	-	-	589,593
Travel and transportation	188,575	-	-	-	188,575
Professional fees	159,560	-	-	-	159,560
Employee benefits	106,800	1,378	2,067	3,445	110,245
Conferences, meetings, and events	94,987	-	-	-	94,987
Occupancy	95,017	-	-	-	95,017
Payroll taxes	43,177	557	836	1,393	44,570
Office expenses	17,678	8,319	-	8,319	25,997
Telephone and utilities	12,899	-	-	-	12,899
Insurance	11,625	-	-	-	11,625
Printing and copying	10,373	-	-	-	10,373
Interest	-	7,695	-	7,695	7,695
Bank service charges	-	6,715	-	6,715	6,715
Miscellaneous	6,500	-	-	-	6,500
Postage and delivery	4,404	-	-	-	4,404
Advertising	2,808	-	-	-	2,808
Depreciation and amortization	197	19	-	19	216
	<u>\$ 2,534,792</u>	<u>\$ 61,973</u>	<u>\$ 179,612</u>	<u>\$ 241,585</u>	<u>\$ 2,776,377</u>

**International Conservation Caucus Foundation
Statements of Functional Expenses (Continued)
For the Years Ended December 31, 2019 and 2018**

	2018				Total
	Program services	Supporting services			
		General and administrative	Fundraising	Subtotal	
Salaries	\$ 509,900	\$ 32,250	\$ 17,000	\$ 49,250	\$ 559,150
Consultants	225,082	3,921	63,091	67,012	292,094
Printing and copying	212,492	4,860	55,889	60,749	273,241
Travel and transportation	224,820	-	-	-	224,820
Conferences, meetings, and events	218,163	-	-	-	218,163
Postage and delivery	156,593	4,194	48,234	52,428	209,021
Accounting	97,200	21,774	4,650	26,424	123,624
Employee benefits	98,897	6,255	3,297	9,552	108,449
Occupancy	72,781	4,603	2,427	7,030	79,811
Dues and subscriptions	45,110	1,083	12,457	13,540	58,650
Payroll taxes	33,969	2,148	1,133	3,281	37,250
Office expenses	24,005	1,224	3,011	4,235	28,240
Utilities	11,625	735	388	1,123	12,748
Interest	-	7,616	-	7,616	7,616
Insurance	6,453	408	215	623	7,076
Bank service charges	-	4,936	-	4,936	4,936
Depreciation	428	27	14	41	469
	<u>\$ 1,937,518</u>	<u>\$ 96,034</u>	<u>\$ 211,806</u>	<u>\$ 307,840</u>	<u>\$ 2,245,358</u>

**International Conservation Caucus Foundation
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$1,047,796	\$ (203,691)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	216	469
(Increase) decrease in operating assets:		
Grants and contracts receivable	(1,078,761)	71,722
Prepays and deposits	3,047	(10,493)
Increase in operating liabilities:		
Accounts payable and accrued expenses	10,147	68,937
Deferred rent	9,382	(6,504)
Total adjustments	<u>(1,055,969)</u>	<u>127,031</u>
Net cash used in operating activities	(8,173)	(76,660)
<u>Cash Flows from Investing Activities:</u>		
Investment in insurance contract	<u>(8,994)</u>	<u>(5,533)</u>
Net cash used in investing activities	(8,994)	(5,533)
<u>Cash Flows from Financing Activities:</u>		
Repayments of line of credit	<u>(16,025)</u>	<u>(16,500)</u>
Net cash used in financing activities	<u>(16,025)</u>	<u>(16,500)</u>
Net decrease in cash and cash equivalents	(33,192)	(98,693)
Cash and cash equivalents at beginning of year	<u>74,881</u>	<u>173,574</u>
Cash and cash equivalents at end of year	<u>\$ 41,689</u>	<u>\$ 74,881</u>
<u>Supplemental Cash Flow Information:</u>		
Cash paid for interest	<u>\$ 7,695</u>	<u>\$ 7,616</u>

International Conservation Caucus Foundation
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 1 - ORGANIZATION

International Conservation Caucus Foundation (the Foundation) is a nonprofit organization that was formed to promote U.S. leadership in public/Private international partnerships which support the responsible management of natural resources for habitat and biodiversity protection, poverty reduction, economic development and regional security. Resources for the Foundation's activity are primarily provided by contributions from corporations, foundations and individuals.

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 issues 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. SEGD adopted the new standard for the year ended December 31, 2019 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 Foundation'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.

International Conservation Caucus Foundation
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 and 2018 was \$1,570,540 and \$176,237, respectively.

Cash and Cash Equivalents

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

Fixed Assets

Fixed assets are included in the balance sheet at cost, and depreciation is computed on the double declining basis using estimated useful lives of five to seven years.

Grants and Contracts

Grants and contracts are reported as revenue in the year unconditionally promised. Grants and contracts received for restricted purposes are reported as restricted until the restriction expires. When the restriction expires, these net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released due to satisfaction of program restrictions.

