

**Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund**

Consolidated Financial Statements  
and Independent Auditor's Report

September 30, 2024 and 2023

# Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Consolidated Financial Statements  
September 30, 2024 and 2023

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## **INDEPENDENT AUDITOR’S REPORT**

To the Board of Directors of  
Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

### ***Opinion***

We have audited the accompanying consolidated financial statements of Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund (collectively, “Defenders”), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023; the related consolidated statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Defenders as of September 30, 2024 and 2023, 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 Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Defenders 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

***Responsibilities of Management for the Consolidated Financial Statements (continued)***

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

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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, 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 consolidated 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 consolidated 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 consolidated 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 Defenders' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Defenders' ability to continue as a going concern for a reasonable period of time.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)***

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.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 35-38 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

***Report on Summarized Comparative Information***

We have previously audited Defenders' September 30, 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 13, 2024. In our opinion, the summarized comparative information presented herein, as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia  
February 12, 2025

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

### Consolidated Statements of Financial Position September 30, 2024 and 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,903,535	\$ 3,681,875
Short-term investments	2,612,741	17
Investments – annuity reserve fund	3,361,683	3,050,993
Bequests and trusts receivable	1,847,629	2,012,211
Grants and contributions receivable, current portion	528,734	701,915
Accounts receivable	245,853	199,877
Prepaid expenses	1,049,280	966,724
Inventory	754,564	1,169,463
Total current assets	12,304,019	11,783,075
Long-term investments	36,431,619	28,692,697
Grants and contributions receivable, long-term, net	111,347	97,385
Beneficial interests in trusts	2,240,787	1,914,962
Lease right-of-use assets	398,397	300,836
Property and equipment, net	7,043,630	7,470,236
Deferred compensation	231,860	192,427
Total assets	\$ 58,761,659	\$ 50,451,618
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,873,263	\$ 1,850,982
Refundable advances	38,487	-
Annuity and other split-interest obligations, current portion	291,925	293,455
Total current liabilities	2,203,675	2,144,437
Annuity and other split-interest obligations, long-term	1,800,646	1,723,767
Lease liabilities	397,709	313,528
Deferred compensation	231,860	192,427
Total liabilities	4,633,890	4,374,159
<b>Net Assets</b>		
Without donor restrictions	45,856,802	37,458,859
With donor restrictions	8,270,967	8,618,600
Total net assets	54,127,769	46,077,459
Total liabilities and net assets	\$ 58,761,659	\$ 50,451,618

See accompanying notes.

**Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund**

Consolidated Statement of Activities  
For the Year Ended September 30, 2024  
(With Comparative Totals for the Year Ended September 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
<b>Revenue and Support</b>				
Grants and contributions	\$ 22,483,967	\$ 4,531,279	\$ 27,015,246	\$ 26,507,465
Contributed services	3,057,799	-	3,057,799	5,908,513
Bequests	7,476,796	-	7,476,796	9,143,302
Royalties	210,180	-	210,180	345,429
Investment return, net	7,258,552	263,763	7,522,315	3,324,153
Split-interest contributions	-	56,266	56,266	36,944
Change in value of split interests	311,903	254,869	566,772	162,130
Mailing list royalties	190,495	-	190,495	227,556
Other income	48,497	-	48,497	48,222
Released from restrictions – programs	5,453,810	(5,453,810)	-	-
<b>Total revenue and support</b>	<b>46,491,999</b>	<b>(347,633)</b>	<b>46,144,366</b>	<b>45,703,714</b>
<b>Expenses</b>				
Program services:				
Biodiversity conservation	15,624,747	-	15,624,747	18,360,266
Constituency mobilization	15,349,508	-	15,349,508	17,334,236
<b>Total program services</b>	<b>30,974,255</b>	<b>-</b>	<b>30,974,255</b>	<b>35,694,502</b>
Supporting services:				
Management and general	5,947,270	-	5,947,270	6,536,253
Fundraising	1,172,531	-	1,172,531	1,111,040
<b>Total supporting services</b>	<b>7,119,801</b>	<b>-</b>	<b>7,119,801</b>	<b>7,647,293</b>
<b>Total expenses</b>	<b>38,094,056</b>	<b>-</b>	<b>38,094,056</b>	<b>43,341,795</b>
<b>Change in Net Assets</b>	<b>8,397,943</b>	<b>(347,633)</b>	<b>8,050,310</b>	<b>2,361,919</b>
<b>Net Assets, beginning of year</b>	<b>37,458,859</b>	<b>8,618,600</b>	<b>46,077,459</b>	<b>43,715,540</b>
<b>Net Assets, end of year</b>	<b>\$ 45,856,802</b>	<b>\$ 8,270,967</b>	<b>\$ 54,127,769</b>	<b>\$ 46,077,459</b>

See accompanying notes.

**Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund**

Consolidated Statement of Functional Expenses  
 For the Year Ended September 30, 2024  
 (With Comparative Totals for the Year Ended September 30, 2023)

