International Fund for Animal Welfare, Inc.

Financial Statements
For the Years Ended June 30, 2022 and 2021

Contents

Independent Auditor's Report

Board of Directors
International Fund for Animal Welfare, Inc.

Opinion
We have audited the accompanying financial statements of International Fund for Animal Welfare, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the change 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.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

RSM US LLP

Boston, Massachusetts
February 20, 2023

International Fund for Animal Welfare, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	**$ 6,472,769**	$ 5,733,008
Due from affiliates, net	**1,851,886**	1,256,899
Investments at fair value	**19,106,085**	26,180,020
Prepaid expenses and other current assets	**5,001,476**	2,862,368
Contributions receivable, net	**2,882,851**	862,164
Cash and cash equivalents limited as to use	**1,317,874**	2,534,119
Certificate of deposit limited as to use	**8,000,000**	8,000,000
Investments in affiliate at cost	**2**	2
Fixed assets, net	**14,848,085**	15,333,706
Total assets	**$ 59,481,028**	$ 62,762,286
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 2,529,376**	$ 1,845,321
Accrued compensation	**1,869,636**	1,841,911
Accrued expenses	**2,129,904**	2,163,753
Due to affiliates, net	**20,875**	1,944
Interest rate swap	**561,315**	1,340,985
Charitable gift annuities payable	**517,676**	395,151
Notes payable	**8,729,166**	12,230,709
Total liabilities	**16,357,948**	19,819,774
Commitments and contingencies		
Net assets:		
Without donor restrictions	**36,037,482**	39,674,614
With donor restrictions	**7,085,598**	3,267,898
Total net assets	**43,123,080**	42,942,512
Total liabilities and net assets	**$ 59,481,028**	$ 62,762,286

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

International Fund for Animal Welfare, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Contributions and grants	**$ 18,602,618**	**$ 11,776,623**	**$ 30,379,241**	$ 11,254,316	$ 5,094,458	$ 16,348,774
Bequests	**2,832,595**	**100,000**	**2,932,595**	4,668,359	50,000	4,718,359
Contributed goods and services	**28,635,297**	**-**	**28,635,297**	23,404,859	-	23,404,859
Paycheck Protection Program loan forgiveness	**3,103,762**	**-**	**3,103,762**	-	-	-
Investment (loss) return, net	**(2,722,775)**	**(92,558)**	**(2,815,333)**	6,215,810	224,506	6,440,316
Other income	**191,433**	**242,796**	**434,229**	182,466	65,141	247,607
Grants from affiliates	**5,300,000**	**974,531**	**6,274,531**	6,250,000	356,670	6,606,670
Unrealized gain on interest rate swap	**779,670**	**-**	**779,670**	491,360	-	491,360
Satisfaction of purpose restrictions and time restrictions	**9,183,692**	**(9,183,692)**	**-**	5,401,481	(5,401,481)	-
Total revenue, gains and other support	**65,906,292**	**3,817,700**	**69,723,992**	57,868,651	389,294	58,257,945
Expenses:						
Program	**57,370,569**	**-**	**57,370,569**	46,184,891	-	46,184,891
Fundraising	**8,289,119**	**-**	**8,289,119**	6,244,165	-	6,244,165
Management and general	**3,883,736**	**-**	**3,883,736**	3,418,422	-	3,418,422
Total expenses	**69,543,424**	**-**	**69,543,424**	55,847,478	-	55,847,478
Change in net assets	**(3,637,132)**	**3,817,700**	**180,568**	2,021,173	389,294	2,410,467
Net assets, beginning of year	**39,674,614**	**3,267,898**	**42,942,512**	37,653,441	2,878,604	40,532,045
Net assets, end of year	**$ 36,037,482**	**$ 7,085,598**	**$ 43,123,080**	$ 39,674,614	$ 3,267,898	$ 42,942,512

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

International Fund for Animal Welfare, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 180,568	$ 2,410,467
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	493,096	479,138
Loss on disposal of fixed assets	-	68,262
Unrealized gain on interest rate swap	(779,670)	(491,360)
Forgiveness of Paycheck Protection Program loan	(3,103,762)	-
Net unrealized and realized loss (gain) on investments	3,323,017	(5,940,380)
Contributions restricted for long-term investment	(25)	(25)
Changes in operating assets and liabilities:		
Due to/from affiliates	(12,870)	(708,683)
Prepaid expenses and other current assets	(2,139,108)	1,070,989
Contributions receivable, net	(2,020,687)	582,333
Accounts payable	684,055	307,540
Accrued compensation	27,725	157,441
Accrued expenses	3,370	367,494
Charitable gift annuities payable	122,525	4,511
Net cash used in operating activities	(3,221,767)	(1,692,273)
Cash flows from investing activities:		
Purchases of fixed assets	(570,660)	(550,619)
Purchases of investments	(24,005,193)	(9,975,329)
Proceeds from sale and maturities of investments	27,756,111	12,196,893
Net cash provided by investing activities	3,180,258	1,670,945
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	25	25
Principal payments on notes payable	(435,000)	(417,500)
Net cash used in financing activities	(434,975)	(417,475)
Net decrease in cash and cash equivalents	(476,484)	(438,803)
Cash and cash equivalents, and cash and cash equivalents limited to use, beginning of year	8,267,127	8,705,929
Cash and cash equivalents, and cash and cash equivalents limited to use, end of year	$ 7,790,643	$ 8,267,127
Cash and cash equivalents	6,472,769	5,733,008
Cash and cash equivalents limited as to use	1,317,874	2,534,119
	$ 7,790,643	$ 8,267,127
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 210,857	$ 198,823
Non cash transactions:		
Depreciation expense allocated to affiliates	$ 563,186	$ 612,954
Interest expense allocated to affiliates	$ 300,634	$ 381,646

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

Note 1. The Organization

The International Fund for Animal Welfare, Inc., (the Organization) is part of a worldwide group of nonprofit organizations which collectively comprise the International Fund for Animal Welfare (IFAW). IFAW has offices in fifteen countries and supports animal welfare and conservation projects in more than forty countries around the world. The mission of IFAW is:

IFAW protects animals and the places they call home

The financial statements of the Organization do not include the accounts of the following affiliates:

