

**EcoHealth Alliance, Inc. and Wildlife
Preservation Trust International, Inc.**

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2019 and 2018



EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

June 30, 2019 and 2018

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Independent Auditor's Report

Board of Directors
EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
New York, New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc., which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc. as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in *Note 1* to the consolidated financial statements, in 2019, EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc. adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2020 on our consideration of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s internal control over financial reporting and compliance.

BKD, LLP

New York, New York
February 28, 2020

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Consolidated Statements of Financial Position June 30, 2019 and 2018

| | 2019 | 2018 |
|---------------------------------------|--------------|--------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,135,907 | \$ 974,974 |
| Investments | 159,799 | 107,317 |
| Contributions receivable, net | 223,944 | 31,433 |
| Government contracts receivable, net | 2,979,589 | 2,496,755 |
| Other receivables, net | - | 4,803 |
| Prepaid expenses and other assets | 485,879 | 519,055 |
| Total current assets | 4,985,118 | 4,134,337 |
| Noncurrent Assets | | |
| Contributions receivable, net | 195,484 | - |
| Prepaid expenses and other assets | 4,589 | 9,178 |
| Investments | 3,263,629 | 2,874,381 |
| Property and equipment, net | 96,909 | 87,965 |
| Security deposits | 33,333 | 33,333 |
| Total noncurrent assets | 3,593,944 | 3,004,857 |
| Total assets | \$ 8,579,062 | \$ 7,139,194 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 949,417 | \$ 1,069,371 |
| Refundable advances | 798,237 | 862,787 |
| Total current liabilities | 1,747,654 | 1,932,158 |
| Noncurrent Liabilities | | |
| Deferred rent payable | 165,000 | 165,000 |
| Total liabilities | 1,912,654 | 2,097,158 |
| Net Assets | | |
| Net assets without donor restrictions | 5,528,859 | 4,833,750 |
| Net assets with donor restrictions | 1,137,549 | 208,286 |
| Total net assets | 6,666,408 | 5,042,036 |
| Total liabilities and net assets | \$ 8,579,062 | \$ 7,139,194 |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
Consolidated Statements of Activities
Years Ended June 30, 2019 and 2018

| | 2019 | | | 2018 | | |
|---|------------------------------|---------------------------|-------------------|------------------------------|---------------------------|-------------------|
| | Without Donor Restriction | With Donor Restriction | Total | Without Donor Restriction | With Donor Restriction | Total |
| Operating Revenues and Other Support | | | | | | |
| Government contracts and grants | \$ 15,503,594 | \$ - | \$ 15,503,594 | \$ 15,085,333 | \$ - | \$ 15,085,333 |
| Foundations - contributions | 382,074 | 957,484 | 1,339,558 | 231,442 | 192,567 | 424,009 |
| Corporations - contributions | 74,439 | 5,000 | 79,439 | 107,954 | - | 107,954 |
| Bequests | 351,750 | 155,127 | 506,877 | 103,338 | - | 103,338 |
| Individuals - contributions | 34,677 | 35,000 | 69,677 | 70,522 | - | 70,522 |
| Service fees | 60,062 | - | 60,062 | 158,679 | - | 158,679 |
| Special events | 375,607 | - | 375,607 | 371,858 | - | 371,858 |
| Interest and dividends | 81,167 | - | 81,167 | 69,413 | - | 69,413 |
| Other revenues | 50,610 | - | 50,610 | 59,111 | - | 59,111 |
| Net assets released from restrictions | 223,348 | (223,348) | - | 146,728 | (146,728) | - |
| | <u>17,137,328</u> | <u>929,263</u> | <u>18,066,591</u> | <u>16,404,378</u> | <u>45,839</u> | <u>16,450,217</u> |
| Total operating revenues and other support | | | | | | |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
Consolidated Statements of Activities (Continued)
Years Ended June 30, 2019 and 2018