	Program Services			Supporting Services			2024 Total	2023 Total
	Biodiversity Conservation	Constituency Mobilization	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and wages	\$ 7,876,617	\$ 3,400,658	\$ 11,277,275	\$ 2,583,330	\$ 363,257	\$ 2,946,587	\$ 14,223,862	\$ 14,059,714
Payroll taxes and benefits	1,890,001	813,835	2,703,836	631,802	90,803	722,605	3,426,441	3,528,153
Professional fundraising fees	-	2,120,872	2,120,872	90,287	214,483	304,770	2,425,642	1,966,831
Other professional fees	604,799	777,249	1,382,048	513,199	105,041	618,240	2,000,288	2,360,228
Grants and contributions	399,548	48,194	447,742	3,000	-	3,000	450,742	756,244
Computer services	51,151	739,371	790,522	459,087	55,722	514,809	1,305,331	1,276,439
Conference fees	14,691	2,217	16,908	834	266	1,100	18,008	29,026
Advertising	83,990	534,722	618,712	57,726	53,206	110,932	729,644	1,063,710
Membership incentives and fulfillment	899	1,176,289	1,177,188	26	10	36	1,177,224	1,393,886
Supplies	342,128	43,248	385,376	4,036	570	4,606	389,982	275,839
Telephone	7,302	1,541	8,843	135,859	154	136,013	144,856	189,291
Postage and shipping	14,216	2,536,765	2,550,981	290,044	125,245	415,289	2,966,270	3,506,927
Occupancy	448,594	88,533	537,127	63,328	4,553	67,881	605,008	832,537
Equipment rental and maintenance	23,833	10,452	34,285	6,915	824	7,739	42,024	48,862
Printing and publications	15,582	2,397,659	2,413,241	227,217	99,432	326,649	2,739,890	3,635,718
Travel	274,819	89,567	364,386	30,210	7,630	37,840	402,226	409,901
Meetings	48,796	12,177	60,973	7,333	3,764	11,097	72,070	72,447
Training	4,654	723	5,377	1,615	91	1,706	7,083	40,120
Interest	3,296	1,445	4,741	956	114	1,070	5,811	4,672
Depreciation and amortization	373,643	163,870	537,513	108,415	12,921	121,336	658,849	712,612
Honoraria	2,550	200	2,750	-	-	-	2,750	2,000
Staffing, temporary help, and other	8,643	3,561	12,204	7,827	334	8,161	20,365	45,957
List rentals	-	86,794	86,794	3,849	11,544	15,393	102,187	53,369
Insurance	68,188	29,905	98,093	19,785	2,358	22,143	120,236	118,414
Royalties	2,472	10,479	12,951	75	35	110	13,061	16,138
Taxes, fees, and licenses	165,416	72,547	237,963	59,962	5,720	65,682	303,645	295,054
Dues and subscriptions	69,854	84,564	154,418	7,885	2,338	10,223	164,641	152,656
DR transaction fees/bank fees	-	-	-	518,121	-	518,121	518,121	586,537
Contributed services	2,829,065	102,071	2,931,136	114,547	12,116	126,663	3,057,799	5,908,513
<b>Total Expenses</b>	<b>\$ 15,624,747</b>	<b>\$ 15,349,508</b>	<b>\$ 30,974,255</b>	<b>\$ 5,947,270</b>	<b>\$ 1,172,531</b>	<b>\$ 7,119,801</b>	<b>\$ 38,094,056</b>	<b>\$ 43,341,795</b>

See accompanying notes.



## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

### Consolidated Statements of Cash Flows For the Years Ended September 30, 2024 and 2023

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 8,050,310	\$ 2,361,919
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	498,776	587,398
Net realized and unrealized gains on investments	(6,692,641)	(2,698,934)
Donated securities	(2,964,872)	(412,100)
Change in value of charitable remainder and other trusts	(325,825)	(80,071)
Change in value of annuity reserve fund	(310,690)	57,408
Change in discount on grants and contributions receivable	(4,273)	12,926
Amortization of ROU operating lease assets	160,073	125,214
Effect of adoption of the new lease standard	-	21,008
Change in operating assets and liabilities:		
Decrease (increase) in:		
Bequests and trusts receivable	164,582	(659,352)
Grants and contributions receivable	163,492	58,124
Accounts receivable	(45,976)	(6,665)
Prepaid expenses	(82,556)	(191,668)
Inventory	414,899	(493,796)
Deferred compensation	(39,433)	(34,821)
Increase (decrease) in:		
Accounts payable and accrued expenses	22,281	(1,088,372)
Refundable advances	38,487	-
Annuity and other split-interest obligations	75,349	(79,123)
Deferred compensation	39,433	34,821
Operating lease liabilities	(138,248)	(133,530)
Net cash used in operating activities	(976,832)	(2,619,614)
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	470,719	1,945,681
Purchase of investments	(1,164,852)	(1,026,981)
Purchase of property and equipment	(72,170)	(95,000)
Net cash (used in) provided by investing activities	(766,303)	823,700
<b>Cash Flows from Financing Activity</b>		
Principal payments under capital lease	(35,205)	(25,586)
Net cash used in financing activity	(35,205)	(25,586)
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,778,340)	(1,821,500)
<b>Cash and Cash Equivalents, beginning of year</b>	3,681,875	5,503,375
<b>Cash and Cash Equivalents, end of year</b>	\$ 1,903,535	\$ 3,681,875

See accompanying notes.

# Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

## 1. Nature of Operations

Defenders of Wildlife (DOW) is a District of Columbia nonprofit corporation founded in 1947. DOW is a national, nonprofit organization dedicated to the protection of all native animals and plants in their natural communities. Programs are primarily funded through grants and contributions.

Defenders of Wildlife Action Fund (“the Action Fund”) was incorporated on June 22, 2017 in the District of Columbia. The Action Fund is a national nonprofit social welfare organization, whose only member is DOW. The Action Fund was organized for the purpose of protecting wildlife, natural habitats, and the environment by educating people about wildlife, and advocating for laws, regulations, and policies that will positively affect wildlife, habitats, and the environment.

## 2. Summary of Significant Accounting Policies

### Principles of Consolidation

Consolidated financial statements are presented due to varying degrees of control and financial interests between DOW and the Action Fund. DOW and the Action Fund share certain personnel and overhead costs, with the shared costs allocated between the two entities based on a resource-sharing and expense reimbursement agreement. All significant intercompany balances and transactions are eliminated in consolidation. Except when referred to separately, both entities are collectively referred to as “Defenders” throughout the accompanying consolidated financial statements and related notes.

### Comparative Information

The consolidated statement of activities includes certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Defenders’ consolidated financial statements for the year ended September 30, 2023, from which the summarized comparative information was derived.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Basis of Accounting and Presentation

Defenders' consolidated financial statements are prepared based on U.S. generally accepted accounting principles. Net assets are reported based on the presence or absence of donor-imposed restrictions in the following classes:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Cash Equivalents

Cash equivalents consist of interest-earning checking accounts, as well as highly liquid investments with original maturities of three months or less. Temporary cash investments are placed with creditworthy, high-quality financial institutions. These banking arrangements preclude any significant concentration of uninsured cash. The carrying amounts in the consolidated statements of financial position approximate fair value because of the short-term maturities of the instruments.

#### Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses, net of investment management fees, are reported as a component of net investment return in the accompanying consolidated statement of activities. Certain investments are recorded as long-term, as Defenders has the intent and ability to hold them for more than one year. Short-term investments are included with current assets, since the intent is for them to be available for working capital purposes, if needed.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Grants and Contributions Receivable

All grants and contributions receivable are reflected at either net realizable value or at net present value based on projected cash flows. Amounts receivable in more than one year are to present value using a rate that considers market and credit risk. Defenders' policy is to write off uncollectible grants and contributions receivable when management determines the receivable will not be collected. All grants and contributions receivable were deemed fully collectible at both September 30, 2024 and 2023.

#### Accounts Receivable

Accounts receivable consist of royalties, list rentals, pension forfeitures, and other receivables. Accounts receivable are recorded at net realizable value and are all due in less than one year. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the changes occurs. However, Defenders has historically had insignificant write-offs due to credit losses. There was no allowance for credit losses established at September 30, 2024 and 2023.

#### Inventory

Inventory includes membership items, such as bags and jackets, which are branded with Defenders' logo. Inventory is recorded at cost (using specific identification), and is expensed when used. No allowance was recorded for inventory obsolescence at September 30, 2024 and 2023.

#### Property and Equipment

Property and equipment purchased at a cost of \$1,000 or more are capitalized and recorded at acquisition cost. The building is depreciated over an estimated useful life of 25 years. Furniture, equipment, and improvements are depreciated over estimated useful lives of five to 25 years, with no salvage value. All depreciation is computed using the straight-line method. Donated items are recorded at fair market value.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Valuation of Long-Lived Assets

The carrying values of long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2024 and 2023.

#### Assets Held and Liabilities Under Split-Interest Agreements

Defenders receives certain planned gift donations that benefit not only Defenders, but also another beneficiary designated by the donor. These contributions are term split-interest agreements, which include charitable remainder trusts, charitable gift annuities, a pooled income fund, and perpetual trusts.

#### *Charitable Remainder Trusts*

Defenders acts as trustee for various irrevocable charitable remainder trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. The trust assets are recorded at fair value, and a related liability for future payments to be made to specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the fiscal year. Upon termination of the trust, the remaining liability is removed and recognized as income.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Assets Held and Liabilities Under Split-Interest Agreements (continued)

##### *Charitable Gift Annuities*

Under charitable gift annuity contracts, Defenders receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability.

The excess of contributed assets over the annuity liability is recorded as a contribution with donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the fiscal year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

According to certain state laws, the charitable gift annuity reserve fund is invested primarily in money market funds, bonds, mutual funds, and fixed income investments. As of September 30, 2024 and 2023, Defenders had sufficient funds in its reserve fund to meet the California Insurance Code (“the Code”) requirements, and those funds were invested in accordance with the Code.

##### *Pooled Income Fund*

In 1980, Defenders established a pooled income fund. The fund is divided into units, and contributions of many donors’ life-income gifts are pooled and invested as a group. Each donor is assigned a specific number of units based on the proportion of the fair value of their contributions to the total fair value of the pooled income fund on the date of the donor’s entry to the pooled fund. Until a donor’s death, the donor (or a designated beneficiary) is paid the actual income earned on the donor’s assigned units. Upon the donor’s death, the value of these assigned units reverts to Defenders.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Beneficial Interests in Trusts Held by Others

##### *Charitable Remainder Trusts Held by Others*

Defenders has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors.

Therefore, Defenders has neither possession nor control over the assets of the trusts. At the date Defenders receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statement of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the consolidated statement of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

##### *Perpetual Trusts Held by Others*

Defenders was named as an irrevocable beneficiary of several perpetual trusts held and administered by a third-party trustee. Under the terms of the trust, Defenders has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The beneficial interests are recorded at fair value, which is measured using the fair value of the assets contributed to the trust. Distributions of the trusts' annual earnings are recorded as unrestricted income and any changes in the market value of the original gifts are reported as restricted gains and losses in the accompanying consolidated statement of activities.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Leases

Defenders determines if an arrangement is a lease at inception for all lease transactions with an initial term greater than one year. Both operating and finance leases are included in right-of-use (ROU) lease assets, which represents Defenders' right to use an underlying asset for the lease terms. Lease liabilities represent Defenders' obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Finance lease assets and liabilities are recognized at the lower of their present value of the minimum lease payments or the fair value of the assets.

As Defenders' leases do not provide an implicit rate, accordingly, Defenders elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate to calculate the present value of lease payments. The ROU assets also include any lease payments made and exclude lease incentives. Defenders' lease terms may include options to extend or terminate the lease when it is reasonably certain that Defenders will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Defenders elected a short-term leases exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

#### Revenue Recognition

##### *Revenue Accounted for as Contracts with Customers*

Revenue is recognized when Defenders satisfies a performance obligation by transferring a promised good or performing a service. The amount of revenue recognized reflects the consideration Defenders expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, Defenders combines it with other performance obligations until a distinct bundle of goods or services exists. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, mailing list royalties income is recognized when the performance obligation to which the royalty relates has been satisfied.



## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### *Revenue Accounted for in Accordance with Contribution Accounting*

*Grants and contributions* that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Defenders reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of Defenders' programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

*Grants* that are nonreciprocal are recognized as contributions. For contributions, revenue is recognized when a contribution becomes unconditional. Typically, grant agreements contain a right of return or right of release from obligation if conditions are not met. As such, Defenders recognizes revenue for these conditional contributions when the related conditions are substantially met. Amounts received in advance are reported as refundable advances upon receipt, in the accompanying consolidated statements of financial position, and recognized as revenue as conditions are met and qualified expenses are incurred.

*Contributions* with donor restrictions to the endowment corpus are invested in perpetuity by or on Defenders' behalf. The principal of the gift is never expended, while the investment return is spent on current restricted or unrestricted programs as specified by the donor. Defenders receives certain promises to give, collected over multiple accounting periods, and classifies the portion receivable in future accounting periods as restricted revenue. Defenders discounts the promises to give using an appropriate discount rate over the contribution period.