- International Fund for Animal Welfare (Australia) Pty Ltd
- International Fund for Animal Welfare (Belgium)
- International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc. (Canada)
- Fonds international pour la protection des animaux (IFAW France)
- Fonds international pour la protection des animaux (IFAW) (France Endowment Fund)
- IFAW Internationaler Tierschutz-Fonds gGmbH (Germany)
- International Fund for Animal Welfare (IFAW) Limited (Malawi)
- Stichting IFAW (International Fund for Animal Welfare) (Netherlands)
- International Fund for Animal Welfare NPC (South Africa)
- International Fund for Animal Welfare (IFAW) (United Kingdom)
- International Fund for Animal Welfare IFAW in Action (United Kingdom)
- IFAW Commerce Limited (United Kingdom)
- International Fund for Animal Welfare Limited (Zambia)
- International Fund for Animal Welfare (Zimbabwe) Trust

All affiliated entities maintain separate Boards of Directors or Trustees (Board). However, the Board membership and senior management are essentially common to all affiliates. All affiliates operate as separate and independent entities to undertake activities that may or may not be consistent with all the requirements of Section 501(c)(3) of the Internal Revenue Code (the Code) governing certain tax-exempt entities.

Although grants are made within the affiliated group, the Organization does not enjoy the rights of ownership of the assets and revenues of these affiliates, nor is it subject to their liabilities. The Organization does not hold a majority ownership interest in its affiliates nor does the Organization have control of a majority of the board appointments of the affiliated group. Accordingly, the financial position, activities and change in net assets, and cash flows of these affiliates have not been consolidated with those of the Organization in the accompanying financial statements.

Note 1. The Organization (continued)

The Organization had a wholly owned subsidiary located in Hong Kong.

International Fund for Animal Welfare Limited (the Company), incorporated in Hong Kong on April 29, 2005, the Organization has not conducted any operations since the date of incorporation. The Company was established to provide a corporate structure during the representative office application process. On October 29, 2020, the Board resolved to close the Company as it was no longer needed for strategic purposes and would only add fiscal and administrative burdens. The Organization has completed the deregistration process for the Company.

Note 2. Significant Accounting Policies

Basis of presentation: The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). The accompanying financial statements are presented on the accrual basis and in accordance with the reporting principles of not-for-profit accounting. The financial statements are prepared in accordance with FASB Accounting Standards Codification (ASC) 958, *Financial Statements for Not-For-Profit Organizations.* This standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA).

UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This standard also requires disclosures about the Organization's endowment funds, whether or not the Organization is subject to UPMIFA.

The revenue, expenses, and net assets of the Organization are classified into two categories of net assets. Changes in each of these categories are reported in the statements of activities and changes in net assets. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

- **Net Assets Without Donor Restrictions** – represent the portion of net assets of the Organization that is neither restricted by donor-imposed stipulations or time restrictions. Net assets without donor restrictions include expendable funds available to support operations. Included in net assets are gifts without donor restrictions designated by the board of directors to provide-term support for Animal Rescue. These net assets also include unappropriated cumulative investment return on endowment, which are subject to prudent appropriation by the Board in accordance with donor use restrictions and provisions of Massachusetts General Law (MGL).

- **Net Assets With Donor Restrictions –** represent the portion of net assets whose use by the Organization is limited by donor-imposed stipulations that require that they be held in perpetuity or whose use may expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those donor stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions and are reported in the statement of activities and change in net assets as satisfaction of program and time restrictions.

Note 2. Significant Accounting Policies (continued)

Cash and cash equivalents: Cash equivalents are comprised of highly liquid investments with a maturity of less than three months at the time of purchase. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any such losses in such accounts. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal. The Organization maintains cash and cash equivalents, limited as to use as part of collateral for the secured note payable.

Investments at fair value: Investments are carried at fair value as determined by quoted market prices. Purchases and sales of investment securities are recorded on trade dates basis. Gain or loss on sale of securities is computed using specific identification of cost. Investment income and realized and unrealized gains or losses from investments are reflected in the statements of activities and change in net assets within investment return, net.

Net investment return from investments without donor restrictions is reported as revenue without donor restrictions. Net investment return from investments of net assets held in perpetuity are reported as increases (decreases) in net assets with donor restrictions. Net investment return from net assets held in perpetuity is classified as with donor restrictions remain in net assets with donor restrictions until appropriated by the Board and expended.

The Organization utilizes a pooled income fund basis of managing its investment portfolio.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities and changes in net assets.

As part of its financial management strategy, the Organization holds certain cash and investment assets, which it seeks to use to support its programs and operations and provide for long-term capital growth. The primary objective of the investment program is to ensure that sufficient funds are available to support the Organization's ongoing operational needs and to build capital to provide long-term financial stability and sustainability. In the case of planned giving assets, the objective is to provide funds to meet commitments to donors and maximize the long-term benefit to the Organization.

The Organization's Institutional Investment Policy Statement supports the goals and objectives of reserve funds as detailed in the Institutional Financial Reserves Policy. The worldwide affiliated IFAW entities are financially and operationally interdependent and the policy establishes discrete funds to support specific goals and objectives for IFAW at the global level. As such, individual IFAW entities may vary with respect to nature and quantities of reserves. Financial reserves have been established as Board designated follows:

- **Operating Reserve Fund** – intended to provide an internal source of funds for unseen situations
- **Capital Reserve Fund** – maintained (as needed) to provide financial resources in support of capital acquisitions
- **Strategic Reserve Fund** – intended to provide unrestricted financial resources to support the Organization's long range strategic objectives
- **Animal Rescue Fund –** Board designated funds to support long-term support for Animal Rescue initiatives
- **Donor Endowed Fund** – maintained to provide financial resources to the Organization in accordance with donor intentions

Note 2. Significant Accounting Policies (continued)

The objectives of the reserve funds are to provide the Organization and IFAW at the global level with investment income to support ongoing programs and operations as well as financial stability. Assets will be invested with due care, skill and diligence. The investment approach used will be that of a "prudent investor". IFAW maintains operating reserves sufficient to safeguard against unforeseen threats to annual operating budgets. The level of operating reserves may vary by entity. Strategic reserve appropriations provide funding to support annual budgeted expenditures, as well as potential funding source for strategically significant institutional opportunities.

