



CONSERVATION COUNCIL OF NATIONS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2023

(With Summarized Financial Information for the Year Ended December 31, 2022)

CONSERVATION COUNCIL OF NATIONS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Conservation Council of Nations
Washington, DC

Opinion

We have audited the accompanying financial statements of the Conservation Council of Nations (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conservation Council of Nations as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Conservation Council of Nations (the Organization) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

Report on Summarized Comparative Information

The financial statements of the Organization as of and for the year ended December 31, 2022 were audited by other auditors, who expressed an unqualified opinion on those financial statements in their report dated September 26, 2023. The summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
August 5, 2024

CONSERVATION COUNCIL OF NATIONS

Statements of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 53,025	\$ 298,638
Grants and contributions receivable	1,253,533	1,133,247
Prepaid expenses and other assets	105,310	13,325
Total assets	<u>\$ 1,411,868</u>	<u>\$ 1,445,210</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 133,676	\$ 233,812
Due to International Conservation Caucus	1,014,744	367,804
Refundable advances	534,494	755,576
Total liabilities	<u>1,682,914</u>	<u>1,357,192</u>
Net Assets		
Without donor restrictions (deficit)	(652,770)	50,069
With donor restrictions	381,724	37,949
Total net assets (deficit)	<u>(271,046)</u>	<u>88,018</u>
Total liabilities and net assets	<u>\$ 1,411,868</u>	<u>\$ 1,445,210</u>

CONSERVATION COUNCIL OF NATIONS

Statement of Activities

Year Ended December 31, 2023

(With Summarized Comparative Information for 2022)

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Contributions:				
Project cooperation agreements	\$ 2,002,044	\$ -	\$ 2,002,044	\$ 1,024,782
Contributions and grants	1,274,607	600,752	1,875,359	640,769
Federal grants	722,530	-	722,530	650,005
Grants from International Conservation				
Caucus Foundation	160,000	-	160,000	245,000
Sponsorship income	23,200	-	23,200	-
Gala income	1,800	-	1,800	-
Other income	55	-	55	8,042
Paycheck Protection Program loan	-	-	-	137,521
Net assets released from restrictions:				
Satisfaction of purpose restrictions	256,977	(256,977)	-	-
Total revenue and support	<u>4,441,213</u>	<u>343,775</u>	<u>4,784,988</u>	<u>2,706,119</u>
Expenses				
Program services	4,356,909	-	4,356,909	2,729,294
Supporting services:				
General and administrative	735,033	-	735,033	329,715
Fundraising	52,110	-	52,110	23,540
Total expenses	<u>5,144,052</u>	<u>-</u>	<u>5,144,052</u>	<u>3,082,549</u>
Change in Net Assets	<u>(702,839)</u>	<u>343,775</u>	<u>(359,064)</u>	<u>(376,430)</u>
Net Assets , beginning of year	<u>50,069</u>	<u>37,949</u>	<u>88,018</u>	<u>464,448</u>
Net Assets (deficit) , end of year	<u>\$ (652,770)</u>	<u>\$ 381,724</u>	<u>\$ (271,046)</u>	<u>\$ 88,018</u>

See accompanying notes.

CONSERVATION COUNCIL OF NATIONS

Statement of Functional Expenses

Year Ended December 31, 2023

(With Summarized Comparative Information for 2022)

	2023			2022	
	Supporting Services				
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries and related expenses	\$ 836,553	\$ 530,664	\$ 43,164	\$ 1,410,381	\$ 1,219,933
Professional fees	1,153,719	30,192	-	1,183,911	917,277
Equipment rental for program	867,624	-	-	867,624	-
Travel and transportation	556,620	18,444	20	575,084	530,341
Subgrant	400,000	-	-	400,000	-
Conferences, meetings, and events	314,300	335	-	314,635	249,676
Office expenses	76,995	49,463	3,895	130,353	53,768
Communication, telephone, internet, and publications	53,287	32,354	2,509	88,150	45,769
Occupancy	28,038	18,186	1,445	47,669	18,677
Bank service charges	14,853	27,313	-	42,166	20,424
Insurance	21,172	13,635	1,077	35,884	21,738
Grant awards	15,090	-	-	15,090	-
Bad debt	-	14,364	-	14,364	-
Other expenses	18,658	83	-	18,741	4,946
Total Expenses	\$ 4,356,909	\$ 735,033	\$ 52,110	\$ 5,144,052	\$ 3,082,549

See accompanying notes.

