World Wildlife Fund, Inc.

Financial Statements and
Independent Auditor's Report
Years Ended June 30, 2014 and 2013

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Independent Auditor's Report

To the Board of Directors
World Wildlife Fund, Inc.
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of **World Wildlife Fund, Inc.**, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 WWF'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 WWF's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **World Wildlife Fund, Inc.** as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 31, 2014

Financial Statements

World Wildlife Fund, Inc.

Statements of Financial Position

June 30,	**2014**	2013
Assets		
Current assets		
Cash and cash equivalents	**$ 34,658,919**	$ 32,316,145
Short-term investments	**35,544,500**	25,445,003
Accounts receivable	**19,535,335**	23,086,576
Pledges receivable	**28,958,597**	23,134,757
Prepaid assets	**3,451,574**	4,037,159
Other current assets	**2,055,704**	2,986,357
Total current assets	**124,204,629**	111,005,997
Noncurrent assets		
Long-term investments, net	**240,275,393**	211,985,515
Pledges receivable, net of current, discount, and allowance for uncollectible pledges	**33,277,286**	20,410,992
Long-term trust receivables	**28,667,017**	31,291,713
Bond issuance costs, net of amortization	**1,144,208**	1,243,839
Other noncurrent assets	**4,974,954**	13,996,929
Land, building, and equipment, net	**59,014,755**	60,997,467
Total noncurrent assets	**367,353,613**	339,926,455
Total assets	**$ 491,558,242**	$ 450,932,452
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	**$ 14,861,778**	$ 11,728,915
Grants payable	**28,117,346**	27,854,321
Deferred revenue	**7,775,478**	7,143,248
Current portion of long-term debt	**2,075,000**	2,025,000
Total current liabilities	**52,829,602**	48,751,484
Noncurrent liabilities		
Long-term debt, net of current portion	**59,514,415**	61,598,128
Other long-term liabilities	**8,022,091**	8,144,820
Interest rate swap liability	**13,338,215**	13,619,539
Total noncurrent liabilities	**80,874,721**	83,362,487
Total liabilities	**133,704,323**	132,113,971
Commitments and contingencies		
Net assets		
Unrestricted	**171,461,729**	153,183,215
Temporarily restricted	**142,927,160**	122,790,028
Permanently restricted	**43,465,030**	42,845,238
Total net assets	**357,853,919**	318,818,481
Total liabilities and net assets	**$ 491,558,242**	$ 450,932,452

See accompanying notes to financial statements.

World Wildlife Fund, Inc.

Statements of Activities

Years ended June 30,	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total 2014**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013
Operating activities								
Revenues								
Contributions	**$ 53,920,487**	**$ 82,656,305**	**$ -**	**$ 136,576,792**	$ 56,158,873	$ 66,019,006	$ -	$ 122,177,879
Government grants and contracts	**50,815,516**	**-**	**-**	**50,815,516**	48,219,397	-	-	48,219,397
WWF network revenues	**17,900,699**	**-**	**-**	**17,900,699**	16,210,347	-	-	16,210,347
Other revenues including royalties	**3,076,109**	**2,417,972**	**-**	**5,494,081**	4,514,446	2,292,325	-	6,806,771
In-kind contributions	**46,956,096**	**-**	**-**	**46,956,096**	64,298,791	-	-	64,298,791
Nonoperating income allocated to operations	**32,083,794**	**1,663,570**	**-**	**33,747,364**	20,033,323	1,696,843	-	21,730,166
Total revenues	**204,752,701**	**86,737,847**	**-**	**291,490,548**	209,435,177	70,008,174	-	279,443,351
Net assets released from restrictions	**61,347,088**	**(61,347,088)**	**-**	**-**	55,698,178	(55,698,178)	-	-
Net revenues	**266,099,789**	**25,390,759**	**-**	**291,490,548**	265,133,355	14,309,996	-	279,443,351
Commercial building operations								
Revenues	**6,097,238**	**-**	**-**	**6,097,238**	6,682,667	-	-	6,682,667
Expenses	**5,848,794**	**-**	**-**	**5,848,794**	5,524,453	-	-	5,524,453
Net income on commercial building operations	**248,444**	**-**	**-**	**248,444**	1,158,214	-	-	1,158,214
Total revenues and support	**266,348,233**	**25,390,759**	**-**	**291,738,922**	266,291,569	14,309,996	-	280,601,565
Operating expenses								
Program services								
Conservation field and policy programs	**159,748,270**	**-**	**-**	**159,748,270**	144,381,532	-	-	144,381,532
Public education	**64,713,921**	**-**	**-**	**64,713,921**	81,737,392	-	-	81,737,392
Total program services	**224,462,191**	**-**	**-**	**224,462,191**	226,118,924	-	-	226,118,924
Supporting services								
Finance and administration	**12,723,554**	**-**	**-**	**12,723,554**	12,352,154	-	-	12,352,154
Fundraising	**28,707,268**	**-**	**-**	**28,707,268**	27,664,528	-	-	27,664,528
Total supporting services	**41,430,822**	**-**	**-**	**41,430,822**	40,016,682	-	-	40,016,682
Total operating expenses	**265,893,013**	**-**	**-**	**265,893,013**	266,135,606	-	-	266,135,606
Revenues and support over operating expenses	**455,220**	**25,390,759**	**-**	**25,845,979**	155,963	14,309,996	-	14,465,959
Nonoperating activities								
Bequests, endowments, and split income gifts	**18,974,320**	**(5,335,344)**	**(1,449,380)**	**12,189,596**	14,967,091	14,115,628	127,570	29,210,289
Income on interest rate swaps	**281,324**	**-**	**-**	**281,324**	5,872,746	-	-	5,872,746
Income from investments, net	**30,650,992**	**1,745,287**	**2,069,172**	**34,465,451**	14,689,722	3,323,183	1,411,816	19,424,721
Gain/(loss) on foreign currency exchange	**452**	**-**	**-**	**452**	(119,648)	-	-	(119,648)
Total nonoperating activities	**49,907,088**	**(3,590,057)**	**619,792**	**46,936,823**	35,409,911	17,438,811	1,539,386	54,388,108
Total allocated to operations	**(32,083,794)**	**(1,663,570)**	**-**	**(33,747,364)**	(20,033,323)	(1,696,843)	-	(21,730,166)
Change in net assets from nonoperating activities	**17,823,294**	**(5,253,627)**	**619,792**	**13,189,459**	15,376,588	15,741,968	1,539,386	32,657,942
Change in net assets	**18,278,514**	**20,137,132**	**619,792**	**39,035,438**	15,532,551	30,051,964	1,539,386	47,123,901
Net assets at beginning of year	**153,183,215**	**122,790,028**	**42,845,238**	**318,818,481**	137,650,664	92,738,064	41,305,852	271,694,580
Net assets at end of year	**$ 171,461,729**	**$ 142,927,160**	**$ 43,465,030**	**$ 357,853,919**	$ 153,183,215	$ 122,790,028	$ 42,845,238	$ 318,818,481