At June 30, 2022 and 2021, the Organization maintained cash and equivalents and certificate of deposit totaling $9,317,874 and $10,534,119 respectively, which are designated for repayment of the Organization's term loan. See Note 9.

The Organization has interpreted MGL as requiring net investment return of net assets held in perpetuity to be retained in net assets with donor restrictions until appropriated by the Board and expended. The Organization's spending policy on donor restricted endowed funds follows the goals of the institutional financial reserves policy (approximately 4% of twelve-quarter average asset values). MGL allows the Board to appropriate as much of the investment return, net on endowment net assets with donor restrictions as is prudent. Annual appropriations are made, as needed, and are approved by the Board through the annual budgeting process. This includes underwater endowment, as the Organization's policy does not prohibit the spending from underwater endowment funds if it is necessary although it has been management's practice not to do so. The Board considers the following factors in making a decision to appropriate or accumulate endowment funds:

- The purposes of the Organization and the donor-restricted funds
- General economic conditions
- The expected total return from income and appreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

During the years ending June 30, 2022 and 2021 there was appropriation of $27,739 and $27,545, respectively, which are included as satisfactions of purpose restrictions and time restrictions on the statements of activities and changes in net assets.

Fair value measurement: In accordance with FASB ASC 820-10, *Fair Value Measurements*, the Organization categorizes the financial assets and liabilities carried at fair value in its statements of financial position based upon the standard's three-level valuation hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable valuation inputs (Level 3). If the inputs used to measure a financial asset or liability cross different levels of the hierarchy, categorization is based on the lowest level input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the overall fair value measurement of a financial asset or liability requires judgment, and considers factors specific to the asset or liability. The three levels are described below:

- **Level 1 -** Financial assets and liabilities whose values are based on unadjusted quoted prices for similar assets and liabilities in an active market. The Organization uses a market approach technique to value its financial instruments.

- **Level 2 -** Financial assets and liabilities whose values are based on quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Note 2. Significant Accounting Policies (continued)

- **Level 3 -** Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable in the market and significant to the overall fair value measurement. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the asset or liability, and are based on the best available information, some of which is internally developed.

The Organization's financial instruments consist mainly of cash and cash equivalents, certificates of deposits, marketable securities, real estate securities, bond funds, and an interest rate swap.

The Organization has various processes and controls in place to ensure that fair value is reasonably estimated. While the Organization 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 financial instruments could result in a different estimate of fair value at the reporting date. During the years ended June 30, 2022 and 2021, there were no changes to the Organization’s valuation techniques that had, or are expected to have, a material impact on its financial position or changes in net assets.

The following is a description of the valuation methodologies used for instruments measured at fair value:

***United States (US) government and agency securities, corporate stocks, and corporate bonds*:** The fair value of US government and agency securities, corporate stocks and corporate bonds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Derivative financial instruments: Derivatives are reported at fair valued according to their classification as over-the-counter (“OTC”). OTC derivatives consist of an interest rate swap. This derivative is fair valued using an option adjusted discounted cash flow model using third party services and are considered Level 2 under the fair value hierarchy. Observable market inputs include yield curves such as the LIBOR or SOFR swap curve.

Real Estate Securities: Real estate securities include publicly traded real estate mutual fund securities, which was valued based on quoted market prices.

Contributions receivable, net: Unconditional promises to give and contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give, that is those with a measurable performance barrier or other barrier or and a right of return, are not recognized until they become unconditional, that is, at the time when conditions on which they depend are substantially met. Conditional promises to give at June 30, 2022 and 2021 were $10,100,000 and $3,600,000, respectively. As of June 30, 2022 and 2021, the Organization had conditional advances totaling $544,707 and $514,105, respectively and is included in accrued expenses on the statements of financial position. The present value of estimated future cash flows is measured utilizing a rate of return commensurate with the risk involved ranging from 1.35% and 3.01% at June 30, 2022 and from 1.35% and 1.38% at June 30, 2021. As of June 30, 2022 and 2021, management has determined that no allowance for uncollectible promises to give is necessary.

Note 2. Significant Accounting Policies (continued)

Fixed assets, net: Fixed assets are recorded at cost and are depreciated using the straight-line method over the assets' estimated useful lives, ranging from three to forty years. Leasehold improvements and intangibles are amortized over the shorter of the useful life of the related asset or the reasonably assured lease term. Expenditures for maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Major additions and betterments are capitalized. The cost and accumulated depreciation on assets sold or retired are removed from the accounts and gains and losses are reflected in the statements of activities and changes in net assets.

Costs relating to internally developed software are accounted for in accordance with FASB ASC 350-40, *Internal-Use Software* incurred in the planning phase are expensed as incurred. Internal and external direct costs of material and services consumed in developing software and applications, and payroll and payroll-related costs for employees who are directly associated with and who devote time to application development projects are capitalized and are included in fixed assets in the statements of financial position. Costs incurred in the operating stage, including post implementation training, maintenance and other operating costs, are expensed as incurred.

Long-lived assets are evaluated for impairment in accordance with the accounting guidance of FASB ASC 360-10-55, *Impairment or Disposal of Long Lived Assets*, when certain triggering events occur. If the carrying amount of the long-lived asset (or asset group) exceeds its fair value and the carrying amount is not recoverable, an impairment loss is recognized. An impairment loss is measured as the amount by which the long lived asset (or asset group) exceeds its fair value. There were no impairment indicators identified during the years ended June 30, 2022 and 2021, respectively.

Charitable gift annuities payable: The Organization administers a charitable gift annuity program, under which donors make contributions in exchange for a promise to receive a fixed amount over a specified period of time, usually the life of the donor or beneficiary. During the term of the annuity agreement, the Organization acts as a custodian of these funds whereby the asset and the net present value of the related liability are reflected in the statements of financial position. After the term of the annuity agreement, the remaining asset belongs to the Organization. At June 30, 2022 and 2021, the charitable gift annuity investment accounts had a fair value of $835,249 and $644,275, respectively and are included in investments at fair value on the statements of financial position.

