



World Wildlife Fund, Inc.

Statement of Receipts, Expenditures,
and Fund Balance for the
Global Environment Facility Fund Projects
Year Ended June 30, 2019

World Wildlife Fund, Inc.

**Statement of Receipts, Expenditures, and Fund Balance and
Independent Auditor's Report on the
Global Environment Facility Fund Projects
Year Ended June 30, 2019**

**World Wildlife Fund, Inc.
Global Environment Facility Fund Projects**

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Independent Auditor's Report

Board of Directors
World Wildlife Fund, Inc.
Washington D.C.

We have audited the accompanying Statement of Receipts, Expenditures, and Fund Balance (the financial statement) of World Wildlife Fund, Inc. for the Global Environment Facility Fund Projects (WWF-GEF Portfolio) for the year ended June 30, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the receipts, expenditures, and fund balance of the WWF-GEF Portfolio maintained by World Wildlife Fund, Inc. as of June 30, 2019 in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

As discussed in Note 2, the accompanying financial statement was prepared by management using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statement was prepared to provide information to the Global Environment Facility. As a result, the accompanying financial statement may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of the World Wildlife Fund, Inc. and the Global Environment Facility and is not intended to be and should not be used by anyone other than these specified parties.

BDO USA LLP

February 29, 2020

Financial Statement

**World Wildlife Fund, Inc.
Global Environment Facility Projects**

Statements of Receipts, Expenditures, and Fund Balance

<i>Year Ended June 30,</i>	2019
Receipts	
Project receipts	\$ 2,608,615
Interest income	11,352
Total receipts	2,619,967
Expenditures	
Program grants	507,485
WWF support costs	392,178
Workshops and conferences	3,090
Professional fees	309,012
Travel	51,708
Others	630
Total expenditures	1,264,103
Excess of receipts over expenditures	1,355,864
(Deficit) fund balance, beginning of period	(2,474,310)
(Deficit) fund balance, end of period	\$ (1,118,446)

See accompanying notes to financial statement.

World Wildlife Fund, Inc. Global Environment Facility Projects

Notes to Financial Statement

1. Description of the Project

At the first United Nations Earth Summit in Rio in 1992, World Wildlife Fund, Inc. (“WWF”), an entity based in the United States (U.S.) was an active participant in the international negotiations to establish the Global Environment Facility Trust Fund (“GEF”), a partnership of international cooperation where 183 countries work with international institutions, civil society organizations and the private sector to address global environmental issues. WWF has since been a ceaseless supporter of its policies and operations, participating in the design or execution of more than 100 GEF programs and projects. A new milestone in this partnership was reached when the GEF Council welcomed WWF as an accredited “GEF Project Agency” on October 2, 2013.

As an accredited GEF Project Agency, WWF receives funding for projects approved by the GEF Council or Secretariat from the GEF Trustee (the World Bank). Collectively, the funding received by WWF for all GEF-funded projects is maintained (WWF-GEF Portfolio) in a separate bank account by WWF.

As a leading international conservation organization, WWF has significant expertise in coordinating action for environmental management. Strong, active relationships with national and local governments, combined with deep roots in the civil society of the places where WWF works, give WWF the knowledge necessary to tailor projects to countries’ specific needs.

WWF provides strategic guidance and technical and financial support to the development of new GEF proposals as well as oversight of a selection of current GEF projects.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statement is presented on the modified cash basis of accounting. Under the modified cash basis, receipts are recognized when cash is received rather than when earned, and expenses are recognized when incurred. The basis of presentation is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

(Deficit) Fund Balance

(Deficit) fund balance represents the excess of accumulated fund expenditures over accumulated revenues collected to date. As of June 30, 2019, the WWF-GEF Portfolio reported a deficit of \$1,118,446, mainly arising from pledges made to other organizations in previous years to carry out the objectives of the project. Management believes that it is able to collect the funds from the GEF Council or Secretariat from the GEF Trustee, when needed.

Revenue Recognition

Funds received from GEF are recognized as revenue upon receipt. GEF funds are held in one interest-bearing checking account. Monthly interest is recognized as revenue of the project when credited to the account.

World Wildlife Fund, Inc.