See accompanying notes to financial statements.

World Wildlife Fund, Inc.

Statements of Functional Expenses

Year ended June 30, 2014 (with comparative totals for the year ended June 30, 2013)	U.S. and Developed Countries	International Programs	G&A Program Management	Total Conservation Field and Policy Programs	Public Education	Total Program Expenses	Finance and Administration	Fundraising	Total Supporting Services Expenses	2014 Total Operating Expenses	2013 Total Operating Expenses
Project grants and contracts	$ 377,125	$ 79,691,861	$ 88,247	$ 80,157,233	$ 1,707,227	$ 81,864,460	$ 1,007,357	$ 597,512	$ 1,604,869	$ 83,469,329	$ 73,027,606
Salaries and benefits	1,154,275	47,135,792	4,252,694	52,542,761	6,599,306	59,142,067	8,272,881	10,500,454	18,773,335	77,915,402	71,278,012
In-kind contributions	-	2,103,558	859,753	2,963,311	43,568,334	46,531,645	412,318	12,133	424,451	46,956,096	64,298,791
Printing and photocopying	6,526	814,152	9,138	829,816	4,141,244	4,971,060	2,014	5,582,671	5,584,685	10,555,745	12,484,996
Office supplies, postage, and shipping	47,538	1,400,035	13,713	1,461,286	3,068,426	4,529,712	38,554	4,071,854	4,110,408	8,640,120	8,657,168
Other	16,806	1,875,753	771,952	2,664,511	2,146,966	4,811,477	404,443	2,872,442	3,276,885	8,088,362	6,492,160
Overhead	66,573	5,286,330	-	5,352,903	748,807	6,101,710	-	1,011,136	1,011,136	7,112,846	6,858,524
Staff travel	98,024	5,327,182	96,456	5,521,662	187,023	5,708,685	154,337	525,516	679,853	6,388,538	5,840,505
Field office rent, vehicles, and equipment	93,867	2,451,430	-	2,545,297	3,092	2,548,389	1,247,644	41,486	1,289,130	3,837,519	3,435,443
Professional fees and contracts	140	1,223,714	1,457	1,225,311	379,284	1,604,595	481,551	1,099,212	1,580,763	3,185,358	2,767,550
Conferences and meetings	10,136	2,670,257	6,520	2,686,913	51,257	2,738,170	272,827	55,359	328,186	3,066,356	3,334,258
Premiums	162	23,282	2,483	25,927	1,024,385	1,050,312	230	1,220,601	1,220,831	2,271,143	1,697,768
Audio visual	1,100	659,080	14,734	674,914	348,928	1,023,842	-	399,577	399,577	1,423,419	2,392,441
Computer services	2,200	330,950	1,690	334,840	381,026	715,866	363,430	295,671	659,101	1,374,967	1,228,860
Telephone	11,866	737,931	11,788	761,585	29,794	791,379	65,968	35,604	101,572	892,951	1,632,184
Mailing list rental	-	-	-	-	328,822	328,822	-	386,040	386,040	714,862	709,340
	$ 1,886,338	$ 151,731,307	$ 6,130,625	$ 159,748,270	$ 64,713,921	$ 224,462,191	$ 12,723,554	$ 28,707,268	$ 41,430,822	$ 265,893,013	$ 266,135,606

See accompanying notes to financial statements.