| | 2019 | | | 2018 | | |
|--------------------------------------|------------------------------|---------------------------|---------------------|------------------------------|---------------------------|---------------------|
| | Without Donor Restriction | With Donor Restriction | Total | Without Donor Restriction | With Donor Restriction | Total |
| Expenses | | | | | | |
| Program service | | | | | | |
| Research and education | \$ 15,086,731 | \$ - | \$ 15,086,731 | \$ 14,739,869 | \$ - | \$ 14,739,869 |
| Supporting services | | | | | | |
| Management and general | 977,983 | - | 977,983 | 947,391 | - | 947,391 |
| Fundraising | 488,105 | - | 488,105 | 529,326 | - | 529,326 |
| Direct costs of special events | 94,836 | - | 94,836 | 99,748 | - | 99,748 |
| Total supporting services | 1,560,924 | - | 1,560,924 | 1,576,465 | - | 1,576,465 |
| Total expenses | 16,647,655 | - | 16,647,655 | 16,316,334 | - | 16,316,334 |
| Operating Income | 489,673 | 929,263 | 1,418,936 | 88,044 | 45,839 | 133,883 |
| Nonoperating Activities | | | | | | |
| Investment gains | 205,436 | - | 205,436 | 96,532 | - | 96,532 |
| Change in Net Assets | 695,109 | 929,263 | 1,624,372 | 184,576 | 45,839 | 230,415 |
| Net Assets, Beginning of Year | 4,833,750 | 208,286 | 5,042,036 | 4,649,174 | 162,447 | 4,811,621 |
| Net Assets, End of Year | <u>\$ 5,528,859</u> | <u>\$ 1,137,549</u> | <u>\$ 6,666,408</u> | <u>\$ 4,833,750</u> | <u>\$ 208,286</u> | <u>\$ 5,042,036</u> |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
Consolidated Statements of Functional Expenses
Years Ended June 30, 2019 and 2018

| | 2019 | | | | | | |
|---|------------------------|------------------------|-------------------|--------------------------------|---------------------|----------------------|-------|
| | Program Service | Supporting Services | | | | Total | Total |
| | Research and Education | Management and General | Fundraising | Direct Costs of Special Events | | | |
| Salaries | \$ 3,683,717 | \$ 532,150 | \$ 210,784 | \$ - | \$ 742,934 | \$ 4,426,651 | |
| Payroll taxes and employee benefits | 1,359,266 | 207,160 | 66,978 | - | 274,138 | 1,633,404 | |
| Total salaries and related expenses | <u>5,042,983</u> | <u>739,310</u> | <u>277,762</u> | <u>-</u> | <u>1,017,072</u> | <u>6,060,055</u> | |
| Professional fees | 263,807 | 8,774 | 105,398 | - | 114,172 | 377,979 | |
| Subrecipient services | 7,805,559 | - | - | - | - | 7,805,559 | |
| Grant to other organizations | 67,000 | - | - | - | - | 67,000 | |
| Field costs | 162,046 | - | - | - | - | 162,046 | |
| Meetings and conferences | 200,387 | 5,806 | 7,150 | - | 12,956 | 213,343 | |
| Travel and entertainment | 698,399 | 25,365 | 7,267 | - | 32,632 | 731,031 | |
| Occupancy | 549,020 | 74,587 | 36,683 | - | 111,270 | 660,290 | |
| Printing | 63,658 | 6,210 | 29,605 | - | 35,815 | 99,473 | |
| Postage | 45,394 | 980 | 11,773 | - | 12,753 | 58,147 | |
| Supplies | 26,782 | 2,688 | 2,497 | - | 5,185 | 31,967 | |
| Telephone | 59,007 | 2,155 | 1,121 | - | 3,276 | 62,283 | |
| Dues and subscriptions | 19,150 | 17,110 | 4,673 | - | 21,783 | 40,933 | |
| Depreciation and amortization | - | 25,532 | - | - | 25,532 | 25,532 | |
| Catering and facility rental | - | - | - | 94,836 | 94,836 | 94,836 | |
| Information technology | 82,347 | 69,193 | 4,176 | - | 73,369 | 155,716 | |
| Miscellaneous expenses | 1,192 | 273 | - | - | 273 | 1,465 | |
| Total other than salaries and related expenses | <u>10,043,748</u> | <u>238,673</u> | <u>210,343</u> | <u>94,836</u> | <u>543,852</u> | <u>10,587,600</u> | |
| Total expenses reported on the statements of activities | <u>\$ 15,086,731</u> | <u>\$ 977,983</u> | <u>\$ 488,105</u> | <u>\$ 94,836</u> | <u>\$ 1,560,924</u> | <u>\$ 16,647,655</u> | |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
Consolidated Statements of Functional Expenses (Continued)
Years Ended June 30, 2019 and 2018