Revenues gains and other support: Revenues are considered available to use without restrictions unless specified by donor imposed restrictions or by law. Contributions, bequests and grants from affiliates, including unconditional promises to give, are recognized as revenues and receivables when donors' commitments are verifiably made. Conditional promises to give, that is those with a measurement performance barrier or other barrier and a right of return or release of funds, are recognized when the conditions are substantially met. Contribution intentions are not recognized. Amounts received with stipulations by donors for specific purposes are reported as revenue with donor restrictions that increases the net asset class. Expirations of donor restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets. Revenues with donor restrictions received in the same year in which the restrictions are met are reported as increases to revenue with donor restrictions and as net assets released from restrictions. Endowment net assets include the principal amount of revenue accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from the investment be expended for general purposes or a purpose specified by the donor.

Note 2. Significant Accounting Policies (continued)

Revenues related to federal grant awards are recorded under ASC 958-605, *Not-for-Profit Entities: Revenue Recognition* when the funds are utilized by the Organization to carry out the activity stipulated by the grant or contract. Such contracts can be terminated by the grantor, or refunding can be required under certain circumstances, and carry performance and/or limited discretion barriers. For this reason, the Organization's federal grant awards are considered conditional and are recognized once said conditions are met. The Organization has not elected a simultaneous release policy, thus, federal grant awards with restrictions are released from restriction when qualifying expenditures are incurred.

Contributed goods and services: The fair value of contributed goods and services, which meet the criteria of the provisions of FASB ASC 958-605, are recognized in the statements of activities and changes in net assets when provided by individuals or organizations whose skills would need to be purchased if not provided by donation. Contributed goods and services are valued at the estimated market value required to obtain such goods and services. The Organization did not monetize any contributed goods and services unless otherwise noted. Contributed goods and services did not have donor restrictions. Included in revenue and program expenses were contributed professional media placement and display services totaling $28,635,297 and $23,404,859 for the years ended June 30, 2022 and 2021, respectively.

Foreign currency transactions: Realized foreign exchange gains and losses are treated as other income or expense depending on their nature. Foreign exchange losses amounted to $102,975 and $98,588 for the years ended June 30, 2022 and 2021, respectively. These amounts are included in management and general expenditures on the statements of activities and changes in net assets.

Income taxes: The Organization has been determined by the Internal Revenue Service (IRS) to be exempt from Federal income tax under Section 501(c)(3) of the Code. There was no taxable unrelated business income for the fiscal years ended June 30, 2022 and June 30, 2021, respectively. For the period ended June 30, 2021 the Organization opened an online store selling IFAW branded merchandise, which generated unrelated business income but no profit was generated from this effort during the fiscal years ended June 30, 2022 and 2021, respectively.

Under FASB ASC 740, *Income Taxes*, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize the financial statement effects for unrecognized tax positions. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the years ended June 30, 2022 and 2021, there were no interest or penalties recorded or included in the statements of activities and changes in net assets. The Organization is subject to routine audits by a taxing authority. As of June 30, 2022 and 2021, the Organization was not subject to any examination by the taxing authority. Management believes that the Organization is no longer subject to United States income tax examinations for returns three years from the returns filed date.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of June 30, 2022 and 2021 and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from the estimates included in the financial statements.

Note 2. Significant Accounting Policies (continued)

Functional allocation of expenses: The costs of providing the Organization's services have been summarized on a functional basis. Accordingly, certain costs, have been allocated among programs and supporting services benefited utilizing allocation rates established by management using appropriate inputs based on expense type. Certain joint costs have been allocated to program, fundraising or management and general expenses based on estimates of time worked by employees and professionals on each activity, these expenses include salaries and related benefits, and information technology. Depreciation and amortization expenses are allocated based on actual usage or by reasonable basis by fixed asset. Additionally for public information costs, which are allocated based on content of packages mailed or advertisements displayed.

Advertising: The Organization expenses advertising costs as incurred, during the fiscal year ended June 30, 2022 and 2021 the organization expensed $2,244,844 and $1,002,024, respectively.

Liquidity: In order to provide information about liquidity, assets are sequenced according to their nearest of conversion to cash and liabilities according to the nearness of their estimated maturity.

Recent accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842)*: *Targeted Improvements*, which provides an optional transition method allowing the standard to be applied at the adoption date. In November 2021, the FASB issued ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*, which allows lessees that are not public business entities to make the ASC 842 risk-free discount rate accounting policy election by class of underlying asset, rather than at the entity-wide level.

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Organization expects to adopt the guidance retrospectively at the beginning of the period of adoption, July 1, 2022, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented.

The new standard provides a number of practical expedients. Upon adoption, the Organization expects to elect the transition package of practical expedients permitted within the new standard, which among other things, allows the carryforward of the historical lease classification.

The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements. The Organization currently expects the adoption of this standard to result in a material increase to the assets and liabilities on the statements of financial position, but it does not expect a material impact on the statements of activities or statements of cash flows. As a lessee, the Organization had $2,155,841 in total future minimum lease payments for operating leases as of June 30, 2022. Management is developing the methodologies and processes to estimate and account for the right-of-use assets and lease liabilities based on the present value of future lease payments and continues to validate the completeness of the lease population used in the calculations. The adoption of this guidance is not expected to result in a material change to lessee expense recognition. Management will continue to evaluate the impact of this guidance on its financial statements.

Note 2. Significant Accounting Policies (continued)

Recently adopted accounting pronouncements: In fiscal year 2022, the Organization adopted ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The ASU also requires enhanced disclosure, including disaggregation of nonfinancial assets recognized by category and qualitative information about each category. The adoption of this ASU did not have a significant impact on the financial statements, with the exception of increased disclosure. See note 15.

Subsequent Events: The Organization has evaluated subsequent events through the report date, the date in which the financial statements were available to be issued and has not identified any subsequent events requiring adjustments or disclosures in these financial statements.

Note 3. Related-Party Transactions

All amount due to and due from affiliate entities are presented in the statements of net position. This is the result of expenses paid by the Organization on behalf of the affiliate less reimbursement of expenses paid by the affiliate on behalf of the Organization.

