

FRIENDS OF BIRDLIFE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friends of BirdLife International, Inc.

Opinion

We have audited the accompanying financial statements of Friends of BirdLife International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Friends of BirdLife International, Inc. as of December 31, 2021 and 2020, and the changes 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of BirdLife International, Inc. 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 Friends of BirdLife International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 Friends of BirdLife International, Inc.'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 Friends of BirdLife International, Inc.'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.

Lotz + Carr, LLP

New York, New York
September 29, 2022

FRIENDS OF BIRDLIFE INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash (Note 5a)	\$17,435,652	\$2,636,192
Reimbursement receivable	78,328	-
Contributions receivable (Notes 1b and 3)		
Without donor restrictions	-	35,750
Prepaid expenses	-	4,050
Property and equipment, at cost, net of accumulated depreciation (Notes 1c and 4)	<u>3,546</u>	<u>-</u>
Total Assets	<u><u>\$17,517,526</u></u>	<u><u>\$2,675,992</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 21,892	\$ 26,879
Grants payable (Note 1d)	<u>741,624</u>	<u>1,949,750</u>
Total Liabilities	<u>763,516</u>	<u>1,976,629</u>
Net Assets (Note 1e)		
Without donor restrictions	179,010	699,363
With donor restrictions - for future programs	<u>16,575,000</u>	<u>-</u>
Total Net Assets	<u>16,754,010</u>	<u>699,363</u>
Total Liabilities and Net Assets	<u><u>\$17,517,526</u></u>	<u><u>\$2,675,992</u></u>

See notes to financial statements.

FRIENDS OF BIRDLIFE INTERNATIONAL, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Contributions (Notes 1b and 5b)	\$ 3,437,928	\$4,902,950
Realized loss on donated investments and other income	<u>(25,883)</u>	<u>(2,439)</u>
Total Revenue and Support	<u>3,412,045</u>	<u>4,900,511</u>
Expenses		
Program Services	<u>3,798,755</u>	<u>4,696,662</u>
Supporting Services		
Management and general	114,785	54,608
Fundraising	<u>18,858</u>	<u>-</u>
Total Supporting expense	<u>133,643</u>	<u>54,608</u>
Total Expenses	<u>3,932,398</u>	<u>4,751,270</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	(520,353)	149,241
Changes in Net Assets With Donor Restrictions		
Contributions (Notes 1b and 5b)	<u>16,575,000</u>	<u>-</u>
Increase in net assets	16,054,647	149,241
Net assets, beginning of year	<u>699,363</u>	<u>550,122</u>
Net Assets, End of Year	<u><u>\$16,754,010</u></u>	<u><u>\$ 699,363</u></u>

See notes to financial statements.

FRIENDS OF BIRDLIFE INTERNATIONAL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Supporting Services			Supporting Services		
	Program Services	Management and General	Fundraising	Program Services	Management and General	Total Expenses
Grant expense	\$3,798,755	\$ -	\$ -	\$3,798,755	\$ -	\$4,696,662
Salaries, payroll taxes and employee benefits	-	12,511	18,003	30,514	-	-
Management fees	-	34,255	-	34,255	-	24,300
Administrative fees	-	25,069	-	25,069	-	15,785
Accounting	-	15,000	-	15,000	-	12,700
Legal	-	13,629	-	13,629	-	-
Information technology	-	7,748	-	7,748	-	-
Insurance	-	304	437	741	-	718
Travel	-	1,286	-	1,286	-	-
Bank charges and other miscellaneous expenses	-	4,692	-	4,692	-	1,105
Depreciation expense	-	291	418	709	-	-
Total Expenses	<u>\$3,798,755</u>	<u>\$ 114,785</u>	<u>\$ 18,858</u>	<u>\$3,932,398</u>	<u>\$4,696,662</u>	<u>\$ 54,608</u>
						<u>\$4,751,270</u>

See notes to financial statements.

FRIENDS OF BIRDLIFE INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase in net assets	\$16,054,647	\$ 149,241
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	709	-
(Increase) decrease in:		
Contributions receivable	35,750	391,787
Reimbursement receivable	(78,328)	-
Prepaid expenses	4,050	(4,050)
Increase (decrease) in:		
Accounts payable	(4,987)	12,823
Grants payable	<u>(1,208,126)</u>	<u>1,464,420</u>
Net Cash Provided By Operating Activities	14,803,715	2,014,221
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(4,255)</u>	<u>-</u>
Net increase in cash	14,799,460	2,014,221
Cash, beginning of year	<u>2,636,192</u>	<u>621,971</u>
Cash, End of Year	<u><u>\$17,435,652</u></u>	<u><u>\$2,636,192</u></u>

See notes to financial statements.

FRIENDS OF BIRDLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The Friends of BirdLife International, Inc. (the "Organization") is a not-for-profit organization which was incorporated in 2004 within the state of Delaware. The Organization's mission is to devote and apply resources for the support of conservation activities, projects, and programs to BirdLife International, a registered charity located in the United Kingdom.

b - Contributions and Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Conditional promises to give, that have a measurable performance or other barrier and a right of return are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

c - Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

d - Grants

Grants are accrued at the time they are approved and awarded by the Board of Directors.

e - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (reported in U.S. dollars), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

FRIENDS OF BIRDLIFE INTERNATIONAL, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies****f - Functional Allocation of Expenses**

The financial statements report expenses that are attributable to program or supporting functions. Expenses are applied directly to programs or supporting functions where applicable. A substantial portion of the Organization's expenses are directly related to program activities. Certain other expenses are attributable to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and employee benefits, which are allocated on the basis of estimates of employee time and effort.

g - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h - Tax Status

The Organization is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

i - Subsequent Events

The Organization has evaluated subsequent events through September 29, 2022, the date that the financial statements are considered available to be issued.

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. The Organization's annual revenue is comprised of contribution revenue raised during the current year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain all of its financial assets in cash so that they are available to cover expenditures as they arise.

FRIENDS OF BIRDLIFE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of December 31, 2021 and 2020 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash	\$17,435,652	\$2,636,192
Reimbursement receivable	78,328	-
Contributions receivable	<u>-</u>	<u>35,750</u>
	17,513,980	2,671,942
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes	(16,575,000)	-
Plus: Net assets with donor restrictions to be met within one year	<u>7,035,000</u>	<u>-</u>
Total Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 7,973,980</u>	<u>\$2,671,942</u>

Note 3 - Contributions Receivable

Contributions receivable at December 31, 2020 are due within one year.

Note 4 - Property and Equipment

Property and equipment at December 31, 2021 consists of the following:

	<u>Life</u>	<u>Amount</u>
Equipment	3 years	\$4,255
Less: Accumulated depreciation		<u>(709)</u>
		<u>\$3,546</u>

FRIENDS OF BIRDLIFE INTERNATIONAL, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 5 - Concentrations**

- a - The Organization maintains its cash in two financial institutions. The cash balances, at times, may exceed federally insured limits.
- b - In 2021 and 2020, the Organization received 83% and 78% of its contributions from one foundation and four donors, respectively.