



Certified Public Accountants
and Financial Advisors

ISLAND CONSERVATION

Financial Statements

December 31, 2019 and 2018

INDEX TO FINANCIAL STATEMENTS

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses – 2019	5
Statement of Functional Expenses – 2018	6
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Island Conservation

Report on the Financial Statements

We have audited the accompanying financial statements of Island Conservation (the "Organization"), which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Island Conservation as of December 31, 2019 and 2018, 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.

SQUAR MILNER LLP

SQUAR MILNER LLP

San Francisco, California
July 31, 2020

ISLAND CONSERVATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS		2019	2018
		<u> </u>	<u> </u>
Current Assets			
Cash and cash equivalents	\$	1,801,215	\$ 2,305,169
Grants receivable - due in less than one year		1,792,405	1,028,140
Contracts receivable		525,646	328,362
Other receivables		3,442	-
Prepaid expenses		70,748	84,582
Investments		-	792,764
Other current assets		9,795	17,167
		<u>4,203,251</u>	<u>4,556,184</u>
Non-Current Assets			
Property and equipment, net		-	5,643
Grants receivable beyond one year		212,200	-
Deposits		12,321	9,601
		<u>224,521</u>	<u>15,244</u>
Total assets	\$	<u>4,427,772</u>	\$ <u>4,571,428</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$	126,608	\$ 298,434
Accrued vacation		264,268	227,736
Grant advances		278,689	-
		<u>669,565</u>	<u>526,170</u>
Net Assets			
Without donor restrictions		1,805,512	2,149,398
With donor restrictions		1,952,695	1,895,860
		<u>3,758,207</u>	<u>4,045,258</u>
Total net assets		<u>3,758,207</u>	<u>4,045,258</u>
Total liabilities and net assets	\$	<u>4,427,772</u>	\$ <u>4,571,428</u>

ISLAND CONSERVATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE						
Foundation and community grants	\$ 1,441,072	\$ 3,816,375	\$ 5,257,447	\$ 1,992,337	\$ 2,548,016	\$ 4,540,353
Government grants - federal	647,661	-	647,661	461,780	-	461,780
Contract income	536,292	-	536,292	862,971	-	862,971
Contributions	194,826	-	194,826	218,911	-	218,911
In-kind contributions	4,975	-	4,975	42,084	-	42,084
Other income (expense)	33,106	-	33,106	(4,290)	-	(4,290)
Net assets released from restrictions:						
Purpose or time restrictions met	3,759,540	(3,759,540)	-	3,223,297	(3,223,297)	-
TOTAL SUPPORT AND REVENUE	<u>6,617,472</u>	<u>56,835</u>	<u>6,674,307</u>	<u>6,797,090</u>	<u>(675,281)</u>	<u>6,121,809</u>
EXPENSES						
Program services	4,970,724	-	4,970,724	4,920,350	-	4,920,350
Supporting services:						
Administration	1,190,093	-	1,190,093	1,231,169	-	1,231,169
Fundraising	800,541	-	800,541	616,332	-	616,332
TOTAL EXPENSES	<u>6,961,358</u>	<u>-</u>	<u>6,961,358</u>	<u>6,767,851</u>	<u>-</u>	<u>6,767,851</u>
Change in net assets	(343,886)	56,835	(287,051)	29,239	(675,281)	(646,042)
NET ASSETS - beginning of year	<u>2,149,398</u>	<u>1,895,860</u>	<u>4,045,258</u>	<u>2,120,159</u>	<u>2,571,141</u>	<u>4,691,300</u>
NET ASSETS - end of year	<u>\$ 1,805,512</u>	<u>\$ 1,952,695</u>	<u>\$ 3,758,207</u>	<u>\$ 2,149,398</u>	<u>\$ 1,895,860</u>	<u>\$ 4,045,258</u>