The following amounts were due from affiliates resulting from reimbursement of expenses paid by the Organization on behalf of the affiliates:

	2022	2021
International Fund for Animal Welfare (Australia) Pty Ltd	$ 641,534	$ 76,026
Fonds international pour la protection des animaux (IFAW France)	497,437	-
International Fund for Animal Welfare (IFAW) (United Kingdom)	295,378	327,624
IFAW Internationaler Tierschutz-Fonds gGmbH (Germany)	251,153	343,836
Stichting IFAW (International Fund for Animal Welfare) (Netherlands)	80,813	183,412
International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc. (Canada)	80,608	82,007
International Fund for Animal Welfare NPC (South Africa)	4,963	240,001
International Fund for Animal Welfare (IFAW) Limited (Malawi)	-	3,993
	$ 1,851,886	$ 1,256,899

The following amounts were due to affiliates resulting from reimbursement of expenses paid by the affiliates on behalf of the Organization:

	2022	2021
Fonds international pour la protection des animaux (IFAW) (France Endowment Fund)	$ 10,466	$ -
International Fund for Animal Welfare Limited (Zambia)	5,553	-
International Fund for Animal Welfare (IFAW) Limited (Malawi)	4,856	-
Fonds international pour la protection des animaux (IFAW France)	-	1,944
	$ 20,875	$ 1,944

Note 3. Related-Party Transactions (continued)

The Organization received grants from its affiliates in the following amounts during the year ended June 30:

	2022			2021		
	Without donor restrictions	With donor restrictions	Total Total	Without donor restrictions	With donor restrictions	Total Total
International Fund for Animal Welfare (IFAW) (United Kingdom)	$ 5,300,000	$ 220,831	$ 5,520,831	$ 4,700,000	$ 176,539	$ 4,876,539
International Fund for Animal Welfare (Australia) Pty Ltd.	-	504,609	504,609	-	51,385	51,385
IFAW Internationaler Tierschutz-Fonds gGmbH (Germany)	-	88,400	88,400	1,250,000	45,035	1,295,035
Fonds international pour la protection des animaux (IFAW France)	-	68,440	68,440	-	33,806	33,806
Stichting IFAW (International Fund for Animal Welfare) (Netherlands)	-	66,920	66,920	300,000	45,471	345,471
International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc. (Canada)	-	25,331	25,331	-	4,434	4,434
	$ 5,300,000	$ 974,531	$ 6,274,531	$ 6,250,000	$ 356,670	$ 6,606,670

The Organization made grants to its affiliates, which are included in program expenses in the statements of activities and changes in net assets, in the following amounts during the year ended June 30:

	2022	2021
International Fund for Animal Welfare (IFAW) Limited (Malawi)	$ 653,558	$ 939,932
International Fund for Animal Welfare Limited (Zambia)	280,137	292,708
Stichting IFAW (International Fund for Animal Welfare) (Netherlands)	210,552	-
International Fund for Animal Welfare (Australia) Pty. Ltd.	119,016	100,928
IFAW Internationaler Tierschutz-Fonds gGmbH (Germany)	112,088	20,099
International Fund for Animal Welfare (United Kingdom)	112,026	82,899
International Fund for Animal Welfare (Zimbabwe) Trust	79,000	-
Fonds international pour la protection des animaux (IFAW France)	34,294	48,916
Fonds international pour la protection des animaux (IFAW) (France Endowment Fund)	10,466	
International Fund for Animal Welfare NPC (South Africa)	-	1,040
International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux Inc. (Canada)	-	1,937
	$ 1,611,137	$ 1,488,459

Note 3. Related-Party Transactions (continued)

The Organization acts as an agent and pays for certain expenses on behalf of its affiliated organizations. These expenses are reimbursable from the affiliated organizations and are not recorded in the statements of activities and changes in net assets. The following amounts were reimbursed by the affiliated organizations during the year ended June 30:

	2022	2021
Program	$ 8,878,092	$ 8,361,027
Fundraising	2,618,864	2,109,975
Management and general	3,074,576	2,858,279
	$ 14,571,532	$ 13,329,281

Included within reimbursed expenses is depreciation and amortization expense of $563,186 and $612,954 in fiscal years 2022 and 2021, respectively.

Note 4. Investments

Investments, at fair value, are comprised of the following at June 30:

	2022	2021
US Government and agency securities	$ 1,618,843	$ 3,032,406
Corporate common stocks	12,585,071	17,903,338
Corporate bonds	3,033,234	3,079,150
Mutual funds	1,311,638	1,361,870
Real estate securities	557,299	803,256
	$ 19,106,085	$ 26,180,020

The Organization owns a 1/6th interest in IFAW Internationaler Tierschutz-Fonds gGmbH (Germany), an affiliated organization at a cost of $1. The Organization also owns a 1/6th interest in International Fund for Animal Welfare (Australia) Pty Ltd, an affiliated organization at a cost of $1. The investments are reported at cost, as the Organization owns a minority interest and exercises no managerial or operational control over these entities.

Note 5. Fair Value Measurements

In accordance with ASC 820-10, the following table summarizes the fair value of financial and nonfinancial assets and liabilities measured on a recurring basis, by level, at June 30:

2022	Level 1	Level 2	Level 3	Cost	Total
Assets					
US government and agency securities	$ -	$ 1,618,843	$ -	$ -	$ 1,618,843
Corporate stocks	12,585,071	-	-	-	12,585,071
Corporate bonds	-	3,033,234	-	-	3,033,234
Mutual funds	1,311,638	-	-	-	1,311,638
Real estate securities	557,299	-	-	-	557,299
Total assets recorded at fair value	14,454,008	4,652,077	-	-	19,106,085
Cash and cash equivalents (a)	-	-	-	6,472,769	6,472,769
Cash and cash equivalents limited as to use (a)	-	-	-	1,317,874	1,317,874
Certificates of deposits limited as to use (a)	-	-	-	8,000,000	8,000,000
Total cash and investments	$ 14,454,008	$ 4,652,077	$ -	$ 15,790,643	$ 34,896,728
Liabilities					
Interest rate swap	$ -	$ 561,315	$ -	$ -	$ 561,315
Total liabilities recorded at fair value	$ -	$ 561,315	$ -	$ -	$ 561,315