World Wildlife Fund, Inc.

Statements of Cash Flows

Years ended June 30,	**2014**	2013
Cash flows from operating activities		
Change in net assets	**$ 39,035,438**	$ 47,123,901
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**3,392,312**	3,594,980
Amortization of bond premium	**(8,713)**	(8,713)
Unrealized and realized gain on investments	**(34,668,145)**	(19,150,705)
Income on interest rate swaps	**(281,324)**	(5,872,746)
Permanently restricted contributions received	**(11,000)**	(1,560,464)
Accretion on multi-year pledges	**(280,288)**	(1,748,141)
Write-off of uncollectible pledges and accounts receivables	**315,245**	100,000
Gifts of investments	**(1,679,534)**	(5,884,584)
Change in assets and liabilities		
Accounts receivable	**3,551,241**	5,394,575
Pledges receivable	**(18,725,091)**	(12,206,179)
Prepaid assets	**585,585**	(18,189)
Other current assets	**930,654**	125,575
Long-term trust receivables	**2,624,697**	(3,597,908)
Other noncurrent assets	**9,021,975**	(9,189,876)
Accounts payable and accrued expenses	**3,132,861**	50,928
Grants payable	**263,025**	(1,737,649)
Deferred revenue	**632,230**	(35,335)
Other long-term liabilities	**(122,729)**	1,306,507
Net cash provided by (used in) operating activities	**7,708,439**	(3,314,023)
Cash flows used in investing activities		
Purchases of land, building, and equipment	**(1,409,601)**	(436,096)
Purchases of investments	**(94,591,371)**	(64,983,171)
Proceeds from sale of investments	**92,556,905**	70,765,878
Net cash used in (provided by) investing activities	**(3,444,067)**	5,346,611
Cash flows from financing activities		
Permanently restricted contributions received	**11,000**	1,560,464
Payments on long-term debt	**(2,025,000)**	(1,970,000)
Amortization of bond issuance costs	**99,631**	102,293
Payment on swap termination	**(7,229)**	-
Net cash used in financing activities	**(1,921,598)**	(307,243)
Increase in cash and cash equivalents	**2,342,774**	1,725,345
Cash and cash equivalents, beginning of year	**32,316,145**	30,590,800
Cash and cash equivalents, end of year	**$ 34,658,919**	$ 32,316,145
Required supplemental disclosure		
Cash payments for interest	**$ 2,652,116**	$ 2,897,559

See accompanying notes to financial statements.

1. Summary of Accounting Policies

Organization

The mission of World Wildlife Fund, Inc. (WWF), a Delaware nonprofit corporation, is the conservation of nature. Using the best available scientific knowledge and advancing that knowledge where we can, we work to preserve the diversity and abundance of life on earth and the health of ecological systems by:

- Protecting natural areas and wild populations of plants and animals, including endangered species;
- Promoting sustainable approaches to the use of renewable natural resources; and
- Promoting more efficient use of resources and energy and the maximum reduction of pollution.

WWF is committed to reversing the degradation of the planet's natural environment and to building a future in which human needs are met in harmony with nature. WWF recognizes the critical relevance of human numbers, poverty, and consumption patterns to meeting these goals.

WWF is the largest member of an international WWF network with offices in more than 50 countries. The independently incorporated WWF national organizations coordinate their conservation work. WWF-International, a secretariat located near Geneva, Switzerland, provides network services. WWF-US, WWF-International, and the WWF network are not consolidated, due to the lack of control among the entities.

Basis of Accounting

The financial statements of WWF have been prepared on the accrual basis of accounting.

Accounting Pronouncements to be Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendment is to be applied prospectively for annual periods beginning after December 15, 2017. Management is still in the process of assessing the impact this new standard will have on the financial statements.

Basis of Presentation

WWF's net assets have been grouped into the following three classes:

- Permanently restricted net assets—Permanently restricted net assets result from contributions and other inflows of assets whose use by WWF is limited by donor-imposed stipulations that they be restricted to investment in perpetuity. The Russell E. Train Education for Nature Fund is a fund where the principal is to be held in perpetuity. WWF has other endowments that were contributed by donors who stipulated the investments be held in perpetuity.

- Temporarily restricted net assets—Temporarily restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed restrictions that expire either with the passage of time or the fulfillment of a specific programmatic purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statements of activities as net assets released from restriction. When the restrictions on contributions are met in the same period that the contribution is received, the contribution is reported in the statements of activities as temporarily restricted revenues and as net assets released from restrictions.

- Unrestricted net assets—Unrestricted net assets result from revenues derived from unrestricted contributions, investment income, and other inflows of assets, the benefits of which are not limited by donor-imposed restrictions. Unrestricted Board-designated reserves result primarily from unrestricted bequests received that are designated for use by the Board of Directors.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash and temporary investments with original maturities of three months or less, except for those funds held as part of the investment portfolio. WWF maintains cash balances with federally insured institutions as well as in accounts located outside the United States. Accounts at federally insured institutions are insured by the Federal Deposit Insurance Corporation up to $250,000 per bank at June 30, 2014 and 2013. At June 30, 2014 and 2013, WWF held $33,796,335 and $31,456,899, respectively, in uninsured funds. WWF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at their net realizable value. The allowance method is used to determine the uncollectible amounts. The allowance is based on prior years' experience and management's analysis of subsequent collections. If actual collection experience changes, revisions to the allowance may be required.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue. An allowance is made for uncollectible pledges based upon management's judgment and an analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Prepaid Assets

Prepaid assets, which consist of premiums, are stated at the lower of cost or market, with cost based on the first-in, first-out method. Premiums are miscellaneous items that are given to donors and others.

