

Conservation Earth, Inc. dba Wildmind
(A California Nonprofit Organization)

Audited Financial Statements &
Independent Auditor's Report
August 31, 2021



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037

Conservation Earth, Inc. dba Wildmind
(A California Nonprofit Organization)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Conservation Earth, Inc. dba Wildmind
Half Moon Bay, California

Report on the Financial Statements

We have audited the accompanying financial statements of Conservation Earth, Inc. dba Wildmind (a California Nonprofit Organization), which comprise the statement of financial position as of August 31, 2021, the related statements of activities, functional expenses and cash flows for the year then ended, and the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Chavan and Associates, LLP
Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservation Earth, Inc. dba Wildmind as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

C & A LLP

May 29, 2022
Morgan Hill, California

Financial Statements

Conservation Earth, Inc. dba Wildmind
(A California Nonprofit Organization)
Statement of Financial Position
August 31, 2021

ASSETS	
Cash and cash equivalents	\$ 240,582
Prepaid expenses	4,467
Property and equipment, net	<u>1,791,396</u>
Total Assets	<u><u>\$ 2,036,445</u></u>
LIABILITIES	
Accounts payable	\$ 31,439
Accrued payroll liabilities	53,077
Mortgage payable	707,548
PPP Loan Second Draw	97,900
Economic Injury Disaster loan	<u>149,900</u>
Total Liabilities	<u><u>1,039,864</u></u>
NET ASSETS	
Without donor restrictions:	
Undesignated	782,666
Board designated	94,500
With donor restrictions	<u>119,415</u>
Total Net Assets	<u><u>996,581</u></u>
Total Liabilities and Net Assets	<u><u>\$ 2,036,445</u></u>

The accompanying notes are an integral part of these financial statements.

Conservation Earth, Inc. dba Wildmind

(A California Nonprofit Organization)

Statement of Activities

For the Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS			
Contributions	\$ 214,961	\$ 3,300	\$ 218,261
Grants	259,600	97,600	357,200
Program service fees	50,967	-	50,967
Gross special events revenue	9,200	-	9,200
Net investment return	557	-	557
Other revenue	2,212	-	2,212
Net assets released from restrictions:			
Satisfaction of program restrictions	225,266	(225,266)	-
Total Revenue, Support and Gains	762,763	(124,366)	638,397
EXPENSES AND LOSSES			
Program expenses:			
Educational programs	200,998	-	200,998
Animal care	327,806	-	327,806
Total program expenses	528,804	-	528,804
Management and general expenses	93,240	-	93,240
Fundraising	38,965	-	38,965
Total Expenses and Losses	661,009	-	661,009
Change in Net Assets	101,754	(124,366)	(22,612)
Prior Period Adjustments	(72,512)	158,028	85,516
Total Net Assets - Beginning, as Adjusted	847,924	85,753	933,677
Total Net Assets - Ending	\$ 877,166	\$ 119,415	\$ 996,581

The accompanying notes are an integral part of these financial statements.

Conservation Earth, Inc. dba Wildmind
(A California Nonprofit Organization)
Statement of Functional Expenses
For the Year Ended August 31, 2021

	Program Services			Management and General	Fundraising	Total Expenses
	Educational Programs	Animal Care	Total			
Animal care, food and supplies	\$ -	\$ 38,831	\$ 38,831	\$ -	\$ -	\$ 38,831
Facilities	-	60,266	60,266	-	-	60,266
Fundraising marketing, printing and postage	-	-	-	-	900	900
Professional services	-	-	-	19,215	-	19,215
Office expenses	-	-	-	24,335	-	24,335
Salaries, benefits and personnel costs	145,680	135,274	280,954	34,686	31,217	346,857
Insurance	5,983	-	5,983	-	-	5,983
Marketing and promotion	9,493	-	9,493	-	-	9,493
Telephone	3,654	-	3,654	-	-	3,654
Transportation	9,335	-	9,335	-	-	9,335
Supplies and support	4,137	-	4,137	-	-	4,137
Educational consultants	5,005	-	5,005	-	-	5,005
Interest	-	50,717	50,717	-	-	50,717
Amortization	6,848	-	6,848	6,848	6,848	20,544
Depreciation	10,863	41,372	52,235	8,156	-	60,391
Other	-	1,346	1,346	-	-	1,346
Total expenses by function	<u>\$ 200,998</u>	<u>\$ 327,806</u>	<u>\$ 528,804</u>	<u>\$ 93,240</u>	<u>\$ 38,965</u>	<u>\$ 661,009</u>

The accompanying notes are an integral part of these financial statements.