2021	Level 1	Level 2	Level 3	Cost	Total
Assets					
US government and agency securities	$ -	$ 3,032,406	$ -	$ -	$ 3,032,406
Corporate stocks	17,903,338	-	-	-	17,903,338
Corporate bonds	-	3,079,150	-	-	3,079,150
Mutual funds	1,361,870	-	-	-	1,361,870
Real estate securities	803,256	-	-	-	803,256
Total assets recorded at fair value	20,068,464	6,111,556	-	-	26,180,020
Cash and cash equivalents (a)	-	-	-	5,733,008	5,733,008
Cash and cash equivalents limited as to use (a)	-	-	-	2,534,119	2,534,119
Certificates of deposits limited as to use (a)	-	-	-	8,000,000	8,000,000
Total cash and investments	$ 20,068,464	$ 6,111,556	$ -	$ 16,267,127	$ 42,447,147
Liabilities					
Interest rate swap	$ -	$ 1,340,985	$ -	$ -	$ 1,340,985
Total liabilities recorded at fair value	$ -	$ 1,340,985	$ -	$ -	$ 1,340,985

(a) These financial instruments have been included for reconciliation purposes and are not at fair value measurement

Note 6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets at June 30 are as follows:

	2022	2021
Accrued bequests	$ 2,647	$ 353,819
Grants receivable	961,782	1,103,288
Employee Retention Credit (Noted 14)	1,935,104	-
Prepaid expenses	1,684,217	1,309,776
Other current assets	417,726	95,485
	$ 5,001,476	$ 2,862,368

Note 7. Contributions Receivable, Net

Unconditional promises to give and contributions at June 30 are expected to be collected as follows:

	2022	2021
In one year or less	$ 1,515,746	$ 581,374
Between one year and five years	1,432,000	294,000
	2,947,746	875,374
Less: Discount to present value	(64,895)	(13,210)
Contributions receivable, net	$ 2,882,851	$ 862,164

As of June 30, 2022 and 2021, two donors accounted for 80% and three donors accounted for 68% of the contribution receivable, net balance, respectively.

Note 8. Fixed Assets, Net

The following is a summary of fixed assets, net at June 30:

	Depreciable lives	2022	2021
Land and improvements	Not applicable	$ 2,807,006	$ 2,807,006
Buildings and improvements	3 - 40 years	17,291,159	17,220,577
Equipment:			
Computer	3 - 5 years	9,071,883	8,936,027
Furniture and fixtures	3 - 5 years	1,457,316	1,384,355
Vehicles, watercraft	5 years	2,147,690	1,971,918
Intangible asset	15 years	6,512	6,512
Construction in progress	Not applicable	43,867	50,199
		32,825,433	32,376,594
Less: Accumulated depreciation and amortization		(17,977,348)	(17,042,888)
		$ 14,848,085	$ 15,333,706

Depreciation expense was $493,096 and $479,138 for the years ended June 30, 2022 and 2021, respectively.

Note 9. Notes Payable

The Organization has a loan through Bank of America (BoA) for a term of 7 years. During June 2020 the loan was modified and extended 6 years to June 2026 at an interest rate of LIBOR + .90 percentage with a 2.5% floor. The interest rate at June 30, 2022 and 2021 was 3.16%, respectively. The Organization maintains certificate of deposits and cash equivalents pledged as collateral for the loan totaling $9,317,874 and $10,534,119 at June 30, 2022 and 2021, respectively. Total outstanding liabilities were $8,729,166 and $9,164,166 at June 30, 2022 and 2021, respectively.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law and is meant to address the economic fallout from the COVID-19 pandemic. In connection with the CARES Act, the Organization received a Small Business Administration (SBA) Paycheck Protection Plan (PPP) loan through BoA for $3,066,543 in May 2020. The Organization determined they qualified for the PPP loan because the Organization has less than 500 employees. The loan was unsecured, bore interest at a fixed 1%, and were deferred until October 2021. Prior to commencement of or repayment the Organization submitted a loan forgiveness application in early July 2021, which was granted by the SBA on July 21, 2021 for the entire amount of $3,066,543 which includes any accrued interest up until that date which amounted to $37,219. The Organization has elected to account for the loan as debt and subsequently recorded the forgiveness of debt during the year ended June 30, 2022.

As part of the provisions of the PPP program all loans issued over two million dollars are subject to an audit but at this time, no intention by the SBA or federal government to perform such audit has been communicated to the Organization.

Note 9. Notes Payable (continued)

Future principal repayments are scheduled as follows:

2023	$	452,500
2024		467,500
2025		485,000
2026		7,324,166
Total principal payments	$	8,729,166

The BoA loan contains certain covenants stipulating that the Organization maintain an unrestricted net surplus of not less than $1 or no less than 100 days' cash on hand, which includes investments.

The Organization maintains a 20-year interest rate swap agreement with BoA, which expires in October 2026 which is shown on the statements of financial position. The terms of the interest rate swap agreement stipulate that the Organization will pay BoA interest based on a notional balance consistent with outstanding loan proceeds at a fixed rate of 3.75% in exchange for the Organization receiving interest based upon a weekly floating rate of 70% of USD-LIBOR-BBA, which is aligned with the weekly BMA index. Though the Organization entered into the interest rate swap in order to hedge interest rate risk, the transaction does not qualify for hedge accounting treatment, and as such, fluctuations in the fair value of the interest rate swap have been recorded within the statements of activities and changes in net assets. The liability balance at June 30, 2022 and 2021 was $561,315 and $1,340,985 respectively.

Note 10. Retirement Plans

The Organization maintains a defined contribution 401(k) plan (the "Plan") that covers substantially all employees. Under the provisions of the Plan, the Organization makes mandatory contributions totaling 3% of eligible employees' salaries, as well as matching contributions up to a maximum of 3% of eligible employees' salaries. All amounts contributed to the Plan are held in a trust that is administered by an independent trustee. Contributions totaled $986,651 and $952,054 in fiscal years 2022 and 2021, respectively.

