



## World Wildlife Fund, Inc.

Financial Statements and  
Independent Auditor's Report on the  
World Wildlife Fund Trust Fund for  
Global Environment Facility Fund Projects  
Years Ended June 30, 2017 and 2016

**World Wildlife Fund, Inc.**

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World Wildlife Fund Trust Fund for  
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## Independent Auditor's Report

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

We have audited the accompanying financial statements for the World Wildlife Fund Trust Fund for Global Environment Facility Fund Projects (WWF-GEF Fund) maintained and administered by World Wildlife Fund, Inc. (WWF) which comprise the statements of assets, liabilities, and fund balance - modified cash basis as of June 30, 2017 and 2016 and the related statements of income and expenditures - modified cash basis for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements 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 statements 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 statements 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 statements based on our audits. We conducted our audits 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WWF-GEF Fund maintained by World Wildlife Fund, Inc. as of June 30, 2017 and 2016 and the changes in its fund balance for the years then ended 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 statements were 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 statements were prepared to provide information to the Global Environment Facility. As a result, the accompanying financial statements 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 Trust Fund and is not intended to be and should not be used by anyone other than these specified parties.

*BDO USA, LLP*

December 13, 2017

## Financial Statements

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**World Wildlife Fund Trust Fund for  
Global Environment Facility Fund Projects**

**Statements of Assets, Liabilities, and Fund Balance - Modified Cash Basis**

<i>As of June 30,</i>	2017	2016
<b>Assets</b>		
Cash	\$ 1,466,751	\$ 380,207
Prepayments and advances	2,704	4,371
<b>Total assets</b>	<b>\$ 1,469,455</b>	<b>\$ 384,578</b>
<b>Liabilities</b>		
Accounts payable	\$ 7,012,540	\$ 174,670
<b>Total liabilities</b>	<b>7,012,540</b>	<b>174,670</b>
<b>(Deficit) fund balance</b>	<b>(5,543,085)</b>	<b>209,908</b>
<b>Total liabilities and (deficit) fund balance</b>	<b>\$ 1,469,455</b>	<b>\$ 384,578</b>

*See accompanying notes to financial statements.*

**World Wildlife Fund Trust Fund for  
Global Environment Facility Fund Projects**

**Statements of Income and Expenditures - Modified Cash Basis**

<i>Years Ended June 30,</i>	2017	2016
<b>Income</b>		
Project income	\$ 2,186,052	\$ 1,235,133
Interest income	1,425	651
<b>Total income</b>	<b>2,187,477</b>	<b>1,235,784</b>
<b>Expenditures</b>		
Program grants	7,526,301	325,725
WWF support costs	191,627	246,748
Workshops and conferences	50,135	52,956
Professional fees	99,890	82,776
Travel	42,461	41,767
Equipment and software	1,756	2,963
Others	28,300	12,356
<b>Total expenditures</b>	<b>7,940,470</b>	<b>765,291</b>
Excess of (expenditures over income) income over expenditures	(5,752,993)	470,493
<b>Fund balance (deficit), beginning of period</b>	<b>209,908</b>	<b>(260,585)</b>
<b>(Deficit) fund balance, end of period</b>	<b>\$ (5,543,085)</b>	<b>\$ 209,908</b>

*See accompanying notes to financial statements.*

# World Wildlife Fund Trust Fund for Global Environment Facility Fund Projects

## Notes to Financial Statements

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### 1. Description of the Project

At the first United Nations Earth Summit in Rio in 1992, World Wildlife Fund, Inc. (“WWF”) was an active participant in the international negotiations to establish the Global Environment Facility (“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 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 is maintained under the World Wildlife Trust Fund for Global Environment Facility Fund Projects (“WWF-GEF Fund”).

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 statements are 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 expenditures 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.

#### *Cash*

Cash is presented at fair value. The WWF-GEF Fund maintains cash balances with federally insured institutions as well as in accounts located outside the United States. Accounts at federally insured institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank at June 30, 2017 and 2016. At June 30, 2017, the WWF-GEF Fund held \$1,450,818 in uninsured funds. The WWF-GEF Fund 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 Fund are received by WWF in U.S. Dollars.

# World Wildlife Fund Trust Fund for Global Environment Facility Fund Projects

## Notes to Financial Statements

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### *Accounts Payable*

Accounts payable are recognized during the period in which they are incurred. Accounts payable primarily includes grants made to other organizations and are accrued when WWF-GEF Fund makes a legally enforceable pledge to the organization. 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 conditional portions of multi-year grants for the years ended June 30, 2017 and 2016, are \$34,266 and \$0, respectively, and are not recorded as accounts payable in the financial statements.

### *(Deficit) Fund Balance*

(Deficit) fund balance represents the excess of accumulated fund expenditures over accumulated revenues collected to date. As of June 30, 2017, the WWF-GEF Fund reported a deficit of \$5,543,085 mainly arising from pledges made to other organizations 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 when received. GEF funds are held in one interest-bearing checking account. Monthly interest is recognized as revenue of the project.

### *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 period, and recorded within prepayments on the statement of assets, liabilities and fund balance.

# World Wildlife Fund Trust Fund for Global Environment Facility Fund Projects

## Notes to Financial Statements

### *Program Grants*

Project income, by program, for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Support to Reduced Deforestation Commodity Production	\$ 1,249,270	\$ -
ETPS Mangroves	475,202	-
Adaptive Management and Learning for the Commodities IAP	206,662	-
Madagascar MPAs	137,615	-
Sustainable Land Management in the Churia Range, Nepal	117,303	526,417
Eco-system Approach to Fisheries Management (EAFM) in Eastern Indonesia	-	275,230
Support to Reduced Deforestation Commodity Production PPG	-	250,000
Securing the Future of Peru's Protected Areas	-	183,486
<b>Total project receipts</b>	<b>\$ 2,186,052</b>	<b>\$ 1,235,133</b>

Expenditures recorded for program grants for the year ended June 30, 2017 include \$1,880,810 awarded to Conservation International (ETPS Mangroves), \$413,325 awarded to ISEAL Alliance (Adaptive Management and Learning for the Commodities IAP), \$1,350,000 awarded to The Stockholm Environment Institute, \$1,351,000 awarded to The Proforest Initiative, \$326,000 awarded to WWF-Brazil, \$1,123,557 awarded to WWF-Indonesia, \$1,049,109 awarded to WWF-Singapore, and \$30,689 awarded to WWF-Pakistan (Support to Reduced Deforestation Commodity Production), and \$1,811 to WWF Nepal. WWF Nepal in turn assigned the award to other subgrantees.

Expenditures recorded for program grants for the year ended June 30, 2016 include \$239,725 awarded to Conservation International and WWF-Indonesia (Eco-system Approach to Fisheries Management (EAFM) in Eastern Indonesia) and \$86,000 to WWF Nepal. WWF Nepal in turn assigned the award to other subgrantees.

Any gains or losses due to foreign currency translation of the awards to the subgrantees are absorbed by the subgrantee.

### *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 Fund and any related audit fees. As required, WWF established the WWF-GEF Fund 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 statements of the WWF-GEF Fund. Agency fees of \$1,516,683 and \$67,617 were received by WWF during the years ended June 30, 2017 and 2016, respectively.

# World Wildlife Fund Trust Fund for Global Environment Facility Fund Projects

## Notes to Financial Statements

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### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### **3. Subsequent Events**

Management has evaluated subsequent events through December 13, 2017, which is the date these financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in these financial statements.