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).

International Conservation Caucus Foundation
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Foundation expenses the costs of advertising as they are incurred. Advertising expense aggregated \$2,808 for the year ended December 31, 2019. There was no advertising expense for the year ended December 31, 2018.

Income Taxes

The Foundation 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 Foundation is not a private foundation. The Foundation 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.

Federal tax returns are subject to audit for three years after filing, hence the Foundation's returns for years 2016 and onward are open to examination.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cost:		
Computer equipment and software	\$ 23,466	\$ 23,466
Furniture and fixtures	16,241	16,241
	<u>39,707</u>	<u>39,707</u>
Less: accumulated depreciation	<u>(39,707)</u>	<u>(39,491)</u>
	<u>\$ -</u>	<u>\$ 216</u>

Depreciation expense was \$216 and \$469 for the years ended December 31, 2019 and 2018, respectively.

International Conservation Caucus Foundation
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 4 - SATISFACTION OF RESTRICTED ACTIVITIES

Net assets were released from donor restrictions during the years ended December 31, 2019 and 2018 by incurring program expenses of \$480,247, and \$1,274,220, respectively, satisfying the restricted purposes of the following program activities:

	<u>2019</u>	<u>2018</u>
<u>Net assets with donor restrictions:</u>		
Indonesia program	\$ 181,582	\$ -
Ocean's program	106,426	10,750
Honduran program	89,000	
Environment program	53,187	252,492
UK program	31,426	
Bahamas program	18,626	13,937
	<u>\$ 480,247</u>	<u>\$ 1,274,220</u>
Total net assets released	<u>\$ 480,247</u>	<u>\$ 1,274,220</u>

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

The Foundation maintains restricted net assets, which will be used when program expenses are incurred in connection with these activities. At December 31, 2019 and 2018, the Foundation maintained net asset with donor restrictions for the following programs:

	<u>2019</u>	<u>2018</u>
<u>Net assets with donor restrictions:</u>		
UK program	\$ 718,574	\$ -
Indonesia program	413,881	-
Ocean's program	367,271	22,381
Bahamas program	70,814	11,669
Honduran program	-	89,000
Environment program	-	53,187
	<u>\$ 1,570,540</u>	<u>\$ 176,237</u>
Total net assets with donor restrictions	<u>\$ 1,570,540</u>	<u>\$ 176,237</u>

NOTE 6 - LINE OF CREDIT

The Foundation Maintains a \$50,000 line of credit that matures in April 2027. The loan is unsecured with minimum monthly payments equal to the greater of \$100 or 1.5% of the loan balance until paid in full. Interest on the loan accrues at the prime rate of interest published by the Wall Street Journal plus 2.5% (7.5% at December 31, 2019). Principal outstanding on the line at December 31, 2019 and 2018 was \$17,027 and \$33,052, respectively. The estimated principal due for the year ended December 31, 2020 is \$2,477.

International Conservation Caucus Foundation
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 7 - COMMITMENTS

The Foundation maintains a lease agreement for lease of space in Washington, DC. The 14 month lease was effective January 1, 2019, with monthly installments of \$7,350. At its expiration, the lease was extended for an additional 24 months. The extended lease is set to expire April 30, 2022, requiring monthly installments of \$8,588, with yearly increases of 3%.

Future minimum lease payments are as follows:

<u>December 31,</u>	
2020	\$ 100,580
2021	105,632
2022	<u>35,913</u>
Total	<u>\$ 242,125</u>

Occupancy expense was \$95,017 and \$79,811 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8 - LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Foundation's financial assets as of December 31, 2019 and 2018, 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 2018:

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash	\$ 41,689	\$ 74,881
Grants and contracts receivable	1,179,539	100,778
Cash surrender value of insurance	<u>32,774</u>	<u>23,780</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,254,002</u>	<u>\$ 199,439</u>

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2019 and 2018, the Foundation maintained an unsecured revolving line of credit in the amount of \$50,000. As of December 31, 2019 and 2018, the outstanding balance on this line of credit was \$17,027 and \$33,052, respectively.

International Conservation Caucus Foundation
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Foundation 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 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 \$5,531 and \$5,320 for the years ended December 31, 2019 and 2018, respectively.

The Foundation maintains a life insurance policy for two employees. The Foundation records cash surrender value of the insurance contract on the statement of financial position. As of December 31, 2019 and 2018, the net cash value of the insurance contract was \$32,774 and \$23,780, respectively.

NOTE 10 - SUBSEQUENT EVENT

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Foundation's revenues, expenses and cash flows cannot be determined at this time. All subsequent events have been evaluated through August 31, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require and adjustment to or disclosure in the accompanying financial statements.

During April 2020, the Foundation applied for a loan through the Small Business Administration's Payroll Protection Program. The loan is designed to provide a direct incentive for small businesses to keep their workers on payroll throughout the coronavirus pandemic. The Foundations application was approved and funds were received in the amount of \$152,600 as of the date of these financial statements were issued.