ISLAND CONSERVATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2019

	Program Services	Supporting Services		Common Costs	Total
		Administration	Fundraising		
Salaries	\$ 2,163,784	\$ 661,333	\$ 467,295	\$ -	\$ 3,292,412
Consultants and professional fees	659,388	107,095	5,316	49,666	821,465
Travel and transportation	597,222	83,851	82,546	-	763,619
Employee benefits	417,075	127,750	69,865	-	614,690
Supplies	372,551	11,753	11,390	25,857	421,551
Payroll taxes	175,540	54,569	43,379	-	273,488
Grants to others	218,988	-	-	-	218,988
Occupancy	3,673	-	320	142,368	146,361
Charters	20,827	-	60,727	-	81,554
Telephone	7,753	-	48	66,532	74,333
Insurance	4,889	48	421	47,335	52,693
Postage and shipping	45,212	1,202	2,466	-	48,880
Bank and payroll fees	5,406	38,016	1,866	-	45,288
Books and subscriptions	10,655	18,731	14,967	-	44,353
Professional development	7,954	9,279	2,773	-	20,006
Printing and duplication	3,370	8,695	116	-	12,181
Utilities	-	-	-	11,680	11,680
Depreciation	-	-	-	5,643	5,643
Licenses and fees	1,410	2,640	1,477	-	5,527
Equipment, repairs and maintenance	4,684	217	293	-	5,194
Animal care	1,452	-	-	-	1,452
Allocation of common costs	248,891	64,914	35,276	(349,081)	-
TOTAL EXPENSES	\$ 4,970,724	\$ 1,190,093	\$ 800,541	\$ -	\$ 6,961,358

ISLAND CONSERVATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2018

	Program Services	Supporting Services		Common Costs	Total
		Administration	Fundraising		
Salaries	\$ 2,403,491	\$ 696,989	\$ 418,701	\$ -	\$ 3,519,181
Consultants and professional fees	622,731	123,639	133	59,662	806,165
Travel and transportation	534,097	42,087	70,500	-	646,684
Employee benefits	424,579	92,834	48,686	-	566,099
Supplies	392,574	4,608	6,434	16,068	419,684
Payroll taxes	154,398	55,317	25,724	-	235,439
Occupancy	3,481	-	-	123,837	127,318
Bad debt expense	-	80,000	-	-	80,000
Telephone	7,917	-	261	44,642	52,820
Books and subscriptions	21,476	17,209	10,295	-	48,980
Insurance	-	-	338	47,247	47,585
Bank and payroll fees	6,355	37,487	157	-	43,999
Postage and shipping	39,960	733	1,591	-	42,284
Professional development	19,394	945	1,968	-	22,307
Depreciation	-	10,223	-	11,424	21,647
Licenses and fees	12,545	4,696	3,688	-	20,929
Grants to others	16,880	-	-	-	16,880
Printing and duplication	4,584	8,884	2,000	-	15,468
Utilities	-	930	-	11,892	12,822
Charters	10,999	-	-	-	10,999
Equipment repairs and maintenance	9,562	215	-	-	9,777
Animal care	784	-	-	-	784
Allocation of common costs	234,543	54,373	25,856	(314,772)	-
TOTAL EXPENSES	\$ 4,920,350	\$ 1,231,169	\$ 616,332	\$ -	\$ 6,767,851

ISLAND CONSERVATION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (287,051)	\$ (646,042)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,643	21,647
(Increase) decrease in operating assets:		
Contracts and grants receivable	(1,173,749)	65,528
Other receivables	(3,442)	-
Prepaid expenses	13,834	2,026
Other current assets	7,372	(11,476)
Deposits	(2,720)	1,100
Increase in operating liabilities:		
Accounts payable and accrued expenses	(171,826)	131,624
Accrued vacation	36,532	11,056
Grant advances	278,689	-
Net used in operating activities	(1,296,718)	(424,537)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions of investments	-	12,936
Sale of investments	2,901,104	4,412,830
Purchases of investments	(2,108,340)	(3,578,738)
Net cash provided by investing activities	792,764	847,028
Net (decrease) increase in cash and cash equivalents	(503,954)	422,491
CASH AND CASH EQUIVALENTS - beginning of the year	2,305,169	1,882,678
CASH AND CASH EQUIVALENTS - end of the year	\$ 1,801,215	\$ 2,305,169

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

1. ORGANIZATION

Island Conservation (the “Organization”) is a non-profit corporation founded in 1994 and incorporated in 1997. The Organization’s mission is to prevent extinctions by removing invasive species from islands. The Organization works around the globe in partnership with government and other non-governmental organizations (NGOs) to achieve its mission.