Conservation Earth, Inc. dba Wildmind
(A California Nonprofit Organization)
Statement of Cash Flows
For the Year Ended August 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	\$ (22,612)
Change in net assets	
Adjustments to reconcile change in net assets to net cash provided by/used for operating activities:	
Depreciation and amortization expense	80,935
Loans forgiven	(97,600)
Prepaid expenses	559
Accounts payable	13,021
Accrued payroll liabilities	125
Deferred revenue	10,186
Net cash provided by (used for) operating activities	<u>(15,386)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal paid on line of credit	(171,174)
Principal paid on mortgage loan	(25,829)
Proceeds from Paycheck Protection Program second draw	97,900
Net cash provided by (used for) financing activities	<u>(99,103)</u>
 Net change in cash and cash equivalents	(114,489)
 Cash and cash equivalents - beginning of year	<u>355,071</u>
 Cash and cash equivalents - end of year	<u>\$ 240,582</u>
 Additional Cash Flow Disclosures:	
Interest paid	<u>\$ 50,717</u>

The accompanying notes are an integral part of these financial statements.

Conservation Earth, Inc. dba Wildmind
(A California Nonprofit Organization)
Notes to Financial Statements
For the Year Ended August 31, 2021

NOTE 1 - PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Conservation Earth, Inc. dba Wildmind (the “Organization” or “Wildmind”) is a 501(c)(3) corporation founded in 1983. Wildmind was established to educate the public about wildlife, nature, and to provide guardianship of non-releasable wildlife. From its office and wildlife sanctuary in Half Moon Bay, California, Wildmind cares for injured and orphaned wildlife and presents site specific and distance learning environmental educational programs throughout Northern California. Over 80 percent of Wildmind’s support is provided by generous donors while the remainder comes from fees charged for educational programs.

Basis of Presentation

The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) for not-for-profit entities (FASB Topic 958, ASU 2016-14).

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition, as applicable.

Receivables and Credit Policies

When applicable, accounts receivable consists primarily of noninterest-bearing amounts due for program support services. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. As of August 31, 2021, there were no accounts receivable nor an allowance for uncollectable accounts.

Promises to Give and Grant Receivable

The Organization records unconditional promises to give and grants receivable that are expected to be collected within one year at net realizable value. Unconditional promises to give and grants expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give and grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give and grant receivable are written off when deemed uncollectable. As of August 31, 2021, there were no promises to give, grants receivable nor an allowance for uncollectable accounts.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend

Conservation Earth, Inc. dba Wildmind
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For the Year Ended August 31, 2021

income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and Equipment

The Organization records property and equipment additions at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets of 5 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Management reviewed the carrying values of property and equipment for impairment as of August 31, 2021 and determined that material assets were not impaired.

Net Assets

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

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-imposed (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.

Revenue Recognition Accounted for in Accordance with ASC 605: Topic 958 Not for Profit Entities

Contribution and Grant Revenue - The Organization receives support from individuals, Organizations, corporations, and other nonprofit organizations in support of its mission. Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, the Organization receives promises to give that have certain conditions such as meeting specific performance-related barriers or limiting the Organization's discretion on use of the funds. Other contributions may have revocable features to the promises to give. Such conditional promises to give are recognized when the conditions are substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received,

Conservation Earth, Inc. dba Wildmind
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Notes to Financial Statements
For the Year Ended August 31, 2021

when applicable. The Organization reported revenue of \$0 for in-kind contributions during the year ended August 31, 2021.

Advertising Costs

Advertising costs for marketing and promoting the Organization are expensed as incurred and totaled \$9,493 during the year ended August 31, 2021.

Functional Allocation of Expenses

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

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3) and Section 23701(d) of the California Code, qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private Organizations under IRC Sections 509(a)(1) and (3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined that the Organization did not have unrelated business income tax for the year ended August 31, 2021.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Concentrations

For the year ended August 31, 2021, grants comprised 59% of total revenue while contributions comprised 34% of total revenue. Included in the grant revenue was the federal grant of \$97,600 for the forgiveness of the PPP loan. Contributions without donor restrictions were 99% of total contributions and contributions with restrictions were 1% of total contributions.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash in accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts.