In addition, the Organization has a 457(b) deferred compensation plan for key individuals which was established during the year ended June 30, 2005. The plan is to be funded by the Organization annually. The assets relating to the plan are included in investments at fair value while the related liability is included in accrued expenses on the accompanying statements of financial position. The plan has cumulative unrealized losses of $83,708 and unrealized gains $82,304 as of June 30, 2022 and 2021, respectively. The plan's assets and the Organization's related liability is $628,811 and $728,948 as of June 30, 2022 and 2021, respectively.

Note 11. Net Assets

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

	2022	2021
Subject to appropriation and expenditure when a specific event occurs or subject to the passage of time		
Landscape Conservation	$ 1,718,353	$ 1,219,199
Wildlife Rescue	1,368,425	86,261
Wildlife Crime	-	73,511
Marine Conservation	192,630	202,749
International Policy	50,000	61,334
Marine Mammal Rescue and Research	27,030	104,000
Disaster Response and Risk Reduction	2,867,834	539,246
	6,224,272	2,286,300
Subject to the Organization spending policy and appropriation:		
Investments in perpetuity (including original gifts totaling $615,110 and $615,085 as of June 30, 2021 and 2020) and the net investment return from which is expendable to support:		
Seals and whales	450,407	539,700
Animal Rescue	410,919	441,898
	861,326	981,598
	$ 7,085,598	$ 3,267,898

The Organization has Board Designated Reserves as of June 30:

	2022	2021
Strategic reserves	$ 15,388,718	$ 24,500,835
Capital reserves	11,325,104	11,325,104
Animal Rescue	1,804,889	-
	$ 28,518,711	$ 35,825,939

Note 12. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the year ended June 30:

	2022	2021
Purpose-imposed restriction:		
Landscape Conservation	$ 3,178,981	$ 1,604,718
Wildlife Rescue	591,085	173,045
Wildlife Crime	1,997,602	1,810,202
Marine Conservation	440,475	319,685
Disaster Response and Risk Reduction	1,877,230	303,656
International Policy	346,227	803,177
Marine Mammal Rescue and Research	724,353	359,453
	9,155,953	5,373,936
Endowment appropriation	27,739	27,545
	$ 9,183,692	$ 5,401,481

Note 13. Endowment Net Assets

The Organization's endowment consists of approximately 50 individual donor-restricted endowment funds for a variety of purposes. The net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The following is a summary of endowment net asset composition by type of fund at June 30, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022:			
Donor Restricted Endowment Funds	$ -	$ 861,326	$ 861,326
Board-Designated Endowment Funds	1,804,889	-	1,804,889
Total Funds	$ 1,804,889	$ 861,326	$ 2,666,215
June 30, 2021:			
Donor Restricted Endowment Funds	$ -	$ 981,598	$ 981,598
Total Funds	$ -	$ 981,598	$ 981,598

Note 13. Endowment Net Assets (continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, at June 30, 2020	$ -	$ 784,612	$ 784,612
Investment return, net	-	224,506	224,506
Contributions	-	25	25
Appropriation of endowment assets for expenditure	-	(27,545)	(27,545)
Net assets, at June 30, 2021	$ -	$ 981,598	$ 981,598
Investment return, net	(195,111)	(92,558)	(287,669)
Contributions	2,000,000	25	2,000,025
Appropriation of endowment assets for expenditure	-	(27,739)	(27,739)
Net assets, at June 30, 2022	$ 1,804,889	$ 861,326	$ 2,666,215

At June 30, 2022 and 2021 there were no underwater funds.

Note 14. Contributions and Grants

Employee Retention Credit
During the fiscal year ended June 30, 2022 the Organization made claims for refundable credits under Employee Retention Credit (ERC) program of $1,935,104 as provided under the CARES Act and subsequently amended by the Consolidated Appropriations Act, 2021. Under the terms of the program the Organization must incur qualifying wages or health insurance costs and have either suspended operations under governmental orders or experiences specified declines in gross receipts as defined for tax exempt organizations by Code S. 6033 regulations. If conditions are not met, any amount of credit received is refundable to the government and the Organization may be subject to fines and penalties

The Organization determined prior to June 30, 2022 that it qualified for the ERC and has accounted for the credit as contributions and grants within the statement of activities and changes in net assets and corresponding amount within prepaid expense and other current assets on the statement of financial position as of June 30, 2022. The credit is expected to be received during the fiscal year ending June 30, 2023.

Note 15. Contributed Goods and Services

Public Awareness
During the years ended June 30, 2022 and 2021, the Organization received free advertising through billboards which a generally located in China at airports, subway stations, along with public community locations. Within the United States the Organization receives television commercials that can be nationally broadcast. Both the billboards and commercials are solely utilized for education and awareness to support the Organization's program priorities. The Organization's policy is to only accept in-kind donated media and reviews the relationships accordingly for restrictions. The valuation of the media placement and display services is provided by the service provider who estimates the fair value based on the similar services provided at similar dates, times, and markets for this media. Included in revenue and program expenses were contributed professional media placement and display services totaling $28,635,297 and $23,404,859 for the years ended June 30, 2022 and 2021, respectively.

Note 16. Functional Allocation of Expenses

During the fiscal year ended June 30, 2022, the Organization incurred joint costs of $6,679,659 for printing and publications and activities and communications that included fundraising expense appeals. Of these costs, $578,962 was allocated to management and general expense, $1,175,080 was allocated to fundraising expense and $4,925,617 was allocated to program expense.

During the fiscal year ended June 30, 2021, the Organization incurred joint costs of $6,400,006 for printing and publications and activities and communications that included fundraising expense appeals. Of these costs, $583,725 was allocated to management and general expense, $920,020 was allocated to fundraising expense and $4,896,261 was allocated to program expense.