Working with these partners, the Organization’s staff scientists and island ecosystem recovery specialists work to: evaluate invasive species’ impact on native island animals and plants; determine feasibility of invasive species removal; design and implement plans to remove invasive species; and monitor the recovery of native island animals and natural systems after invasive species are removed.

The Organization is supported primarily through private and public grants and contributions. The Organization is headquartered in Santa Cruz, California and has satellite offices in: Boqueron, Puerto Rico; Honolulu, Hawaii; Kelowna, British Columbia; Santiago, Chile; Sydney, Australia; Galapagos, Ecuador; and Auckland, New Zealand.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization’s significant accounting policies follow:

Method of Accounting

The financial statements of the Organization have been prepared using the accrual method of accounting, which involves the recognition of revenues and gains when earned and expenses and losses when incurred.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets without donor restrictions represent net assets that are not subject to donor-imposed stipulations. The Board of Directors periodically designates a portion of the unrestricted net assets for use on specific projects.

With Donor Restrictions

Net assets with donor restrictions represent 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 and net assets to be held in perpetuity as directed by donors. The Organization currently has no assets held in perpetuity.

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable include unconditional commitments from various foundations that are recorded at the net realizable value of the amount expected to be collected by management. Grants receivable beyond one year are discounted using a risk-based discount rate. All receivables are deemed fully collectible at December 31, 2019 and 2018.

Property, Equipment and Depreciation

Property and equipment are recorded at cost when purchased and fair value when received as a donation. Depreciation is provided over the estimated useful lives of the respective assets, using the straight-line method of depreciation. Repairs and maintenance are charged to expense as incurred. A workable unit with a cost or basis of \$5,000 or more is considered a fixed asset and accordingly capitalized.

Income Tax Status

The Organization is recognized as a public charity exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code sections of the California Revenue and Taxation Code, is subject to income tax. Management believes that all of the Organization's activities were directly related to its exempt purpose.

Each year, management considers whether the Organization has any uncertain tax positions that require recognition in the financial statements; including whether the Organization has engaged in any activities that could affect the Organization's income tax status or result in taxable income. Management believes that any positions the Organization has taken are supported by substantial authority and would more likely than not be sustained upon examination by the applicable taxing authority. Management has determined that the Organization does not have any material uncertain tax positions that require recognition or disclosure in the financial statements.

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grants and Contributions

Contributions are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

In-Kind Contributions

Gifts of property and equipment are recorded as increases in net assets without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as increases in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the Organization reports expirations of donor restrictions when long-lived assets are placed in service. There were no gifts of property and equipment for the years ended December 31, 2019 and 2018.

The Organization records contributed professional services and materials at their estimated fair value on the date of receipt. Contributed services are recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not received through donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses, or additions to property and equipment.

Contract Income

The Organization recognizes contract income from arrangements with various third parties in the period when the services have been provided. Contract income consists of cost reimbursement contracts and fees for services contracts depending on the terms of the contract.

Cost reimbursement contracts are recognized in accordance with ASC 958 - Grants and Contributions are recognized when the condition of incurring the costs has occurred.

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contract Income (continued)

The following table disaggregates the Organization's contract income based on the terms of the contract for the year ended December 31, 2019:

Cost reimbursement contracts	\$ 742,033
Fees for services contracts	<u>441,920</u>
	<u>\$ 1,183,953</u>
Recorded as:	
Federal grants	\$ 647,661
Contract income	<u>536,292</u>
	<u>\$ 1,183,953</u>

Grant Advances

Conditional grants received in advance of the Organization fulfilling the condition are recorded as grant advances on the Statement of Financial Position.

Investments

Investments consist principally of certificates of deposit with original maturity dates of more than three months but less than one year, and are carried at cost plus accrued interest estimate which approximate fair value.

Fair Value Measurements

The Organization considers the use of market based information over entity specific information in valuing its marketable investment securities, using a three-level hierarchy for fair value measurements, based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

Level 1 – inputs to the valuation methodology – quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology – quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.

Level 3 – inputs to the valuation methodology – unobservable and significant to the fair value measurement.