CONSERVATION COUNCIL OF NATIONS

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (359,064)	\$ (376,430)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Paycheck Protection Program loan forgiveness	-	(137,521)
Change in operating assets and liabilities:		
Grants and contributions receivable	(120,286)	(849,627)
Prepaid expenses and security deposit	(91,985)	(6,253)
Accounts payable and accrued expenses	(100,136)	90,507
Due to International Conservation Caucus Foundation	646,940	252,714
Refundable advances	(221,082)	678,035
Net cash used in operating activities	<u>(245,613)</u>	<u>(348,575)</u>
Net Decrease in Cash and Cash Equivalents	(245,613)	(348,575)
Cash and Cash Equivalents, beginning of year	<u>298,638</u>	<u>647,213</u>
Cash and Cash Equivalents, end of year	<u>\$ 53,025</u>	<u>\$ 298,638</u>

CONSERVATION COUNCIL OF NATIONS

Notes to Financial Statements

December 31, 2023

1. Nature of Operations

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

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Topic of the FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net Assets Without Donor Restrictions* – Net assets not subject to donor-imposed stipulations which are currently available for operating purposes under the direction of management and the Board of Directors or designated by the Board of Directors for specific use.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. The Organization adopted the simultaneous release option for donor-restricted grants and contributions that are recognized and used within the same reporting period; therefore, these amounts are reported as without donor restrictions. Net assets with donor restrictions may also include net assets subject to donor-imposed stipulations that assets will be maintained permanently by the Organization. The Organization did not have any donor-imposed restrictions which are perpetual in nature as of December 31, 2023.

Support is reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) and changes in donor intent are reported as reclassifications between the applicable classes of net assets.

CONSERVATION COUNCIL OF NATIONS

Notes to Financial Statements

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts in the statement of functional expenses have been reclassified to conform to the 2023 financial statement presentation. There was no change to total expenses.

Cash and Cash Equivalents

Cash equivalents include items that are readily convertible into cash and are stated at cost, which approximates fair value.

Grants and Contributions Receivable

Grants and contributions receivable consisted of billed or unbilled amounts as of December 31, 2023 due for expenditures incurred in excess of payments received. The Organization evaluates its outstanding receivables for collectability and records an allowance for doubtful accounts when appropriate. Management believes all receivables are fully collectable at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

Contributions and Revenue Recognition

Support from individual contributions, grants, and contracts is recorded when unconditional contributions, which include unconditional promises to give (pledges), are received. Restricted contributions are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when restrictions are met. When restricted contributions have restrictions that are satisfied in the year received, the contributions are reported as increases in net assets without donor restrictions.

Contributions due in future periods are considered as net asset with donor restrictions until the period in which they are due, at which time the restriction is released. Contributions of property and equipment are recognized at fair value at the date of the contribution.

Grants and contributions that are considered to be conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized as support and revenue once the condition on which they depend are met.

CONSERVATION COUNCIL OF NATIONS

Notes to Financial Statements

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Contributions and Revenue Recognition (continued)

Revenue for the federal awards from the United States government and project cooperation agreements from the United Nations Environment Programme is recorded as revenue when the allowable expenditures are incurred in compliance with the grants and agreements. Revenue recognized on grants and contributions, which have not been received, is reflected as grants and contributions receivable in the accompanying statements of financial position. Conversely, amounts received in advance of the conditions being met are recorded as refundable advances in the statements of financial position.

Advertising

The Organization expenses the costs of advertising as they are incurred. Advertising expense totaled \$4,447 for the year ended December 31, 2023.

Functional Allocation of Expenses

The costs of providing programs and services are summarized on a functional basis in the accompanying financial statements. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts activities which benefit both its program objectives as well as supporting services. These costs, which are not attributable to a specific program or supporting activity, are allocated by management among program or supporting services benefited based on either financial or non-financial data, such as estimates of time and effort incurred by personnel. Expenses allocated include salaries and related expenses, occupancy, office expenses, communication, telephone, internet and publications, and insurance.

Income Taxes

The Organization is recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code on income other than unrelated business income. No provision for income taxes is required as of December 31, 2023, since the Organization had no unrelated business income during the year. The Organization has been recognized by the IRS as a publicly supported organization and is not a private organization.

Management annually reviews its tax positions and has determined that there are no uncertain tax positions that are material to the financial statements.