Investments

The fair value of marketable investments in equity and debt securities (which includes both domestic and foreign issues) and U.S. government obligations are based on the published current market value at June 30, 2014 and 2013. The fair values of WWF's investments in limited partnerships are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners in the absence of readily ascertainable market values.

Certain limited partnerships and corporate investments have no readily determinable market value and are valued at fair value as estimated by the general partners and corporations. Because of the inherent uncertainty of valuation, it is reasonably possible that estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. In addition, certain investments may also have risk associated with concentrations of investments in one geographic region and in certain industries. The limited partnership's ability to liquidate certain of its investments may be inhibited since the issuers may be privately held or the limited partnership may own a relatively large portion of the issuers' equity securities.

Long-term investments represent Board-designated reserves, endowments, charitable gift annuities, and pooled income funds held for long-term investment. Short-term investments consist of investments with a maturity date of 12 months or less.

Financial Instruments and Credit Risk

Financial instruments which potentially subject WWF to a concentration of credit risk consist principally of investments held at creditworthy financial institutions. By policy, these investments are kept within limits designed to prevent risk caused by concentration. Credit risk with respect to pledges receivable is considered limited due to the large WWF donor base. Credit risk with respect to accounts receivable relates to amounts due from the U.S. Government and other entities in the WWF Network and is considered limited due to the large number of other entities.

Bond Issuance Costs

Costs associated with issuance of bonds have been deferred and are amortized over the terms of the bonds. WWF uses the straight-line method, which approximates the effective interest method.

Land, Building, and Equipment

Land, building, and equipment are recorded at cost. WWF capitalizes all expenditures for property and equipment over $5,000. Depreciation for equipment, furniture and software is computed using the straight-line method, with the half-year convention over the estimated useful lives of the assets. Depreciation and amortization for the building, building improvements and tenant improvements is computed using the straight-line method. The estimated useful lives of WWF's assets are as follows:

Office equipment	3 years
Software and applications	3 years
Building and tenant improvements	15 years
Building	40 years

The estimated useful life of office furniture and fixtures is either 5 or 8 years, depending on the expected life of the asset. The estimated useful life of tenant improvements is the lesser of the term of the lease or life of the asset.

Impairment of Long-Lived Assets

WWF reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the statements of activities, to its current fair value.

Other Noncurrent Assets

Other noncurrent assets consists of the assets for WWF's 457(b) pension and international plans recorded at fair market value, leasing commissions and deferred rent receivable. Rent revenue is recorded on the straight-line basis.

Split Income Gifts

WWF has been named as beneficiary in several split income gifts that include charitable gift annuities and remainder trusts. The values of all split income gifts have been determined using discount rates that range from 2.2% to 2.5%, based upon rates approved by the Internal Revenue Service (IRS) as of the date of the gift.

As of June 30, 2014 and 2013, $11,911,110 and $10,956,185, respectively, were included as investments in the statements of financial position, and represent split income gifts for which WWF serves as the trustee. These gifts are recorded at the discounted present value of the gifts. WWF recognizes a liability for the portion of the split income gifts that is determined to be payable to beneficiaries under the terms of the agreements where WWF is the trustee. As of June 30, 2014 and 2013, these liabilities totaled $6,852,811 and $7,424,875, respectively, and are recorded as other long-term liabilities in the statements of financial position. Income from these gifts is recorded as investment income and changes in the value are included in bequests, endowments, and split income gifts in the accompanying statements of activities.

For split income gifts, for which WWF does not serve as the trustee, WWF included $(6,998,914) and $12,418,785 of (loss)/gain of revenue in bequests, endowments, and split income gifts on the accompanying statements of activities for the years ended June 30, 2014 and 2013, respectively. WWF's beneficial interest in these gifts, which amounted to $28,667,017 and $31,291,713 at June 30, 2014 and 2013, respectively, is also recorded at the discounted present value of the gifts and is included in long-term trust receivables in the accompanying statements of financial position.

In addition to these gifts, WWF has been named as the beneficiary in several agreements that are either revocable, or for which a reasonable valuation cannot be calculated, or allow the donor or beneficiary to change WWF's right to receive the assets. Such agreements are therefore not recorded in the accompanying financial statements.

Grants Payable

Grants are primarily made to other conservation organizations and are accrued when WWF makes a legally enforceable pledge to the organization. For grants that are for a period of more than one year, the future years' portion is considered conditional based on specific criteria, such as management review and approval against certain milestones and the receipt of future funding by WWF. The conditional portions of multi-year grants for the years ended June 30, 2014 and 2013, are $17,595,700 and $4,260,417, respectively, and are not recorded as grants payable in the accompanying financial statements.