*Bequests* are recognized as revenue at the time the probate court declares the will valid and the proceeds are reasonably measurable. It is Defenders' practice to reduce these amounts by approximately 10% before recording the receivable, for estimated administration costs associated with the estates.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Contributed Services

Contributed services that meet the criteria for recognition are recognized at fair value at the time of donation. Donated services consist of pro-bono legal services and advertising, and are reported as contributed goods and services in the accompanying consolidated statement of activities. The value of these donated services is included in the consolidated financial statements as both revenue and expense for the years ended September 30, 2024 and 2023, respectively.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Advertising Costs

Defenders expenses advertising costs as incurred. Advertising expenses were \$729,644 and \$1,063,710 for the years ended September 30, 2024 and 2023, respectively.

#### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the split-interest agreements; carrying value of land, buildings, and equipment; and bequests and trusts receivable.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (continued)

#### Adopted Accounting Pronouncement

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments*. This ASU addresses measurement and reporting of credit losses related to accounts receivable, notes receivable, leases receivable, and held-to-maturity debt securities. The ASU mandates the current expected credit loss model, which measures and reports expected losses over the contractual life of an asset. The measurement of expected life credit losses will be based on relevant information, not just past events (including historical experience and current conditions), but also the “reasonable and supportable” forecasts that affect collectability of the reported amount. Defenders adopted ASU 2016-13 during the year ended September 30, 2024 using a modified retrospective approach, which did not affect Defenders’ opening balance of net assets. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new and enhanced disclosures only.

#### Subsequent Events

In preparing these consolidated financial statements, Defenders has evaluated events and transactions for potential recognition or disclosure through February 12, 2025, the date the consolidated financial statements were available to be issued.

### 3. Liquidity and Availability

Financial assets that are available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at September 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,903,535	\$ 3,681,875
Short-term investments	2,612,741	17
Bequests and trusts receivable	1,847,629	2,012,211
Grants and contributions receivable – due within one year	528,734	701,915
Accounts receivable	<u>245,853</u>	<u>199,877</u>
Total available for general expenditures	<u>\$ 7,138,492</u>	<u>\$ 6,595,895</u>

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 3. Liquidity and Availability (continued)

Defenders considers net assets with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Defenders' endowment funds consist of beneficial interests in perpetual trusts and other donor-restricted endowments to be held in perpetuity. Donor-restricted endowment funds are not available for general expenditures.

### 4. Concentrations of Credit Risk

Financial instruments that potentially subject Defenders to significant concentrations of credit risk consist of cash and cash equivalents, and investments. Defenders maintains cash deposits and investments with various financial institutions that may, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). Defenders has not experienced any losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

### 5. Investments and Fair Value Measurements

#### Net Investment Return

Net investment return consists of the following for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 966,368	\$ 745,830
Unrealized gains	7,169,676	4,028,333
Realized losses	(477,035)	(1,329,399)
Less: investment management fees	<u>(136,694)</u>	<u>(120,611)</u>
Total investment return, net	<u>\$ 7,522,315</u>	<u>\$ 3,324,153</u>

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 5. Investments and Fair Value Measurements (continued)

#### Fair Value Measurements

Defenders follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period. In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability.

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to Defenders' assessment of the quality, risk, or liquidity profile of the asset or liability. In general, and where applicable, Defenders uses quoted prices in active markets for identical assets and quoted market prices for similar assets in markets that are not active to determine fair value. This pricing methodology applies to Level 1 and Level 2 investments.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 5. Investments and Fair Value Measurements (continued)

#### Fair Value Measurements (continued)

The following table presents Defenders' fair value hierarchy for those assets measured on a recurring basis as of September 30, 2024:

	Level 1	Level 2	Level 3	Total fair value
Investments:				
Money market funds	\$ 1,395,057	\$ -	\$ -	\$ 1,395,057
Short-term bonds	112,900	-	-	112,900
Mutual funds:				
Equity	26,474,076	-	-	26,474,076
Fixed income	11,062,327	-	-	11,062,327
<b>Total investments</b>	<b>39,044,360</b>	<b>-</b>	<b>-</b>	<b>39,044,360</b>
Annuity reserve fund:				
Money market funds	112,582	-	-	112,582
Fixed income	1,836,579	-	-	1,836,579
Equity	1,412,522	-	-	1,412,522
<b>Total annuity reserve fund</b>	<b>3,361,683</b>	<b>-</b>	<b>-</b>	<b>3,361,683</b>
Beneficial interests in trusts:				
Charitable remainder trusts	325,804	-	266,765	592,569
Pooled income fund	-	48,121	-	48,121
Perpetual trusts	-	-	1,600,097	1,600,097
<b>Total beneficial interests in trusts</b>	<b>325,804</b>	<b>48,121</b>	<b>1,866,862</b>	<b>2,240,787</b>
Deferred compensation:				
Mutual funds	231,860	-	-	231,860
<b>Total assets at fair value</b>	<b>\$ 42,963,707</b>	<b>\$ 48,121</b>	<b>\$ 1,866,862</b>	<b>\$ 44,878,690</b>

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 5. Investments and Fair Value Measurements (continued)

#### Fair Value Measurements (continued)

The following table presents Defenders' fair value hierarchy for those assets measured on a recurring basis as of September 30, 2023:

	Level 1	Level 2	Level 3	Total fair value
Investments:				
Money market funds	\$ 1,347,189	\$ -	\$ -	\$ 1,347,189
Short-term bonds	104,474	-	-	104,474
Mutual funds:				
Equity	18,170,006	-	-	18,170,006
Fixed income	9,071,045	-	-	9,071,045
Total investments	28,692,714	-	-	28,692,714
Annuity reserve fund:				
Money market funds	214,853	-	-	214,853
Fixed income	1,712,816	-	-	1,712,816
Equity	1,123,324	-	-	1,123,324
Total annuity reserve fund	3,050,993	-	-	3,050,993
Beneficial interests in trusts:				
Charitable remainder trusts	276,796	-	245,704	522,500
Pooled income fund	-	42,396	-	42,396
Perpetual trusts	-	-	1,350,066	1,350,066
Total beneficial interests in trusts	276,796	42,396	1,595,770	1,914,962
Deferred compensation:				
Mutual funds	192,427	-	-	192,427
Total assets at fair value	\$ 32,212,930	\$ 42,396	\$ 1,595,770	\$ 33,851,096

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 5. Investments and Fair Value Measurements (continued)

#### Fair Value Measurements (continued)

Defenders used the following methods and significant assumptions to estimate fair value of assets recorded at fair value:

#### Investments

##### *Level 1*

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 includes money market funds, mutual funds, corporate bonds, stocks, and fixed income securities held as investments.