| | 2018 | | | | | | |
|---|------------------------|------------------------|-------------------|--------------------------------|---------------------|----------------------|-------|
| | Program Service | Supporting Services | | | | Total | Total |
| | Research and Education | Management and General | Fundraising | Direct Costs of Special Events | | | |
| Salaries | \$ 3,800,785 | \$ 533,290 | \$ 187,167 | \$ - | \$ 720,457 | \$ 4,521,242 | |
| Payroll taxes and employee benefits | 1,350,714 | 189,520 | 66,515 | - | 256,035 | 1,606,749 | |
| Total salaries and related expenses | <u>5,151,499</u> | <u>722,810</u> | <u>253,682</u> | <u>-</u> | <u>976,492</u> | <u>6,127,991</u> | |
| Professional fees | 461,378 | 18,344 | 61,740 | - | 80,084 | 541,462 | |
| Subrecipient services | 6,768,987 | - | - | - | - | 6,768,987 | |
| Grant to other organizations | 50,000 | - | - | - | - | 50,000 | |
| Field costs | 455,046 | 33 | 470 | - | 503 | 455,549 | |
| Meetings and conferences | 166,476 | 6,957 | 97,941 | - | 104,898 | 271,374 | |
| Travel and entertainment | 810,327 | 38,238 | 20,905 | - | 59,143 | 869,470 | |
| Occupancy | 547,246 | 74,387 | 44,521 | - | 118,908 | 666,154 | |
| Printing | 35,108 | 3,662 | 25,162 | - | 28,824 | 63,932 | |
| Postage | 15,061 | 1,652 | 3,403 | - | 5,055 | 20,116 | |
| Supplies | 31,240 | 3,812 | 2,690 | - | 6,502 | 37,742 | |
| Telephone | 65,913 | 2,907 | 1,813 | - | 4,720 | 70,633 | |
| Dues and subscriptions | 19,447 | 17,916 | 12,719 | - | 30,635 | 50,082 | |
| Depreciation and amortization | - | 22,335 | - | - | 22,335 | 22,335 | |
| Catering and facility rental | - | - | - | 99,748 | 99,748 | 99,748 | |
| Information technology | 155,652 | 34,338 | 4,280 | - | 38,618 | 194,270 | |
| Miscellaneous expenses | 6,489 | - | - | - | - | 6,489 | |
| Total other than salaries and related expenses | <u>9,588,370</u> | <u>224,581</u> | <u>275,644</u> | <u>99,748</u> | <u>599,973</u> | <u>10,188,343</u> | |
| Total expenses reported on the statements of activities | <u>\$ 14,739,869</u> | <u>\$ 947,391</u> | <u>\$ 529,326</u> | <u>\$ 99,748</u> | <u>\$ 1,576,465</u> | <u>\$ 16,316,334</u> | |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Consolidated Statements of Cash Flows Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|--|--------------|------------|
| Operating Activities | | |
| Change in net assets | \$ 1,624,372 | \$ 230,415 |
| Items not requiring (providing) operating cash flows | | |
| Depreciation and amortization | 25,532 | 22,335 |
| Realized and unrealized gain on investments | (224,373) | (113,297) |
| Changes in | | |
| Contributions receivable | (387,995) | (7,620) |
| Government contracts receivable | (482,834) | 570,813 |
| Accounts receivable | 4,803 | (508) |
| Prepaid expenses and other receivables | 37,765 | (363,519) |
| Accounts payable and accrued expenses | (119,954) | (160,076) |
| Refundable advances | (64,550) | 207,188 |
| Net cash provided by operating activities | 412,766 | 385,731 |
| Investing Activities | | |
| Proceeds from sale of investments | 474,252 | 454,656 |
| Purchase of investments | (691,608) | (610,642) |
| Fixed asset acquisitions | (34,477) | - |
| Net cash used in investing activities | (251,833) | (155,986) |
| Increase in Cash and Cash Equivalents | 160,933 | 229,745 |
| Cash and Cash Equivalents, Beginning of Year | 974,974 | 745,229 |
| Cash and Cash Equivalents, End of Year | \$ 1,135,907 | \$ 974,974 |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

EcoHealth Alliance, Inc. was incorporated on July 20, 2000 in the Commonwealth of Massachusetts. EcoHealth Alliance, Inc.'s mission is to integrate innovative science-based solutions and partnerships that increase capacity to achieve two interrelated goals: protecting global health by preventing the outbreak of emerging diseases and safeguarding ecosystems by promoting conservation.