Conservation Earth, Inc. dba Wildmind
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Notes to Financial Statements
For the Year Ended August 31, 2021

As of August 31, 2021, the carrying amount of the Organization's total cash was \$240,582 and the bank balance of the Organization's accounts with banks was \$200,081. FDIC covers up to \$250,000 per bank for each entity.

Implemented New Accounting Pronouncements

In August 2018, FASB issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. Effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. This ASU did not have a significant impact on its financial statements.

Relevant Upcoming New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than 12 months. On April 8, 2020, the FASB voted to defer the effective date of ASU 2016-02 by one additional year. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Management does not anticipate this ASU will have a significant impact on its financial statements.

In January 2018, FASB issued Accounting Standards Update (ASU) 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842. ASU 2018-01 allows for an entity to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840. ASU 2018-01 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Management does not anticipate this ASU will have a significant impact on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021 and should be applied on a retrospective basis. Management does not anticipate this ASU will have a significant impact on its financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Conservation Earth, Inc. dba Wildmind
(A California Nonprofit Organization)
Notes to Financial Statements
For the Year Ended August 31, 2021

Cash and cash equivalents	<u>\$ 121,167</u>
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As part of its liquidity management plan, the Organization deposits cash in accounts with trusted financial institutions that are insured by FDIC.

NOTE 3 - FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability 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 the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability. The Organization did not have any assets or liabilities reported at fair value as of August 31, 2021.

NOTE 4 - REBRANDING COSTS

Wildmind has spent \$190,799 for a Board approved rebranding program which was designed to address elements of strategic positioning, media and technology, and sanctuary development. Rebranding costs are amortized over three years and amortization expense totaled \$20,544 for the year ended August 31, 2021. Rebranding costs of \$190,799 are reflected net of accumulated amortization totaling \$190,799 as of August 31, 2021.

Conservation Earth, Inc. dba Wildmind
(A California Nonprofit Organization)
Notes to Financial Statements
For the Year Ended August 31, 2021

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of August 31, 2021:

Land	\$ 1,260,227
Buildings	593,575
Sanctuary	563,790
Furniture and equipment	50,572
Office equipment	8,748
Vehicles	91,286
Property improvements	98,902
Accumulated depreciation	<u>(875,705)</u>
Property and equipment, net	<u>\$ 1,791,395</u>

Depreciation expense for the year ended August 31, 2021 was \$60,391.

NOTE 6 - LINE OF CREDIT

In March of 2019, Wildmind obtained a line of credit with Tri Counties Bank for up to \$200,000 with a variable interest rate based on the Prime Rate as published in the Wall Street Journal. The interest rate as of August 31, 2021 was 5.25 percent. The balance on August 31, 2021 was zero. Interest expense on the line of credit was \$5,538 during the year ended August 31, 2021.

NOTE 7 - MORTGAGE PAYABLE

A mortgage payable of \$707,548 as of August 31, 2021 is payable to Tri Counties Bank, accrues interest at the rate of 5.5% per annum, and requires monthly principal and interest payments in the amount of \$5,381. The mortgage amortizes over 30 years with a maturity date of June 27, 2038 and is secured by real estate including land, buildings and structures. Interest expense related to the mortgage payable amounted to \$44,764 for the year ended August 31, 2021.

The following summarizes the future minimum debt service payments as of August 31, 2021:

Fiscal Year	Principal	Interest	Total
2022	\$ 23,886	\$ 40,692	\$ 64,577
2023	25,233	39,344	64,577
2024	26,656	37,921	64,577
2025	28,160	36,417	64,577
2026	29,748	34,829	64,577
2027-2031	175,887	146,998	322,886
2032-2036	231,416	91,470	322,886
2037-2038	166,562	16,319	182,881
Total	<u>\$ 707,548</u>	<u>\$ 443,990</u>	<u>\$ 1,151,538</u>

Conservation Earth, Inc. dba Wildmind
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Notes to Financial Statements
For the Year Ended August 31, 2021

NOTE 8 - U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN (SBA LOAN)

On May 11, 2020, the Organization was issued a \$97,600 U.S. Small Business Administration loan with Tri Counties Bank bearing interest annually at 1% and maturing on May 11, 2022. This loan was issued under the Paycheck Protection Program and the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released during the fiscal year ended August 31, 2021. The Organization recognized \$97,600 of loan forgiveness income as federal grant revenue during the fiscal year ended August 31, 2021.