#### Annuity Reserve Fund

##### *Level 1*

Annuity reserve fund is primarily invested in money market funds, bonds, mutual funds, and fixed income investments, which are valued at fair value based on quoted market prices of the underlying investments, and therefore classified as Level 1.

#### Beneficial Interests in Trusts

##### *Level 1*

Charitable remainder trust assets for which Defenders is a trustee are invested in a diversified portfolio of mutual funds and marketable securities, which are valued at fair value based on quoted market prices of the underlying investments, and are therefore classified within Level 1.



## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 5. Investments and Fair Value Measurements (continued)

#### Fair Value Measurements (continued)

#### Beneficial Interests in Trusts (continued)

##### *Level 2*

Pooled income fund consists primarily of fixed income equity mutual funds that are valued at price per unit of shares held by Defenders at year end and are based on quoted market prices in active markets.

##### *Level 3*

The fair values of beneficial interests in charitable and perpetual trusts are determined by using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered to be Level 3 measurements.

The following table is a rollforward of the fair value measurements using unobservable inputs (Level 3) for the years ended September 30:

	Charitable Remainder Trusts	Interest in Perpetual Trusts	Total Assets
Value at September 30, 2022	\$ 237,358	\$ 1,252,654	\$ 1,490,012
Change in value	8,346	97,412	105,758
Value at September 30, 2023	245,704	1,350,066	1,595,770
Change in value	21,061	250,031	271,092
Value at September 30, 2024	\$ 266,765	\$ 1,600,097	\$ 1,866,862

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 6. Grants and Contributions Receivable

Grants and contributions receivable are promised as follows at September 30:

	2024	2023
Due in less than one year	\$ 528,734	\$ 701,915
Due in one to five years	120,000	110,311
Total grants and contributions receivable	648,734	812,226
Less: present value discount (3% to 5%)	(8,653)	(12,926)
Grants and contributions receivable, net	\$ 640,081	\$ 799,300

### 7. Split-Interest Agreements

Liabilities under split-interest agreements included in the accompanying consolidated statements of financial position were \$2,092,571 and \$2,017,222 at September 30, 2024 and 2023, respectively. Net contributions under split-interest agreements were approximately \$56,266 and \$36,944 for the years ended September 30, 2024 and 2023, respectively. Assets held under split-interest agreements in the accompanying consolidated statements of financial position were comprised of the following at September 30:

	2024	2023
Investments – annuity reserve fund	\$ 3,361,683	\$ 3,050,993
Beneficial interests in trusts:		
Assets held by Defenders:		
Charitable remainder trusts	325,804	276,796
Pooled income fund	48,121	42,396
Assets held by a third party:		
Charitable remainder trusts	266,765	245,704
Perpetual trusts	1,600,097	1,350,066
Total beneficial interests in trusts	2,240,787	1,914,962
Total split-interest agreements	\$ 5,602,470	\$ 4,965,955

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 8. Property and Equipment

Defenders held the following property and equipment at September 30:

	2024	2023
Land	\$ 4,585,586	\$ 4,585,586
Buildings and improvements	9,761,460	9,702,211
Computer equipment	2,807,356	2,805,496
Furniture and equipment	1,170,816	1,159,753
Website	228,375	228,375
Total property and equipment	18,553,593	18,481,421
Less: accumulated depreciation	(11,509,963)	(11,011,185)
Property and equipment, net	\$ 7,043,630	\$ 7,470,236

### 9. Net Assets

#### Net Assets Without Donor Restrictions

Net assets without donor restrictions include undesignated funds that have not been specifically set aside by the Board for an internally-designated purpose and are available for general operations, as well as funds designated for purposes of future property and equipment needs. Net assets without donor restrictions consist of the following at September 30:

	2024	2023
Undesignated	\$ 38,813,172	\$ 29,988,624
Land and building	6,936,889	7,265,732
Property and equipment	106,741	204,503
Total net assets without donor restrictions	\$ 45,856,802	\$ 37,458,859

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 9. Net Assets (continued)

#### Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at September 30:

	2024	2023
Subject to expenditure for specific purpose:		
Program grants	\$ 4,382,207	\$ 5,304,736
Subject to the passage of time:		
Charitable remainder and other trusts	405,194	366,330
Charitable gift annuities	1,456,486	1,189,940
Pooled income fund	48,121	42,396
Lloyd Symington Memorial Fund for Wildlife Education	162,512	162,512
Total subject to the passage of time	2,072,313	1,761,178
Endowments:		
Beneficial interest in perpetual trusts	1,600,097	1,350,066
Harding Educational and Charitable Foundation	172,648	161,690
Lloyd Symington Memorial Fund for Wildlife Education	43,702	40,930
Total endowments	1,816,447	1,552,686
Total net assets with donor restrictions	\$ 8,270,967	\$ 8,618,600

#### *Subject to Expenditure for Specific Purpose*

Defenders receives a number of program-specific grants that are often expended over more than one fiscal year. The unused grant funds that are not expended at the end of the fiscal year are carried over to the next fiscal year, and are classified as net assets with donor restrictions until appropriate expenses are incurred in accordance with the program restrictions.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 9. Net Assets (continued)

#### Net Assets With Donor Restrictions (continued)

##### *Subject to the Passage of Time*

As discussed in Note 2, Defenders is party to various split-interest agreements with donors, including irrevocable charitable remainder trusts, charitable gift annuities, pooled income funds, perpetual trusts, and similar arrangements. Certain revenues from these arrangements are restricted for the purposes or time periods specified in the arrangements.