EcoHealth Alliance, Inc. is funded primarily by government contracts and grants and contributions.

Wildlife Preservation Trust International, Inc. (WPTI) was incorporated on January 7, 1976 in the state of Pennsylvania. WPTI is a dormant corporation. In 2000, WPTI transferred all of its assets to Wildlife Trust Inc., now known as EcoHealth Alliance, Inc. WPTI is controlled by EcoHealth Alliance, Inc.

EcoHealth Alliance, Inc. and WPTI are collectively referred to as "EHA."

Nature of Operations

All material intercompany transactions and balances have been eliminated in the consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

EHA considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, cash equivalents consisted primarily of money market accounts.

At June 30, 2019, EHA's cash accounts exceeded federally insured limits by approximately \$936,000.

Government Contracts Receivable

Government contracts receivable are recorded when qualifying expenditures are incurred and EHA has a signed contract for services.

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Allowance for Doubtful Accounts

EHA determines whether an allowance for uncollectible should be provided for contributions, government contracts receivable and accounts receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other receivables, current economic conditions and historical information. Contributions, government contracts receivable and accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2019 and 2018, no allowance was deemed necessary or recorded by management.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

EHA's investments with long-term maturities have been classified as long-term while the remaining investments have been classified as current based on the availability of these investments to fund current operations as needed.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

| | |
|------------------------|----------|
| Leasehold improvements | 10 years |
| Furniture and fixtures | 10 years |
| Office equipment | 3 years |

Refundable Advances

Payments from government agencies in excess of qualifying expenses under the terms of the contract are reflected on the consolidated statements of financial position as refundable advances.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Net assets with donor restrictions are subject to donor restrictions. Restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Contributions

Contributions are provided to EHA either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

| Nature of the Gift | Value Recognized |
|---|---|
| <i>Conditional gifts, with or without restriction</i> | |
| Gifts that depend on EHA overcoming a donor-imposed barrier to be entitled to the funds | Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met |
| <i>Unconditional gifts, with or without restriction</i> | |
| Received at date of gift – cash and other assets | Fair value |
| Received at date of gift – property, equipment and long-lived assets | Estimated fair value |
| Expected to be collected within one year | Net realizable value |
| Collected in future years | Initially reported at fair value determined using the discounted present value of estimated future cash flows technique |

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-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 statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

In-Kind Contributions

In addition to receiving cash contributions, EHA receives in-kind contributions for legal services. It is the policy of EHA to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by the same amount. For the years ended June 30, 2019 and 2018, \$17,517 and \$22,438, respectively, was received in in-kind contributions.

Government Grants

Support funded by grants is recognized as EHA meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Service Fees

Service fees are received from corporations for research projects performed under the terms of their respective contracts. Revenue is recognized as project work is performed per the terms of their respective contract.

Income Taxes

EHA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, EHA is subject to federal income tax on any unrelated business taxable income.

EHA files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on salaries and other methods.

Subcontractor Services

Subcontractor services are recorded when services are rendered. Advances to subcontractors are recorded as an asset. As of June 30, 2019 and 2018, advances to subcontractors were \$301,952 and \$383,582, respectively.

Measure of Operations

EHA includes in its measure of operations all revenues and expenses that are an integral part of its program and supporting services. Interest and dividends are included in the operating measure. Realized and unrealized gains on investments are excluded from the measure of operations.

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in net assets.

Change in Accounting Principle

In 2019, EHA adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

Statement of Activities and Functional Expenses

- Expenses are reported by both nature and function in one location.

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statement of financial position.

This change had no impact on previously reported total change in net assets.