Note 16. Functional Allocation of Expenses (continued)

The following tables below illustrate expenses by priority program area and functional basis for the year ended June 30:

Expenditures by Priority Campaigns and Projects	2022
Wildlife Crime	$ 27,082,614
Wildlife Rescue	6,367,982
Landscape Conservation	12,294,506
Marine Conservation	2,082,710
Dissater Response and Risk Reduction	5,860,126
Marine Mammal Rescue and Research	1,994,277
International Policy	1,688,354
Total	$ 57,370,569

Mission Costs by Activity	Program	Fundraising	Management and General	Total
Campaigns and projects:				
Contracting and granting	$ 11,123,244	$ -	$ -	$ 11,123,244
Direct staffing	4,922,101	-	59,101	4,981,202
Donated services	15,651,506	-	-	15,651,506
Support staffing	917,897	-	100,274	1,018,171
Support costs	1,605,853	-	136,489	1,742,342
Total	$ 34,220,601	$ -	$ 295,864	$ 34,516,465
Multimedia outreach and influence:				
Production and placement	$ 520,868	$ -	$ -	$ 520,868
Digital marketing and fundraising	2,294,745	205,890	25,447	2,526,082
Direct staffing	1,194,408	97,045	487	1,291,940
Donated services	12,967,112	-	-	12,967,112
Support staffing	229,399	13,381	44,001	286,781
Support costs	357,928	14,517	59,702	432,147
Total	$ 17,564,460	$ 330,833	$ 129,637	$ 18,024,930
Supporter awareness and advocacy:				
Outreach, production and distribution	$ 3,818,656	$ 4,902,877	$ 582,840	$ 9,304,373
Direct staffing	835,599	2,108,025	101,293	3,044,917
Donated services	-	16,678	-	16,678
Support staffing	266,253	309,675	1,160,736	1,736,664
Support costs	665,000	621,031	1,613,366	2,899,397
Total	$ 5,585,508	$ 7,958,286	$ 3,458,235	$ 17,002,029
Total mission costs	$ 57,370,569	$ 8,289,119	$ 3,883,736	$ 69,543,424

Note 16. Functional Allocation of Expenses (continued)

Expenditures by Priority Campaigns and Projects	**2021**
Wildlife Crime	$ 30,439,800
Wildlife Rescue	3,271,466
Landscape Conservation	6,414,652
Marine Conservation	2,563,033
Dissater Response and Risk Reduction	1,701,732
Marine Mammal Rescue and Research	1,019,254
International Policy	774,954
Total	$ 46,184,891

Mission Costs by Activity			Management	
Campaigns and projects:	Program	Fundraising	and General	Total
Contracting and granting	$ 7,224,970	$ -	$ -	$ 7,224,970
Direct staffing	4,245,086	-	61,703	4,306,789
Donated services	23,404,339	-	-	23,404,339
Support staffing	834,863	-	95,394	930,257
Support costs	1,274,122	-	110,944	1,385,066
Total	$ 36,983,380	$ -	$ 268,041	$ 37,251,421
Multimedia outreach and influence:				
Production and placement	$ 297,109	$ -	$ -	$ 297,109
Digital marketing and fundraising	1,683,606	153,918	23,637	1,861,161
Direct staffing	1,157,489	29,778	4,573	1,191,840
Donated services	-	-	-	-
Support staffing	228,418	9,790	43,613	281,821
Support costs	314,854	9,616	50,519	374,989
Total	$ 3,681,476	$ 203,102	$ 122,342	$ 4,006,920
Supporter awareness and advocacy:				
Outreach, production and distribution	$ 3,922,173	$ 3,404,205	$ 591,601	$ 7,917,979
Direct staffing	717,664	1,919,329	103,519	2,740,512
Donated services	-	520	-	520
Support staffing	337,717	283,704	1,074,671	1,696,092
Support costs	542,481	433,305	1,258,248	2,234,034
Total	$ 5,520,035	$ 6,041,063	$ 3,028,039	$ 14,589,137
Total mission costs	$ 46,184,891	$ 6,244,165	$ 3,418,422	$ 55,847,478

Note 17. Commitments and Contingencies

The Organization leases certain facilities under operating leases, which expire at various dates through 2025. The Organization is responsible for public liability insurance and property damage insurance with respect to the leased premises.

The future minimum rental payments required under operating leases are as follows:

2023	$ 994,245
2024	928,107
2025	233,489
Minimum lease payments	$ 2,155,841

Rental expense associated with non-cancelable operating leases amounted to $872,948 and $980,921 for the years ended June 30, 2022 and 2021, respectively. Certain leases also contain clauses for escalation in scheduled rent increases. Rent expense is provided on a straight line basis over the term of the related lease.

Note 18. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures, such as operating expenses and schedule principal payments on debt, over a twelve-month period, the Organization considers all expenditures related to its ongoing activities. At June 30, the financial assets and liquidity resources available within one year for general expenditure comprise the following:

	2022	2021
Financial Assets at year end		
Cash and cash equivalents	$ 6,472,769	$ 5,733,008
Cash and cash equivalents limited as to use	1,317,874	2,534,119
Due from affiliates (net)	1,851,886	1,256,899
Investments at fair value	19,106,085	26,180,020
Other current assets	3,317,259	1,552,592
Contribution receivable, net	2,882,851	862,164
Certifcate of deposit limited as to use	8,000,000	8,000,000
Investments in affiliate at cost	2	2
Total financial assets	42,948,726	46,118,804
Less amounts not available to be used within one year		
Net assets subject to spending policy and appropriation	(861,326)	(981,598)
Cash and cash equivalents limited as to use	(1,317,874)	(2,534,119)
Certifcate of deposit limited as to use	(8,000,000)	(8,000,000)
Charitable gift annuity investments	(835,249)	(644,275)
Deferred compensation investments	(628,811)	(728,948)
Board designated institutional reserves and quasi endowment	(19,200,837)	(25,291,819)
	(30,844,097)	(38,180,759)
Add amounts available to be used within one year		
Estimated withdrawal of assets limited as to use for debt service	452,500	435,000
Endowment and board designated institutional reserve appropriation within a year	4,977,000	4,522,000
	5,429,500	4,957,000
Financial assets available to meet general expenditures within one year	$ 17,534,129	$ 12,895,045

Note 18. Availability and Liquidity (continued)

The Organization reviews it cash position on a regular basis to ensure that adequate funds are on hand to meet expense. If funds are needed for expenses, management has the ability to request certain amounts be undesignated by the Board from the institutional reserves. At June 30, 2022 and 2021, management believes the Organization has no liquidity issues.

Note 19. Risk and Uncertainties

The Organization participates in a number of federal programs that are subject to financial and compliance audits. Management believes its programs have been conducted in accordance with the terms of the agreements and, thus, does not expect any significant impact if such programs are further audited by funders.