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

An asset's or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. The Organization considers the cost related to operation and maintenance of its office facilities, and certain professional fees to be common costs. These costs are allocated to activities benefited based on employee effort as reported by employees.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant accounting estimates reflected in the Organization's financial statements include valuation and collectability of grants receivable and the functional allocation of expenses. Actual results may differ from these estimates.

Recently Issued Accounting Standards

The FASB issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). The new standard is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. The new standard will be effective for the Organization for the year ending December 31, 2020. The Organization is currently evaluating the impact on its financial statements.

The FASB also issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02") for lease accounting to increase transparency and comparability among companies by requiring the recognition of lease assets and lease liabilities by lessees. The new standard will be effective for the Organization for the year ending December 31, 2022, and early adoption is permitted. The Organization is currently evaluating the timing of its adoption and its impact on its financial statements.

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

3. NEW ACCOUNTING PRONOUNCEMENT

In June 2018, the Financial Accounting Standards Board (FASB) ASU 2018-08, *clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The ASU clarified and improved the scope and accounting guidance around contributions of cash and other assets received and made by all entities, including business entities. The ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional or unconditional. The adoption of ASU 2018-08 under the prospective method effective January 1, 2019 did not have a material effect on the Organization's financial position or results of operations.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Island Conservation monitors weekly the availability of resources required to meet its operating needs as well as other contractual commitments, while also maximizing the investment of its available funds. Island Conservation has various sources of liquidity at its disposal, including cash and cash equivalents, certificates of deposit that are staggered, and a line of credit if needed (refer to Note 13).

In addition to financial assets available to meet general expenditures, Island Conservation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted revenue. As of December 31, 2019 and 2018, the following tables show the total financial assets held by Island Conservation and the amounts of those financial assets could be readily made available within one year of the statement of financial position date to meet general expenditures.

Financial assets at:	<u>Decmeber 31, 2019</u>	<u>December 31, 2018</u>
Cash and cash equivalents	\$ 1,801,215	\$ 2,305,169
Grants receivable	1,792,405	1,028,140
Contracts receivable	525,646	328,362
Other receivables	3,442	-
Investments	-	792,764
Total financial assets	<u>4,122,708</u>	<u>4,454,435</u>
Less: net assets with donor restrictions	<u>(1,952,695)</u>	<u>(1,895,860)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,170,013</u>	<u>\$ 2,558,575</u>

The Organization considers all expenditures related to its ongoing program, administration and general and fundraising activities to be general expenditures.

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

5. CONCENTRATION OF CREDIT RISK

Concentrations of credit risk primarily includes cash and cash equivalents, grants receivable and investments.

Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Certain investment accounts are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

At December 31, 2019 and 2018, approximately 89% and 84%, respectively, of grants receivable were due from four and three grantors, respectively. During the year ended December 31, 2019, 32% of foundation and community grants support came from two donors.

6. GRANTS RECEIVABLE

At December 31, 2019 and 2018, grants receivable are expected to be collected in the following periods:

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 1,795,847	\$ 1,028,140
Between one year to five years	<u>212,200</u>	<u>-</u>
Grants receivable, net	<u>\$ 2,008,047</u>	<u>\$ 1,028,140</u>

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

7. PROPERTY AND EQUIPMENT

At December 31, 2019 and 2018, property and equipment consists of:

	<u>2019</u>	<u>2018</u>
Project related equipment	\$ 149,236	\$ 149,236
Leasehold improvements	29,025	29,025
Software	<u>59,809</u>	<u>59,809</u>
Total property and equipment	238,070	238,070
Less: accumulated depreciation	<u>(238,070)</u>	<u>(232,427)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ 5,643</u>

8. FAIR VALUE MEASUREMENTS

At December 31, 2018, investments at fair value consist of the following:

	<u>2018</u>				
	<u>Fair Value</u>	<u>Fair Value Measurements using</u>			<u>Net Asset Value</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Certificates of deposit	\$ 792,764	\$ -	\$ 792,764	\$ -	\$ -
	<u>\$ 792,764</u>	<u>\$ -</u>	<u>\$ 792,764</u>	<u>\$ -</u>	<u>\$ -</u>

There were no investments held at December 31, 2019.