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Note 2: Grant Reimbursements Receivable and Future Commitments

EHA receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements of EHA are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2019, have been recorded as receivables. The following are the grant commitments that extend beyond June 30, 2019:

| Grant | Term | Grant Amount | Earned Through 2019 | Funding Available |
|---|----------------------------|--------------------------|---------------------------|--------------------------|
| EcohealthNet | 8/31/2021 | \$ 499,897 | \$ 383,183 | \$ 116,714 |
| DTRA - Malaysia | 4/30/2020 | 2,550,132 | 1,492,813 | 1,057,319 |
| Ground Truth | 9/29/2021 | 2,231,114 | 876,228 | 1,354,886 |
| IBIS | 10/29/2019 | 1,049,183 | 623,005 | 426,178 |
| Allergy and Infectious Diseases Research Augmenting Capacity for Humanitarian Emergencies of Infectious Diseases with Epidemic or Pandemic Potential | 6/30/2024 9/30/2021 | 6,300,635 143,605 | 3,045,379 39,766 | 3,255,256 103,839 |
| Infectious Disease Emergence and Altered Landscapes | 5/30/2020 | <u>2,499,147</u> | <u>2,255,607</u> | <u>243,540</u> |
| | | <u>\$ 15,273,713</u> | <u>\$ 8,715,981</u> | <u>\$ 6,557,732</u> |

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

| | 2019 | | Total |
|------------------------------|----------------------------------|-------------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | |
| Due within one year | \$ 23,944 | \$ 200,000 | \$ 223,944 |
| Due within one to five years | <u>-</u> | <u>200,000</u> | <u>200,000</u> |
| | 23,944 | 400,000 | 423,944 |
| Less unamortized discount | <u>-</u> | <u>(4,516)</u> | <u>(4,516)</u> |
| | <u>\$ 23,944</u> | <u>\$ 395,484</u> | <u>\$ 419,428</u> |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

| | 2018 | |
|---------------------|----------------------------------|-------------------------------|
| | Without Donor Restrictions | With Donor Restrictions |
| | Total | |
| Due within one year | \$ 31,433 | \$ - |
| | \$ 31,433 | |

Note 4: Property and Equipment

Property and equipment at June 30, 2019 and 2018 consists of:

| | 2019 | 2018 |
|---|------------|-----------|
| Office equipment | \$ 112,221 | \$ 77,744 |
| Furniture and fixtures | 86,681 | 86,681 |
| Leasehold improvements | 560,992 | 560,992 |
| | 759,894 | 725,417 |
| Less accumulated depreciation and amortization | (662,985) | (637,452) |
| | \$ 96,909 | \$ 87,965 |

Note 5: Line of Credit

EHA has a \$700,000 unsecured line of credit expiring in 2021. There were no borrowings during 2019 and 2018 and no amounts were outstanding as of June 30, 2019 and 2018. Interest varies with the bank's prime rate, which was 4.50 percent and 4 percent at June 30, 2019 and 2018, respectively.

Note 6: Operating Leases

EHA has a noncancelable operating lease for office space that expires through December 31, 2023. The lease requires EHA to pay all executory costs (property taxes, maintenance and insurance). In December 2019, EHA signed a surrender agreement to vacate their current office space. EHA entered into a 10-year noncancelable lease agreement with a new landlord for office space which expires November 30, 2030.

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Future minimum lease payments at June 30, 2019 were:

| | | |
|------------|----|-----------|
| 2020 | \$ | 432,855 |
| 2021 | | 523,664 |
| 2022 | | 529,773 |
| 2023 | | 540,369 |
| 2024 | | 551,176 |
| Thereafter | | 3,984,914 |
| | \$ | 6,562,751 |

Note 7: Defined Contribution Plan

EHA has a defined contribution pension plan covering employees who meet age and length of service requirements. Pension expense was \$305,704 and \$312,180 for the years ended June 30, 2019 and 2018, respectively.

Note 8: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes:

| | 2019 | 2018 |
|--|--------------|------------|
| Subject to expenditure for specified purpose | | |
| Conservation medicine field activities | \$ 966,582 | \$ 192,446 |
| Research programs | 170,967 | 15,840 |
| | \$ 1,137,549 | \$ 208,286 |

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

| | 2019 | 2018 |
|--|------------|------------|
| Satisfaction of purpose restrictions | | |
| Conservation medicine field activities | \$ 188,348 | \$ 96,728 |
| Research programs | 35,000 | 50,000 |
| | \$ 223,348 | \$ 146,728 |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Note 9: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019, comprise the following:

| | | |
|---|----|------------------|
| Cash and cash equivalents | \$ | 1,135,907 |
| Investments | | 3,423,428 |
| Contributions receivable, net | | 419,428 |
| Government contracts receivable, net | | <u>2,979,589</u> |
| | | |
| Total financial assets available to meet cash needs for general expenditures within one year | \$ | <u>7,958,352</u> |

EHA receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

As part of EHA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. During the year ended June 30, 2019, the level of liquidity and reserves was managed within the policy requirements.