### 10. Endowment

Defenders' endowment includes beneficial interests in perpetual trusts and other donor-restricted contributions to be held in perpetuity, the earnings of which can be used to fund either specific programs or general operations. Under accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Board of Directors of Defenders has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Defenders classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, Defenders considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) duration and preservation of the fund; (2) purposes of Defenders and the donor-restricted endowment fund; (3) general economic conditions; (4) possible effect of inflation and deflation; (5) expected total return from income and the appreciation or depreciation of investments; (6) other resources of Defenders; and (7) investment policies of Defenders.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 10. Endowment (continued)

#### Return Objectives, Risk Parameters, and Strategies

Defenders follows a conservative investment policy for endowment assets that attempts to preserve fully the original corpus and optimize returns. Should significant, new donations be made to the endowment assets, Defenders' investment policy would permit a strategy of long-term growth of the endowment assets. Under such a policy, the endowment assets would be invested in a manner that is intended to produce results exceeding major investment benchmarks while assuming a moderate level of risk.

#### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Defenders to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature would be reported by Defenders in net assets with donor restrictions. There were no donor-restricted endowment funds deficiencies for the years ended September 30, 2024 and 2023.

#### Composition of Endowment Net Assets

Endowment net asset composition was as follows at September 30:

	<u>2024</u>	<u>2023</u>
Donor-restricted endowment funds	<u>\$ 1,816,447</u>	<u>\$ 1,552,686</u>

#### Changes in Endowment Net Assets

Changes in endowment net assets were as follows for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 1,552,686	\$ 1,448,397
Investment return, net	<u>263,761</u>	<u>104,289</u>
Endowment net assets, end of year	<u>\$ 1,816,447</u>	<u>\$ 1,552,686</u>

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 11. Deferred Compensation Plan

Defenders maintains a non-qualified deferred compensation 457(b) plan, which was established to provide supplemental benefits for the former President. Contributions to the plan were based on 7% of the former President's aggregate compensation, allocated between the money purchase pension plan and the 457(b) plan. Additionally, the Board had authorized contributions to the 457(b) plan up to the statutory limit of allowable contributions as additional deferred compensation for the former President.

The applicable statutory maximum was contributed initially to the money purchase pension plan, with any remaining allowable contributions allocated to the 457(b) plan. Deferred compensation and related investments are available and taxable only upon termination of employment, retirement, death, or an unforeseeable emergency. As of September 30, 2024, with the departure of the President, the deferred compensation is now available per plan terms. Until distributed to the participant or beneficiary, all deferred amounts, and related investment earnings, remain the sole property and rights of Defenders. At September 30, 2024 and 2023, the deferred compensation assets and a corresponding liability were \$231,860 and \$192,427, respectively.

### 12. Retirement Plan

A money purchase pension plan was established by Defenders under Section 401(a) of the Internal Revenue Code (IRC), covering substantially all employees. Employees are eligible for participation after one year of service and are vested ratably over five years of service. Defenders' required contribution to the plan is 7% of each participant's aggregate compensation. Employee contributions are not permissible under the plan. Current pension costs are funded as they accrue. Total pension expense was \$729,130 and \$669,478 for the years ended September 30, 2024 and 2023, respectively.

### 13. Commitments and Contingencies

#### Employment Agreement

Defenders has a signed employment agreement with the President and Chief Executive Officer, which contains terms that require severance payments upon the occurrence of certain contractual events.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 13. Commitments and Contingencies (continued)

#### Leases

Defenders leases office space for its two field locations under noncancellable operating lease agreements. These agreements were originally set to expire in October 2024 and include provisions for future increases in minimum annual rental payments. In April 2024, the lease for the Denver field office was extended, with the new expiration date set for January 2028.

Additionally, Defenders entered into a finance lease for certain office equipment, which began on January 15, 2023, and is scheduled to expire on December 15, 2027.

Total ROU assets and lease liabilities are as follows at September 30:

#### *Lease Assets – Classification in Consolidated Statements of Financial Position*

	2024	2023
ROU assets – operating leases	\$ 274,833	\$ 142,067
ROU assets – finance lease	123,564	158,769
Total ROU lease assets	\$ 398,397	\$ 300,836

#### *Lease Liabilities – Classification in Consolidated Statements of Financial Position*

	2024	2023
Operating lease liabilities	\$ 274,145	\$ 154,759
Finance lease liabilities	123,564	158,769
Total lease liabilities	\$ 397,709	\$ 313,528



## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 13. Commitments and Contingencies (continued)

#### Leases (continued)

Total lease costs are as follows for the years ended September 30:

	2024	2023
Operating lease costs	\$ 133,814	\$ 125,214
Finance lease costs:		
Amortization of ROU assets	35,205	25,586
Interest expense	5,139	4,672
Total lease costs	\$ 174,158	\$ 155,472

The following table summarizes supplemental qualitative information related to the leases for the years ended September 30:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 137,757	\$ 133,530
Operating cash flows from finance lease	\$ 5,139	\$ 4,672
Financing cash flows from finance lease	\$ 35,205	\$ 25,586
ROU assets obtained in exchange for lease obligations:		
Operating leases	\$ 257,634	\$ 267,281
Finance lease	\$ -	\$ 184,355
Weighted-average remaining lease term (in years):		
Operating leases	3.3	1.0
Finance lease	3.3	4.3
Weighted-average discount rate:		
Operating leases	4.76%	4.12%
Finance lease	3.6%	3.6%

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 13. Commitments and Contingencies (continued)

#### Leases (continued)

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below for the years ending September 30:

	Operating Leases	Finance Lease	Total
2025	\$ 73,989	\$ 40,344	\$ 114,333
2026	94,606	40,344	134,950
2027	97,037	40,344	137,381
2028	33,021	10,086	43,107
	298,653	131,118	429,771
Total minimum lease payments	298,653	131,118	429,771
Less: discount to present value	(24,508)	(7,554)	(32,062)
	274,145	123,564	397,709
Present value of lease liabilities	\$ 274,145	\$ 123,564	\$ 397,709

### 14. Contributed Services

Contributed nonfinancial assets recognized within the consolidated statement of activities included the following for the years ended September 30:

	2024	2023
Legal services	\$ 2,940,180	\$ 5,800,697
Advertising	117,619	107,816
	3,057,799	5,908,513
Total contributed goods and services	\$ 3,057,799	\$ 5,908,513

Contributed legal services are provided by attorneys who advise on various conservation and administrative legal matters. Contributed legal services are used for program and supporting services and recognized at fair value based on current rates for similar legal services.