Deferred Revenue

WWF receives funds from the WWF network and other organizations for specific projects performed at headquarters and various WWF field offices. WWF recognizes these funds as revenue earned to the extent of qualifying expenses incurred. All funds received from network sources in excess of expenses incurred are included in deferred revenue in the accompanying statements of financial position. Unrestricted revenue received from network sources is recorded as revenue when received. Any unrestricted revenue in excess of expenses incurred is included in unrestricted net assets in the accompanying statements of financial position.

Revenue Recognition

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, WWF receives promises to give that have certain conditions such as meeting specific milestones or revocable features to the promise to give. Conditional promises to give are recognized when the conditions are substantially met.

Federal grant awards are considered exchange transactions, and as such are recognized as revenue earned to the extent of qualifying expenses incurred or as such amounts are accrued.

Total revenue and support for the fiscal years ended June 30, 2014 and 2013 was $304,928,451 and $313,259,507, respectively. This amount is calculated based on the total revenues and support from operating activities and the change in net assets from nonoperating activities presented in the statements of activities.

Included in WWF network revenues on the statements of activities for the years ended June 30, 2014 and 2013, are revenues from WWF-Netherlands of $4,821,705 and $4,498,171, respectively.

In-Kind Contributions

Radio and television stations and certain publications have contributed advertising time and space to WWF at no charge. The estimated fair values of the advertisements are based on independent third-party valuations and reported as in-kind contribution revenue and program expense in the period in which the advertisements are run. Certain other in-kind contributions have also been received and recorded at fair-market value in the period in which each contribution was made.

Non-Operating Income Allocated to Operations

Contributions, except for bequests and endowments, are reported as operating increases in the appropriate category of net assets. The Board of Directors has designated that bequests and endowments are not generally available for use in operations; therefore, these contributions are recognized as non-operating activities in the appropriate category of net assets. Investment income, including realized and unrealized gains and losses, in excess of amounts utilized in operations, is accounted for as an increase or decrease in non-operating activities. It is classified as unrestricted unless its use is restricted by explicit donor stipulations or by law.

Allocation of Joint Costs

FASB Accounting Standards Codification (ASC) 958-720 (formerly American Institute of Certified Public Accountants Statement of Position 98-2), *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities that Include Fund-Raising*, requires entities to report the costs of all materials and activities that include a fundraising appeal as fundraising costs unless certain specific conditions are met, in which case the joint costs may be allocated between fundraising, program, and general and administrative expenses. WWF evaluates all programs that include fundraising to determine which programs would meet the requirements for allocation of costs.

In fiscal years 2014 and 2013, WWF incurred joint costs of $29,182,439 and $30,240,552, respectively, for informational materials and activities that included a fundraising appeal. Of those costs, $15,472,972 and $16,585,744 were allocated to fundraising expenses, and $13,709,467 and $13,654,808 were allocated to program expense, in fiscal years 2014 and 2013, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Endowments

ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), and requires disclosures by all not-for-profit organizations that have endowments (whether donor restricted or not). These disclosure requirements apply regardless of whether the organization is currently subject to UPMIFA, a model act that has not yet been adopted by all states.

Interpretation of Relevant Law

The Board of Directors has determined that an enacted version of UPMIFA applies to WWF's endowment funds. When a donor expresses intent clearly in a written gift instrument, WWF follows the donor's instructions. When a donor's intent is not so expressed, WWF shall spend an amount from the fund that is prudent, consistent with the purposes of the fund, relevant economic factors, and the donor's intent that the fund continue in perpetuity. As a result of the determination that an enacted version of UPMIFA applies in accounting for endowment funds WWF follows ASC 958-205.

Investment Policy Statement

As careful stewards of our donors' contributions, and respectful of their intent to support and further WWF's conservation efforts, WWF seeks in managing the investment pool to maximize funding for conservation while prudently managing risk. Careful management of the assets is designed to ensure a total return (income plus capital change) necessary to preserve and enhance (in real dollar terms) the principal of the fund and at the same time, provide a dependable source of support for current operations and programs. The investment pool includes those assets of donor-restricted funds that WWF must hold in perpetuity or for donor-specified period(s) as well as board-designated funds. The primary investment objective of the pool is to attain a net average annual real total return of 5% over rolling ten-year periods. Actual returns in any given period may vary from this amount but should be attainable over a series of ten-year periods.

2. Accounts Receivable

Management believes amounts recorded in accounts receivable to be collectible based on historical collection experience and write-offs and other factors and, therefore, has not recorded an allowance against the receivables as of June 30, 2014 and 2013. Accounts receivable is composed of the following at June 30:

	2014	2013
U.S. Government	**$ 12,486,862**	$ 14,998,079
WWF Network	**3,456,744**	4,223,580
Other	**3,591,729**	3,864,917
	$ 19,535,335	$ 23,086,576

During the years ended June 30, 2014 and 2013, WWF determined that $288,945 and $0, respectively, of accounts receivable were uncollectible based on review of outstanding amounts and are included as a cost of fundraising on the accompanying statements of activities.