NOTE 9 - U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN - SECOND DRAW (SBA LOAN)

On March 6, 2021, the Organization was issued a \$97,900 U.S. Small Business Administration loan with Tri Counties Bank bearing interest annually at 1% and maturing on March 6, 2026. This loan was issued under the Paycheck Protection Program and the provisions of Sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Organization initially recorded a note payable during the fiscal year ended August 31, 2021, and subsequently recorded forgiveness when the loan obligation was legally released during the fiscal year ended August 31, 2022.

NOTE 10 – ECONOMIC INJURY DISASTER LOAN (EIDL LOAN)

On May 24, 2020, the Organization was issued an Economic Injury Disaster loan of \$149,900 by the U.S. Small Business Administration. The loan will be repaid over 30 years at \$641 per month, bearing fixed interest at 2.75 percent per annum. The first loan repayment is due January 24, 2023. This is a working capital loan and is secured by all of the Organizations assets.

The future loan repayment schedule is as follows:

Year Ending August 31	Principal	Interest	Total
2022	\$ -	\$ 4,125	\$ 4,125
2023	2,397	4,106	6,503
2024	3,679	4,013	7,692
2025	3,782	3,911	7,692
2026	3,887	3,805	7,692
2027-2031	21,119	17,341	38,460
2032-2036	24,229	14,231	38,460
2037-2041	27,796	10,664	38,460
2042-2046	31,888	6,572	38,460
2047-2051	31,124	1,921	33,045
Total	<u>\$ 149,900</u>	<u>\$ 70,689</u>	<u>\$ 220,589</u>

Conservation Earth, Inc. dba Wildmind
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Notes to Financial Statements
For the Year Ended August 31, 2021

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of August 31, 2021:

Net Assets with Donor Restrictions

Subject to Expenditure for Specified Purpose:	
Climate Change	\$ 4,995
Education	20,000
Generators	4,300
Grantwriter	120
Habitat Program	50,000
NGSS/STEM Program	20,000
Outdoor Studio	20,000
Total Net Assets with Donor Restrictions	<u>\$ 119,415</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended August 31, 2021:

Net Assets Released from Restrictions

Subject to Expenditure for Specified Purpose:	
Climate Change	\$ 5,005
Education	67,581
Grantwriter	14,880
Payment Protection Program	97,600
Payroll	40,200
Total Net Assets Released from Restrictions	<u>\$ 225,266</u>

NOTE 12 - RETIREMENT PLAN

Wildmind maintains a salary deferral plan for eligible employees which is qualified under Internal Revenue Code Section 403(b). All contributions are made from employee compensation. The Plan does not provide for any matching contributions by Wildmind.

NOTE 13 - RELATED PARTY TRANSACTIONS

In connection with the occupation of its facilities in Half Moon Bay, California, Wildmind has an ongoing commitment to provide its founder, and employee, with the free use of part of a building as a personal residence. The agreement provides that Wildmind, as the employer, requires its founder to maintain a physical presence at the facility in order to oversee the animal facilities and promote community relations. Wildmind has followed Internal Revenue Code Section 119 and Revenue Ruling 75-540 which covers the tax ramifications regarding the value of lodging furnished by an employer for the convenience of the employer.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

In the normal course of business there are various commitments and contingencies outstanding, such as commitments to enter into and/or renew contracts related to ongoing operations, which are not reflected in

Conservation Earth, Inc. dba Wildmind
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Notes to Financial Statements
For the Year Ended August 31, 2021

the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include contractual restrictions and donor conditions which obligate Wildmind to fulfill certain requirements set forth in legal instruments, funding level which vary based on service agreements with key management personnel, and financial risks associated with funds on deposit in accounts at financial institutions. Management believes that such commitments and contingencies will not have a material adverse effect on the financial statements.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated all subsequent events from the statement of financial position date of August 31, 2021, through the date the financial statements were available to be issued, May 29, 2022. Beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Organization had not yet suffered material adverse impact from the CV19 Crisis. However, the future impact of the CV19 Crisis cannot be reasonably estimated, there were no other material subsequent events that required recognition or additional disclosure in the financial statements, except as follows:

As described in Note 9, the Organization was issued a \$97,900 U.S. Small Business Administration Paycheck Protection Program (PPP) loan second draw on March 6, 2021. The Organization filed an application for forgiveness with the SBA that was approved, fully forgiving the loan, on September 7, 2022.

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

The Organization increased beginning net assets by \$85,516 to reflect timing differences related to the satisfaction of program restrictions and reclassified beginning net assets between with and without donor restrictions.