Contributed advertising is valued using estimated principal market prices of identical or similar products. Contributed advertising is used for fundraising and development.

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 15. Allocation of Joint Costs

Defenders achieves some of its programmatic, management, and general goals through direct response and similar campaigns that include requests for contributions. During the years ended September 30, 2024 and 2023, the costs of direct response programs included joint costs not directly attributable to any single function.

The costs were allocated among the following functional expense categories as follows for the years ended September 30:

	2024	2023
Constituency mobilization	\$ 3,836,119	\$ 5,583,597
Management and general	524,831	782,812
Fundraising	713,033	771,085
Total allocated joint costs	<u>\$ 5,073,983</u>	<u>\$ 7,137,494</u>

### 16. Functionalized Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Defenders allocates the majority of its expenses utilizing an indirect cost allocation methodology. Expenses that are allocated include salaries and wages, employee benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort. Additionally, the remaining expenses are allocated using a methodology that is calculated based on the estimates of personnel time spent on each function per type of natural expense category, and also a consideration of square footage of space and resources dedicated to a particular function.

### 17. Income Taxes

Under IRC §501(c)(3), DOW is exempt from the payment of taxes on income other than net unrelated business income. DOW was granted nonprivate foundation status under IRC §509(a)(1) and IRC §170(b)(1)(A)(vi). No provision for taxes has been made as there were no significant taxes resulting from unrelated business activities during fiscal years 2024 and 2023. DOW has elected to be subject to the lobbying limitations under IRC §501(h).

## Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund

Notes to Consolidated Financial Statements  
September 30, 2024 and 2023

### 17. Income Taxes (continued)

Under IRC §501(c)(4), the Action Fund is exempt from the payment of taxes on income other than net unrelated business income. For the years ended September 30, 2024 and 2023, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded.

Management has evaluated Defenders' tax positions and concluded that Defenders had no significant uncertain tax positions at September 30, 2024 and 2023.

### 18. Supplementary Disclosures of Cash Flow Information

	<u>2024</u>	<u>2023</u>
Noncash transactions arising from ASC 842 adoption:		
Recognition of operating lease ROU assets	\$ (257,634)	\$ (267,281)
Recognition of operating lease liabilities	\$ 257,634	\$ 288,286
Write-off of deferred rent	\$ -	\$ (21,008)
Establishment of finance ROU asset	\$ -	\$ (184,355)
Establishment of finance lease liability	\$ -	\$ 184,355
Interest paid	\$ 5,811	\$ 4,672
Donated securities	\$ 2,964,872	\$ 412,100

## **SUPPLEMENTARY INFORMATION**

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**Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund**

Consolidating Statement of Financial Position  
September 30, 2024

	<u>DOW</u>	<u>Action Fund</u>	<u>Elimination</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,620,756	\$ 282,779	\$ -	\$ 1,903,535
Short-term investments	2,612,741	-	-	2,612,741
Investments – annuity reserve fund	3,361,683	-	-	3,361,683
Bequests and trusts receivable	1,847,629	-	-	1,847,629
Grants and contributions receivable, current portion	528,734	-	-	528,734
Accounts receivable	246,038	-	(185)	245,853
Prepaid expenses	1,049,280	-	-	1,049,280
Inventory	754,564	-	-	754,564
Total current assets	<u>12,021,425</u>	<u>282,779</u>	<u>(185)</u>	<u>12,304,019</u>
Long-term investments	36,431,619	-	-	36,431,619
Grants and contributions receivable, long-term, net	111,347	-	-	111,347
Beneficial interests in trusts	2,240,787	-	-	2,240,787
Lease right-of-use assets	398,397	-	-	398,397
Property and equipment, net	7,043,630	-	-	7,043,630
Deferred compensation	231,860	-	-	231,860
Total assets	<u>\$ 58,479,065</u>	<u>\$ 282,779</u>	<u>\$ (185)</u>	<u>\$ 58,761,659</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,873,263	\$ 185	\$ (185)	\$ 1,873,263
Refundable advances	38,487	-	-	38,487
Annuity and other split-interest obligations, current portion	291,925	-	-	291,925
Total current liabilities	<u>2,203,675</u>	<u>185</u>	<u>(185)</u>	<u>2,203,675</u>
Annuity and other split-interest obligations, long-term	1,800,646	-	-	1,800,646
Lease liabilities	397,709	-	-	397,709
Deferred compensation	231,860	-	-	231,860
Total liabilities	<u>4,633,890</u>	<u>185</u>	<u>(185)</u>	<u>4,633,890</u>
<b>Net Assets</b>				
Without donor restrictions	45,574,208	282,594	-	45,856,802
With donor restrictions	8,270,967	-	-	8,270,967
Total net assets	<u>53,845,175</u>	<u>282,594</u>	<u>-</u>	<u>54,127,769</u>
Total liabilities and net assets	<u>\$ 58,479,065</u>	<u>\$ 282,779</u>	<u>\$ (185)</u>	<u>\$ 58,761,659</u>

**Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund**

Consolidating Statement of Financial Position  
September 30, 2023

	<u>DOW</u>	<u>Action Fund</u>	<u>Elimination</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 3,401,277	\$ 280,598	\$ -	\$ 3,681,875
Short-term investments	17	-	-	17
Investments – annuity reserve fund	3,050,993	-	-	3,050,993
Bequests and trusts receivable	2,012,211	-	-	2,012,211
Grants and contributions receivable, current portion	696,915	5,000	-	701,915
Accounts receivable	199,684	193	-	199,877
Prepaid expenses	966,724	-	-	966,724
Inventory	1,169,463	-	-	1,169,463
Total current assets	<u>11,497,284</u>	<u>285,791</u>	<u>-</u>	<u>11,783,075</u>
Long-term investments	28,692,697	-	-	28,692,697
Grants and contributions receivable, long-term, net	97,385	-	-	97,385
Beneficial interests in trusts	1,914,962	-	-	1,914,962
Lease right-of-use assets	300,836	-	-	300,836
Property and equipment, net	7,470,236	-	-	7,470,236
Deferred compensation	192,427	-	-	192,427
Total assets	<u>\$ 50,165,827</u>	<u>\$ 285,791</u>	<u>\$ -</u>	<u>\$ 50,451,618</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,850,789	\$ 193	\$ -	\$ 1,850,982
Annuity and other split-interest obligations, current portion	293,455	-	-	293,455
Total current liabilities	<u>2,144,244</u>	<u>193</u>	<u>-</u>	<u>2,144,437</u>
Annuity and other split-interest obligations, long-term	1,723,767	-	-	1,723,767
Lease liabilities	313,528	-	-	313,528
Deferred compensation	192,427	-	-	192,427
Total liabilities	<u>4,373,966</u>	<u>193</u>	<u>-</u>	<u>4,374,159</u>
<b>Net Assets</b>				
Without donor restrictions	37,173,261	285,598	-	37,458,859
With donor restrictions	8,618,600	-	-	8,618,600
Total net assets	<u>45,791,861</u>	<u>285,598</u>	<u>-</u>	<u>46,077,459</u>
Total liabilities and net assets	<u>\$ 50,165,827</u>	<u>\$ 285,791</u>	<u>\$ -</u>	<u>\$ 50,451,618</u>

**Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund**

Consolidating Statement of Activities  
For the Year Ended September 30, 2024

	DOW		Action Fund	Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions		
<b>Revenue and Support</b>					
Grants and contributions	\$ 22,483,967	\$ 4,531,279	\$ -	\$ -	\$ 27,015,246
Contributed services	3,057,799	-	-	-	3,057,799
Bequests	7,476,796	-	-	-	7,476,796
Royalties	210,180	-	-	-	210,180
Investment return, net	7,256,214	263,763	2,338	-	7,522,315
Split-interest contributions	-	56,266	-	-	56,266
Change in value of split interests	311,903	254,869	-	-	566,772
Mailing list royalties	190,495	-	-	-	190,495
Other income	49,420	-	-	(923)	48,497
Released from restrictions – programs	5,453,810	(5,453,810)	-	-	-
<b>Total revenue and support</b>	<b>46,490,584</b>	<b>(347,633)</b>	<b>2,338</b>	<b>(923)</b>	<b>46,144,366</b>
<b>Expenses</b>					
Program services:					
Biodiversity conservation	15,624,747	-	-	-	15,624,747
Constituency mobilization	15,349,508	-	-	-	15,349,508
<b>Total program services</b>	<b>30,974,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,974,255</b>
Supporting services:					
Management and general	5,942,851	-	5,342	(923)	5,947,270
Fundraising	1,172,531	-	-	-	1,172,531
<b>Total supporting services</b>	<b>7,115,382</b>	<b>-</b>	<b>5,342</b>	<b>(923)</b>	<b>7,119,801</b>
<b>Total expenses</b>	<b>38,089,637</b>	<b>-</b>	<b>5,342</b>	<b>(923)</b>	<b>38,094,056</b>
<b>Change in Net Assets</b>	<b>8,400,947</b>	<b>(347,633)</b>	<b>(3,004)</b>	<b>-</b>	<b>8,050,310</b>
<b>Net Assets, beginning of year</b>	<b>37,173,261</b>	<b>8,618,600</b>	<b>285,598</b>	<b>-</b>	<b>46,077,459</b>
<b>Net Assets, end of year</b>	<b>\$ 45,574,208</b>	<b>\$ 8,270,967</b>	<b>\$ 282,594</b>	<b>\$ -</b>	<b>\$ 54,127,769</b>



**Defenders of Wildlife and Affiliated Defenders of Wildlife Action Fund**

Consolidating Statement of Activities  
For the Year Ended September 30, 2023

	DOW		Action Fund	Elimination	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions		
<b>Revenue and Support</b>					
Grants and contributions	\$ 22,351,821	\$ 4,150,644	\$ 5,000	\$ -	\$ 26,507,465
Contributed services	5,908,513	-	-	-	5,908,513
Bequests	8,436,965	706,337	-	-	9,143,302
Royalties	345,429	-	-	-	345,429
Investment return, net	3,315,148	7,036	1,969	-	3,324,153
Split-interest contributions	-	36,944	-	-	36,944
Change in value of split interests	97,286	64,844	-	-	162,130
Mailing list royalties	227,556	-	-	-	227,556
Other income	48,398	-	-	(176)	48,222
Released from restrictions – programs	5,612,721	(5,612,721)	-	-	-
<b>Total revenue and support</b>	<b>46,343,837</b>	<b>(646,916)</b>	<b>6,969</b>	<b>(176)</b>	<b>45,703,714</b>
<b>Expenses</b>					
Program services:					
Biodiversity conservation	18,360,266	-	-	-	18,360,266
Constituency mobilization	17,334,236	-	-	-	17,334,236
<b>Total program services</b>	<b>35,694,502</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,694,502</b>
Supporting services:					
Management and general	6,532,330	-	4,099	(176)	6,536,253
Fundraising	1,111,040	-	-	-	1,111,040
<b>Total supporting services</b>	<b>7,643,370</b>	<b>-</b>	<b>4,099</b>	<b>(176)</b>	<b>7,647,293</b>
<b>Total expenses</b>	<b>43,337,872</b>	<b>-</b>	<b>4,099</b>	<b>(176)</b>	<b>43,341,795</b>
<b>Change in Net Assets</b>	<b>3,005,965</b>	<b>(646,916)</b>	<b>2,870</b>	<b>-</b>	<b>2,361,919</b>
<b>Net Assets, beginning of year</b>	<b>34,167,296</b>	<b>9,265,516</b>	<b>282,728</b>	<b>-</b>	<b>43,715,540</b>
<b>Net Assets, end of year</b>	<b>\$ 37,173,261</b>	<b>\$ 8,618,600</b>	<b>\$ 285,598</b>	<b>\$ -</b>	<b>\$ 46,077,459</b>