Note 10: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018:

| | 2019 | | |
|--|---------------------|---|---|
| | Total Fair Value | Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
| Bonds | | | |
| Corporate bonds | \$ 538,763 | \$ - | \$ 538,763 |
| U.S. Treasury bonds and notes | 223,641 | 223,641 | - |
| Mutual funds | | | |
| Bond funds | 32,484 | 32,484 | - |
| Equity securities | | | |
| Basic materials | 102,293 | 102,293 | - |
| Consumer goods | 218,266 | 218,266 | - |
| Financial | 281,715 | 281,715 | - |
| Healthcare | 353,169 | 353,169 | - |
| Industrials | 259,524 | 259,524 | - |
| Services | 156,411 | 156,411 | - |
| Technology | 520,086 | 520,086 | - |
| Energy | 108,251 | 108,251 | - |
| Cons. Discretionary | 322,569 | 322,569 | - |
| Real estate | 51,113 | 51,113 | - |
| Exchange-traded funds (ETFs) - bond funds | 95,344 | 95,344 | - |
| Investments reported on the fair value hierarchy | 3,263,629 | <u>\$ 2,724,866</u> | <u>\$ 538,763</u> |
| Cash equivalents | 159,799 | | |
| Total investments | <u>\$ 3,423,428</u> | | |
| Short-term investments | \$ 159,799 | | |
| Long-term investments | 3,263,629 | | |
| | <u>\$ 3,423,428</u> | | |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

| | 2018 | | |
|--|---------------------|---|---|
| | Total Fair Value | Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
| Bonds | | | |
| Corporate bonds | \$ 523,236 | \$ - | \$ 523,236 |
| U.S. Treasury bonds and notes | 108,634 | 108,634 | - |
| Mutual funds | | | |
| Bond funds | 113,673 | 113,673 | - |
| Equity securities | | | |
| Basic materials | 205,812 | 205,812 | - |
| Consumer goods | 433,771 | 433,771 | - |
| Financial | 310,755 | 310,755 | - |
| Healthcare | 353,840 | 353,840 | - |
| Industrials | 209,260 | 209,260 | - |
| Services | 245,526 | 245,526 | - |
| Technology | 290,583 | 290,583 | - |
| Communication | 36,043 | 36,043 | - |
| Energy | 35,235 | 35,235 | - |
| Investments reported on the fair value hierarchy | 2,866,368 | <u>\$ 2,343,132</u> | <u>\$ 523,236</u> |
| Cash equivalents | <u>115,330</u> | | |
| Total investments | <u>\$ 2,981,698</u> | | |
| Short-term investments | \$ 115,330 | | |
| Long-term investments | <u>2,866,368</u> | | |
| | <u>\$ 2,981,698</u> | | |

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2019 and 2018.

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 11: Significant Estimates and Concentrations

GAAP require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions and Grants

Approximately 38 percent of all contributions were received from one donor in 2019. Approximately 73 percent of all federal grants were received from one agency in 2019 and approximately 61 percent of all federal grants were received from one agency in 2018.

Investments

EHA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Note 12: Subsequent Events

Subsequent events have been evaluated through February 28, 2020, which is the date the consolidated financial statements were available to be issued.

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

Note 13: Future Change in Accounting Principle

Revenue Recognition

The Financial Accounting Standards Board (FASB) amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2018. EHA is in the process of evaluating the effect the amendment will have on the consolidated financial statements.

Grants and Contributions

FASB released ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organizations to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction, and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers*, or other topics. The standard clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provider, *i.e.*, the transaction is non-exchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current GAAP. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. The standard will be effective for reporting periods beginning on or after December 15, 2018. EHA is in the process of evaluating the impact the amendment will have on the consolidated financial statements.