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

9. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2019 and 2018, net assets with donor restrictions were available for the following purposes:

	<u>2019</u>	<u>2018</u>
Subject to time restrictions:		
Time	\$ 460,000	\$ -
Subject to purpose restrictions:		
Chanaral	9,180	-
Chile	-	30,647
Data	14,100	-
Desecheo	-	7,403
Floreana island	24,313	-
General	-	10,000
Global Comms	49,600	-
Gough/Henderson	53,000	-
Hawaii	5,526	70,044
Innovation	-	10,000
Juan Fernandez archipelago	-	20,320
Kawau	3,242	5,381
Kayangel	-	49,721
Madagascar	-	-
Marquesas	-	1,050
Midway	135,000	-
Mona	-	7,000
Ngeruktabel	28,089	-
Palau	30,000	101,503
Palmyra	262,500	-
Seabirds	179,671	1,241,002
Senestech Trail	250,000	-
Seymour	-	20,020
South America	-	267,200
Ulithi	215,816	54,569
Various islands	201,436	-
Wallis et Futuna	31,222	-
	<u>\$ 1,952,695</u>	<u>\$ 1,895,860</u>

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

10. IN-KIND CONTRIBUTIONS

The Organization recognized certain voluntary services and donated materials for the years ended December 31, 2019 and 2018 as follows:

<u>Type of contribution</u>	<u>Activity</u>	<u>2019</u>	<u>2018</u>
Supplies	Program	\$ 4,975	\$ 22,084
Legal services	Program	-	20,000
		<u>\$ 4,975</u>	<u>\$ 42,084</u>

11. CONDITIONAL PROMISES TO GIVE

At December 31, 2019 grants and contributions amounting to \$6,012,475 have not been recognized in the accompanying financial statements because of the condition(s) on which they depend have not been met. The conditions are as follows:

Incur qualifying program expenses	<u>\$ 6,012,475</u>
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12. RETIREMENT PLAN

The Organization has established a simple IRA retirement plan, (the "Plan"). The Plan provides for an employer match of all employee elective deferrals up to 3% of compensation. For the years ended December 31, 2019 and 2018, the Organization matched 3% and, accordingly, contributed \$58,140 and \$74,749 respectively, to the Plan.

13. OPERATING LEASES

The Organization has several non-cancelable operating lease arrangements for its offices expiring at various times through June 2022. Future minimum lease payments for these arrangements at December 31, 2019 were as follows and are subject to annual adjustments of 2-6%:

<u>Year ending December 31,</u>	
2020	\$ 86,184
2021	86,184
2022	<u>43,092</u>
	<u>\$ 215,460</u>

During the years ended December 31, 2019 and 2018, rent expense was \$146,361 and \$127,318, respectively.

ISLAND CONSERVATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

14. LINE OF CREDIT

The Organization has a line of credit in the amount of \$750,000 with a financial institution which matures on September 10, 2020. The line of credit is secured by all accounts, contract rights, chattel paper, general intangibles, equipment and other rights to payments of every kind and bears interest at prime plus 1%, with a floor of 5%. The line was not accessed during the years ended December 31, 2019 and 2018, and at December 31, 2019 and 2018, there was no outstanding balance.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the World Health Organization declared the COVID-19 outbreak as a pandemic. In addition, as of March 2020, the California State Governor ordered the closure of the physical location of every business, except those identified in the “critical infrastructure sectors,” for a limited period of time. The outbreak has led to severe disruptions and uncertainty to economic conditions and credit and capital markets and funding sources. The Organization has responded to the outbreak and has developed contingency plans for operations depending on future developments. The duration and economic impact of the outbreak is uncertain but it is possible operations may be negatively impacted. The Organization will continue to monitor the situation closely, but given the uncertainty about the situation, management cannot estimate the impact to the financial statements.

Subsequent to year end, the Organization applied for and received a Paycheck Protection Program (PPP_ loan for approximately \$440,000 at 1% interest rate. The Organization may apply for loan forgiveness up to the full loan amount for certain qualifying costs incurred during the deferment period.

Subsequent events were evaluated through July 31, 2020 which is the date the financial statements were available to be issued.