3. Pledges Receivable

Unconditional promises to give consisted of the following at June 30:

	2014	2013
Less than a year	$ 28,958,597	$ 23,134,757
One to five years	36,000,300	22,853,718
Subtotal	64,958,897	45,988,475
Less: discount to present value	(2,473,014)	(2,192,726)
Less: allowance for uncollectible pledges	(250,000)	(250,000)
Subtotal	62,235,883	43,545,749
Less: current portion of pledges receivable	(28,958,597)	(23,134,757)
Non-current portion of pledges receivable	$ 33,277,286	$ 20,410,992

The interest rates used to discount the amounts expected to be collected in future years range from 2.24% to 2.94% as of June 30, 2014. During the years ended June 30, 2014 and 2013, WWF determined that $26,300 and $100,000, respectively, of pledges receivable were uncollectible based on collection history and are included as a cost of fundraising on the accompanying statements of activities.

4. Investments

Unrestricted investments consisted of the following at June 30:

	2014	2013
Money market funds	$ 36,394,635	$ 26,097,288
Partnership investments	136,448,360	124,456,611
Debt and equity mutual funds	68,838,137	58,708,305
Common collective trusts	9,540,368	8,907,377
Debt securities	18,060,253	14,760,069
U.S. government obligations	7,038,140	5,000,868
Subtotal: investments before allowance	276,319,893	237,930,518
Less: allowance for alternative investments	(500,000)	(500,000)
Subtotal	275,819,893	237,430,518
Less: short-term investments	(35,544,500)	(25,445,003)
Long-term investments	$ 240,275,393	$ 211,985,515

Investment return consisted of the following for the years ended June 30:

	2014	2013
Dividends and interest income	**$ 1,390,923**	$ 1,855,477
Realized and unrealized gains, net	**34,668,145**	19,150,705
Less: investment expenses	**(1,593,617)**	(1,581,461)
Income from investments, net	**$ 34,465,451**	$ 19,424,721

WWF received donated securities with a fair value of $1,679,534 and $5,884,584 during the years ended June 30, 2014 and 2013, respectively, to be used for unrestricted activities.

In January, 2014, WWF entered into a 'stranded assets' total return swap. WWF pays the total return from an index of coal and tar sands companies, and receives the total return on the S&P 500 index which settles quarterly. The swap is designed to hedge against portfolio risk specifically attributed to coal and tar sand business sectors.

The swaps are recognized on the statements of financial position at fair value and are recorded as interest rate swap liability. Realized gains and losses are recorded in the statement of activities. During the year ended June 30, 2014, WWF recorded ($7,229) in realized loss for these swaps. The fair market value of the swaps was $148 as of June 30, 2014.

5. Land, Building, and Equipment

Land, building, and equipment consisted of the following at June 30:

	2014	2013
Land	**$ 17,436,974**	$ 17,436,974
Building	**46,007,955**	46,007,955
Furniture and equipment	**13,276,592**	12,239,237
Building and tenant improvements	**20,460,255**	20,088,010
	97,181,776	95,772,176
Less: accumulated depreciation and amortization	**(38,167,021)**	(34,774,709)
Land, building, and equipment, net	**$ 59,014,755**	$ 60,997,467

WWF has allocated the building operating costs and interest expense between non-commercial and commercial building operations expense based on occupancy percentages. The non-commercial portion of these costs is allocated to program expense and supporting services expense by using the Modified Total Direct Cost (MTDC) method of indirect cost allocation as defined in OMB Circular A-122, *Cost Principles for Non-Profit Organizations.* The MTDC method applies indirect costs using total salaries, benefits, and other expenses (less equipment, vehicles, and other purchases) as the base of distribution and is considered to be in agreement with generally accepted accounting principles.

Depreciation and amortization expense consisted of the following for the years ended June 30:

	2014	2013
Depreciation, commercial building operations	**$ 1,168,039**	$ 1,321,311
Depreciation, all other building and equipment	**2,224,273**	2,273,669
Amortization of bond premium and issuance costs	**99,631**	102,293
Total depreciation and amortization	**$ 3,491,943**	$ 3,697,273

The commercial building operations and related capital expenditures, net of non-cash items, provided cash flows of $922,545 and $1,998,900 for fiscal years ended June 30, 2014 and 2013, respectively.

6. Long-Term Debt

Long-term debt was as follows at June 30:

	2014	2013
District of Columbia Variable Rate Refunding Revenue Bonds, Series 2010A	**$ 29,310,000**	$ 30,585,000
WWF Taxable Variable Rate Bonds, Series 2008B	**32,140,000**	32,890,000
Subtotal	**61,450,000**	63,475,000
Unamortized original issue premium	**139,415**	148,128
Long-term debt	**61,589,415**	63,623,128
Less: current portion	**(2,075,000)**	(2,025,000)
Long-term debt, net of current portion	**$ 59,514,415**	$ 61,598,128

On October 3, 2000, WWF entered into a purchase and sale agreement with a third-party seller to acquire the building in which WWF had previously leased its headquarters office space. To finance the building acquisition and additional improvements, WWF issued $42,010,000 in District of Columbia Revenue Bonds (World Wildlife Fund, Inc. Issue) Series 2000 Bonds (Series 2000A) (due July 1, 2030), which are tax-exempt, and $41,355,000 in World Wildlife Fund, Inc. Taxable Variable Rate Bonds Series 2000 (Series 2000B)(due July 1, 2030).