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Consolidated Financial Statements June 30, 2019 and 2018

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2020 and any interim periods within annual reporting periods that begin after December 15, 2021. EHA is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Supplementary Information

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identification Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|---------------------------|--|---------------------------------------|----------------------------------|
| Research and Development Cluster | | | | |
| National Science Foundation | | | | |
| Biological Sciences | 47.074 | | | |
| EcohealthNet | | | \$ - | \$ 106,822 |
| Total National Science Foundation | | | - | 106,822 |
| U.S. Department of Defense | | | | |
| Defense Threat Reduction Agency | | | | |
| Understanding Rift Valley Fever in South Africa | 12.UNKNOWN | | 141,231 | 1,185,832 |
| Serological Biosurveillance for Spillover of Henipaviruses and Filoviruses at Agricultural and Hunting | | | | |
| Human-Animal Interfaces in Peninsular Malaysia | 12.UNKNOWN | | 336,214 | 738,156 |
| Understanding the Risk of Bat-Borne Zoonotic Disease | | | | |
| Emergence in Western Asia | 12.UNKNOWN | | - | 691,083 |
| Total U.S. Department of Defense | | | 477,445 | 2,615,071 |
| U.S. Department of Health and Human Services | | | | |
| National Institutes of Health | | | | |
| Allergy and Infectious Diseases Research | 93.855 | | 3,000 | 555,028 |
| Pass-through from Columbia University Center for Excellence | 93.855 | 6(GG008377) | - | 46,446 |
| Total Allergy and Infectious Diseases Research | | | 3,000 | 601,474 |
| Total U.S. Department of Health and Human Services National Institutes of Health | | | 3,000 | 601,474 |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identification Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---------------------------|--|---------------------------------------|----------------------------------|
| Research and Development Cluster (Continued) | | | | |
| U.S. Department of Homeland Security | | | | |
| Centers for Homeland Security | | | | |
| Ground Truth | 97.UNKNOWN | | \$ 38,000 | \$ 388,152 |
| IBIS | 97.UNKNOWN | | 14,993 | 359,214 |
| Americas Biosurveillance Symposium - TTX Execution | 97.UNKNOWN | PO10199225 | - | 21,038 |
| | | | <u>52,993</u> | <u>768,404</u> |
| Total U.S. Department of Homeland Security | | | | |
| U.S. Agency for International Development | | | | |
| READY | | | | |
| Augmenting Capacity for Humanitarian Emergencies of Infectious Diseases with Epidemic or Pandemic Potential | 98.001 | | - | 39,766 |
| Global Viral Forecasting | | | | |
| Infectious Disease Emergence and Altered Landscapes | 98.001 | | - | 99,311 |
| Emerging Pandemic Threats Program | | | | |
| Pass-through from University of California-Davis | 98.UNKNOWN | 201403200-07 | 915,600 | 11,357,929 |
| | | | <u>915,600</u> | <u>11,497,006</u> |
| Total U.S. Agency for International Development | | | | |
| Total Research and Development Cluster | | | | |
| | | | <u>1,449,038</u> | <u>15,588,777</u> |
| Total expenditures of federal awards | | | | |
| | | | <u>\$ 1,449,038</u> | <u>\$ 15,588,777</u> |

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. There were no federal loan programs administered by EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc. during the year ended June 30, 2019.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Board of Directors
EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
New York, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc., which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 28, 2020, which contained an emphasis of matter paragraph for the adoption of a new accounting standard.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

New York, New York
February 28, 2020

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.
New York, New York

Report on Compliance of the Major Federal Program

We have audited EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s major federal program for the year ended June 30, 2019. EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

New York, New York
February 28, 2020

EcoHealth Alliance, Inc. and Wildlife Preservation Trust International, Inc.

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No

**EcoHealth Alliance, Inc. and Wildlife Preservation Trust
International, Inc.**

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2019**

7. EHA's major program was:

| Cluster/Program | CFDA Number |
|----------------------------------|-------------|
| Research and Development Cluster | Various |

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. EHA qualified as a low-risk auditee? Yes No

Findings Required to be Reported by Government Auditing Standards

| Reference Number | Findings |
|---------------------|----------------------------|
| | No matters are reportable. |

Findings Required to be Reported by the Uniform Guidance

| Reference Number | Findings |
|---------------------|----------------------------|
| | No matters are reportable. |

**EcoHealth Alliance, Inc. and Wildlife Preservation Trust
International, Inc.**

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019**

| Reference Number | Summary of Finding | Status |
|-----------------------------|---------------------------|---------------|
|-----------------------------|---------------------------|---------------|

No matters are reportable.