CONSERVATION COUNCIL OF NATIONS

Notes to Financial Statements

December 31, 2023

3. Contributions and Grants Receivable

Contributions and grants receivable consist of the following as of December 31, 2023:

Due within one year	
Project cooperation agreements	\$ 835,950
Federal grants	138,331
Other grants	<u>279,252</u>
Total contributions and grants receivable	<u>\$ 1,253,533</u>

4. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2023:

Subject of expenditures for specific purposes:	
To combat and educate illegal, unreported, and unregulated fishing	\$ 500,752
Review of Re: Wild programs and the effects on people	50,000
Lodging, meal/incidental cost assistance for DC Summit for Africa, Asia, Caribbean, and Latin American Representatives	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 600,752</u>

During the year ended December 31, 2023, net assets with donor restrictions were released for the following programs:

To combat and educate illegal, unreported, and unregulated fishing	\$ 132,185
Lodging, meal/incidental cost assistance for DC Summit for Africa, Asia, Caribbean, and Latin American Representatives	50,000
Promoting Amazon legislative dialogue in Brazil, Columbia, and Peru	37,949
Review of Re: Wild programs and the effects on	<u>36,843</u>
Total net assets released from donor restrictions	<u>\$ 256,977</u>

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Notes to Financial Statements

December 31, 2023

5. Employee Benefit Plan

The Organization maintains a defined contribution plan (the Plan) pursuant to Section 401(k) of the Internal Revenue Code. The Plan covers all employees who meet the minimum age and service requirements. The Organization has elected to make matching contributions to the Plan, which totaled \$34,999 for the year ended December 31, 2023.

6. Related Parties

The International Conservation Caucus Foundation (ICCF) provides office space and administrative assistance to the Organization. ICCF is reimbursed for consulting services performed by the President of ICCF and reimbursed for expenditures paid on behalf of the Organization. During the year ended December 31, 2023, office rent totaling \$44,070 was charged by ICCF to the Organization in accordance with a one-year rental agreement. As of December 31, 2023, the Organization recorded a payable of \$1,014,744 due to the ICCF.

During the years ended December 31, 2023, the Organization received grants totaling \$160,000 from ICCF.

7. Concentration Risks

Credit Risk

The Organization maintains its cash balances at financial institution deposit accounts which, at times, may exceed federally insured limits. Non-interest and interest-bearing accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk.

Support

During the year ended December 31, 2023, the Organization received 42% of total revenue from the United Nations Environment Programme under five separate agreements, 15% of its total support and revenue from the U.S Agency for International Development, and 10% of contributions from one entity. Any significant reduction in funding from these grantors may impact the Organization's ability to carry out its programs and other activities.

In addition, amounts due from three sources accounted for 98% of the Organization's receivables at December 31, 2023.

8. Grants and Agreements Subject to Audit

Revenue from federal awards from the United States government and project cooperation agreements from the United Nations Environment Programme is recognized only to the extent of actual expenses incurred in compliance with the grants. Reimbursed costs are subject to audit and final determination of allowability by the Federal Government or the United Nations Environment Programme. There is the possibility that any amount received in excess of allowable costs would be required to be refunded. The Organization believes that no material liability would result from such an audit.

CONSERVATION COUNCIL OF NATIONS

Notes to Financial Statements

December 31, 2023

9. Management's Plans and Grant Funding Commitments

Management has implemented spending cuts and additional fundraising efforts in 2024 to improve the net assets without donor restrictions. As of December 31, 2023, CCN has the following signed grant agreements and project cooperation agreements that have budgeted amounts available for spending and reimbursements in future years:

Other grants:	
Support to stakeholders in Mongolia for the improvement of healthy forests and forest management	\$ 1,064,925
Support to the International Alliance against Health Risks in Wildlife Trade	128,783
Project cooperation agreements:	
International Waters Marine Governance	248,251
Advancing Conservation in Eastern Caribbean	807,319
Paraguay Food Systems, Land Use and Restoration (FOLUR) Impact Program	7,172,486
Policy Coherence for Global Environmental Benefits	1,820,658
Enhancing Political Will for Sustainable Protected Areas Financing	<u>1,882,277</u>
Total grants available for spending and reimbursement in future years	<u>\$ 13,124,699</u>

10. Liquidity And Funds Available

The Organization regularly monitors liquidity to meet its annual operating needs. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2023:

Cash and cash equivalents	\$ 53,025
Contributions and grants receivable	<u>1,253,533</u>
Total financial assets	1,306,558
Less those unavailable for general expenditure within one year due to:	
Donor-imposed restrictions	<u>(381,724)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 924,834</u>

CONSERVATION COUNCIL OF NATIONS

Notes to Financial Statements

December 31, 2023

11. Subsequent Events

Management has evaluated events and transactions subsequent to the statement of financial position date for potential recognition or disclosure through August 5, 2024, which is the date the financial statements were available to be issued. There were no events or transactions which require recognition or disclosure.