On July 1, 2010, WWF refinanced the $35,700,000 outstanding non-taxable Series 2000A bonds with a direct-pay bank letter of credit to provide credit enhancement. The refinanced bonds were reissued as District of Columbia Variable Rate Refunding Revenue Bonds (World Wildlife Fund, Inc. Issue) Series 2010 (Series 2010A).

Interest on the principal balance of the Series 2010A bonds range from 3.00% to 4.00% and range from 3.00% to 6.00% on the Series 2008B bonds. Payment for interest on Series 2010A and Series 2008B bonds is due monthly until the maturity date of July 1, 2030. Principal payments on the bonds are due annually.

As of June 30, 2014, WWF has three interest-rate swap agreements (the Series 2008B swaps) covering the entire $32,140,000 value of the Series 2008B variable rate bonds to fix rates between 3.35% and 5.70%. The Series 2008B swaps are used to minimize cash flow fluctuations of interest payments caused by the volatility of Libor, which is the index rate upon which interest payments under the Series 2008B bonds are calculated. The interest on the unpaid principal balance of Series 2008B bonds is due monthly at the variable interest rate until maturity of the bonds and the interest on the Series 2008B swaps is due quarterly. The weighted-average interest rate of the Series 2008B swaps was 5.31% and 5.29% for the fiscal years ended June 30, 2014 and 2013, respectively.

As of June 30, 2014, WWF also has two interest-rate swap agreements (the Series 2010A swaps) covering the entire $29,310,000 value of the Series 2010A tax-exempt bonds. The weighted average interest rate of the Series 2010A swaps was 3.48% and 3.52% for the fiscal years ended June 30, 2014 and 2013, respectively.

The swaps are recognized on the statements of financial position at fair value and are recorded as interest rate swap liability. Changes in the fair value of the swaps are recorded in income (loss) on interest-rate swaps in the statements of activities. During the years ended June 30, 2014 and 2013, WWF recorded ($281,176) and $5,872,746 in fair-market value adjustments to the liability of the swaps, respectively. Cumulative losses on the swaps from inception totaled $13,338,316 as of June 30, 2014.

WWF incurred total interest expense on the bonds of $2,727,936 and $2,800,274 for the years ended June 30, 2014 and 2013, respectively. Series 2008B interest expense for the years ended June 30, 2014 and 2013, was $1,708,147 and $1,724,822, respectively, and is included in the building operations expense. Series 2010A interest expense for the years ended June 30, 2014 and 2013, was $1,019,789 and $1,075,452, respectively, and has been allocated among WWF expenses based on the percentage of direct costs on the accompanying statements of activities. WWF is subject to liquidity and debt services coverage ratio requirements and certain restrictions and limitations with respect to the incurrence of indebtedness, consolidation, and merger and transfer of assets. As of June 30, 2014 and 2013, WWF was in compliance with these covenants.

Maturities of debt are as follows:

2015	$	2,075,000
2016		2,140,000
2017		2,195,000
2018		2,760,000
2019		2,910,000
Thereafter		49,370,000
		61,450,000
Plus unamortized original issue premium		139,415
	$	61,589,415

7. Commitments and Contingencies

Litigation

In the course of business, WWF is from time to time a party to various claims and lawsuits. If management determines, based on the underlying facts and circumstances, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued for. Management does not expect any adverse financial impact from open litigation matters occurring in the normal course of business as of June 30, 2014.

Commitments

Certain alternative investments, which include private equity investments, have rolling lockups ranging from one to three years. WWF is obligated under certain limited partnership agreements to fund certain partnership investments periodically up to a specified level. At June 30, 2014, WWF had unfunded commitments of $2,557,004. Such commitments are generally called over periods of up to seven years and contain fixed expiration dates or other termination clauses.

Operating Leases

WWF leases field office facilities under operating leases that expire on various dates through September 2035. It is expected that WWF will renew leases as necessary in the normal course of its activities. During the years ended June 30, 2014 and 2013, WWF recorded $850,975 and $798,255, respectively, in rental expense.

The following is a schedule of the future minimum lease payments as of June 30, 2014:

2015	$	807,213
2016		214,084
2017		103,999
2018		1,069
2019		1,123
Thereafter		28,516
Total minimum lease payments	$	1,156,004

Tenant Income

As part of the building acquisition, WWF assumed existing tenant lease agreements and has entered into new lease agreements with additional tenants. The minimum future lease rental income is as follows:

2015	$	5,947,526
2016		5,603,692
2017		4,662,782
2018		4,775,068
2019		4,807,268
Thereafter		4,241,245
Total	$	30,037,581

Additionally, WWF has letters of credit from several banks, which list the tenants as the applicants and WWF as the beneficiary. Letters of credit in favor of WWF as of June 30, 2014 and 2013 were $850,000 and $788,306, respectively. At June 30, 2014 and 2013, no amounts had been drawn against the letters of credit.