Global Environment Facility Projects

Notes to Financial Statement

Expenditures Recognition

Expenditures are recognized during the period in which they are incurred. Expenditures paid in advance and not yet incurred are deferred to the applicable projects' period and are not included within the financial statement. During the year ended June 30, 2019, WWF management adopted a new accounting policy whereby grants made to subawardees are considered to be conditional and the expenditures for such subgrants are not recorded until incurred by the subgrantee and reported to WWF. Prior to the adoption of this new accounting policy, subgrants were recorded as expenditures when those subgrants were made to the subawardee.

Funds expended on program grants for the year ended June 30, 2019 include \$309,579 awarded to Central American Commission on Environment and Development (Integrated Transboundary Ridges-to-Reef Management of the Mesoamerican Reef), \$34,734 awarded to ISEAL Alliance (Generating Responsible Demand for Reduced-Deforestation Commodities), \$86,867 awarded to WWF Danube-Carpathian Programme Office (Danube River Basin Hydromorphology and River Restoration), \$20,000 awarded to WWF Madagascar (Expanding and Consolidating Madagascar's Marine Protected Areas Network), \$8,022 awarded to ISEAL Alliance (Adaptive Management and Learning for the Commodities Integrated Approach Pilot (IAP)), \$44,781 awarded to Stichting IDH the Sustainable Trade Initiative (Land Degradation Neutrality Fund Technical Assistance Facility), and various travel grants totaling \$3,502. Any gains or losses due to foreign currency translation of the awards to the subgrantees are absorbed by the subgrantee.

Project receipts

Project receipts, by program, for the year ended June 30, 2019 is as follows:

	2019
Support to Reduce Deforestation Commodity Production	\$ 1,000,000
ETPS Mangroves	572,491
Integrated Transboundary Ridges-to-Reef Management of the Mesoamerican Reef	800,000
Adaptive Management and Learning for the Commodities IAP	236,124
Total project receipts	\$ 2,608,615

Administrative Costs

WWF receives agency fees in accordance with the policies and procedures of GEF to cover WWF's costs in respect of services performed by WWF in connection with administration of the WWF-GEF Portfolio and any related audit fees. As required, WWF established the WWF-GEF Portfolio to maintain funds, other than agency fees, transferred to WWF for the use in GEF projects. As such, agency fees are not reported in the financial statement of the WWF-GEF Portfolio. Agency fees of \$323,075 were received by WWF during the year ended June 30, 2019.

3. Supplemental Projects' Financial Information

The following table provides information regarding the WWF-GEF Portfolio's balances in cash, amounts paid in advance, and project expenditures recorded but not yet paid to reconcile to the deficit fund balance as of June 30, 2019.

World Wildlife Fund, Inc.
Global Environment Facility Projects

Notes to Financial Statement

	2019
Project cash	\$ 1,555,999
Cash paid in advance	466,102
Accounts payable	(3,140,547)
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(Deficit) fund balance, end of period	\$ (1,118,446)

Project Cash

Cash is presented at estimated fair value. The WWF-GEF Portfolio maintains cash balances with U.S. federally insured institutions as well as in accounts located outside the U.S. Accounts at federally insured institutions are insured by the Federal Deposit Insurance Corporation, a U.S. quasi-governmental agency, up to \$250,000 per bank at June 30, 2019. At June 30, 2019, the WWF-GEF Portfolio held \$1,305,999 in uninsured funds. WWF-GEF Portfolio has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash. All funds from the WWF-GEF Portfolio are received by WWF in U.S. Dollars.

Accounts Payable

Accounts payable represent known liabilities to the WWF-GEF Portfolio that have yet to be paid. Accounts payable primarily includes grants made to other organizations that were recorded when WWF-GEF Portfolio made a legally enforceable pledge to the organization prior to the change in accounting policy disclosed in Note 2. For grants that are for a period of more than one year, the future years' portion is considered conditional based on specific criteria, such as management review and approval against certain milestones and the receipt of future funding by WWF. The total outstanding payment obligations on subawards made as of June 30, 2019 is \$4,706,257. These payment obligations are dependent upon performance by the recipient of the subaward.

4. Subsequent Events

Management has evaluated subsequent events through February 29, 2020, which is the date this financial statement were available to be issued. In August 2019, the program planning grant for the project titled "Manas Integrated River Basin Management Project" was cancelled. As a result, WWF must return \$198,000 through a reduction in WWF's next funding request from the GEF. Other than this event, there were no other events noted that required adjustment to or disclosure in this financial statement.