Federal and State Programs

Amounts received and expended by WWF under various federal and state programs are subject to audit by government agencies. Management believes that adjustments, if any, which might result from such audits would not have a material impact on the financial position of WWF.

Indirect Cost Reimbursement

The reimbursement of indirect costs reflected in the accompanying financial statements as federal grants revenue is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to WWF's financial position or change in net assets.

8. Employee Benefits

WWF has a tax-deferred defined contribution plan under Section 403(b) of the Internal Revenue Code (IRC) for its employees. WWF's contributions under the plan are based on years of service and range from 3% to 9% of an eligible employee's annual salary. The expenses recorded by WWF for the plan were $3,363,291 and $2,444,592 for the years ended June 30, 2014 and 2013, respectively.

WWF has adopted two Deferred Compensation Plans (the Plan) in accordance with Section 457(b) and Section 457(f) of the IRC. The purpose of the 457(b) Plan is to offer certain eligible employees additional deferred compensation and/or the opportunity to defer specified amounts of compensation, on a pretax basis. The assets and liabilities associated with this Plan were $981,780 and $719,945 for the years ended June 30, 2014 and 2013, respectively. The assets for the 457(b) plan are included in other noncurrent assets and the liabilities are included in other long-term liabilities as presented in the statements of financial position. The purpose of the 457(f) Plan is the retention and recruitment of talent at the executive level. The expenses associated with the 457(f) Plan were $187,500 and $0 for the years ended June 30, 2014 and 2013, respectively. The 457(f) deferrals, which are reflected in other long-term liabilities, were $187,500 and $0 for the years ended June 30, 2014 and 2013.

During fiscal year 2004, WWF implemented a self-funded health insurance benefit plan under guidelines issued by the U.S. Department of Labor in accordance with the Employee Retirement Income Security Act (ERISA). Under this plan, WWF pays employee health insurance claims directly rather than using a third-party administrative service. To limit potential risk and exposure to higher than estimated claims, WWF has also purchased stop-loss insurance protecting WWF from claims over $75,000 for individual employees and 125% of the actuarially determined yearly cost for the aggregated claims. The anticipated claims incurred but not reported were $1,189 and $0 as of June 30, 2014 and 2013, respectively, and are included in accounts payable and accrued expenses in the accompanying statements of financial position.

9. Income Taxes

WWF has received a determination letter from the IRS that grants an exemption from income taxes under Section 501(c)(3) of the IRC except for any income that may be a result of unrelated business transactions. Additionally, the IRS has classified WWF as an organization other than a private foundation.

Under ASC 740-10 an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. WWF does not believe there are any material uncertain tax positions and accordingly it will not recognize any liability for unrecognized tax benefits. WWF has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, WWF has filed IRS Form 990 and Form 990-T tax returns as required and all other applicable returns in those jurisdictions where it is required. WWF believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for year before 2008. For the year ended

June 30, 2014 and 2013, there were no interest or penalties recorded or included in the statements of activities related to uncertain tax positions.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes as of June 30:

	2014	2013
Purpose restricted		
Conservation and other programs	**$ 39,828,158**	$ 31,575,841
Time restricted	**45,016,602**	54,134,450
Purpose and time restricted	**58,082,400**	37,079,737
	$ 142,927,160	$ 122,790,028

11. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable, to support the following at June 30:

	2014	2013
U.S. and developed countries	**$ 301,618**	$ 301,618
International programs	**17,933,497**	18,224,604
General	**18,005,835**	17,702,101
Other programs	**7,224,080**	6,616,915
	$ 43,465,030	$ 42,845,238

During the year ended June 30, 2014, certain transfers were made between unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Board-approved spending policy for fiscal year 2014 and 2013 was 75% of the trailing three-year average of available bequests, 5% of the trailing three-year average of Board-designated reserves, payout on endowments as directed by donors, other payouts approved by the Board of Directors, and payout balances available from prior years. In establishing this policy, WWF considered the long-term expected return of the investment portfolio and it is consistent with WWF's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The amounts authorized under this policy are reported as non-operating income on the accompanying statements of activities. Non-operating income allocated to operations for the years ended June 30, 2014 and 2013 was $33,747,364 and $21,730,166, respectively.

Changes in endowment net assets for the year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals
Endowment net assets, beginning of year	**$ 151,150,846**	**$ 13,902,860**	**$ 42,845,238**	**$ 207,898,944**
Investment return				
Investment income	**(93,083)**	**(13,514)**	**(18,046)**	**(124,643)**
Net appreciation, realized	**2,310,858**	**336,303**	**453,046**	**3,100,207**
Net appreciation, unrealized	**21,836,890**	**5,907,436**	**1,634,172**	**29,378,498**
Total investment return	**24,054,665**	**6,230,225**	**2,069,172**	**32,354,062**
Contributions	**25,577,255**	**-**	**11,000**	**25,588,255**
Appropriation of assets for expenditure	**(26,653,892)**	**(529,726)**	**(1,460,380)**	**(28,643,998)**
Endowment net assets, end of year	**$ 174,128,874**	**$ 19,603,359**	**$ 43,465,030**	**$ 237,197,263**

Appropriation of assets for expenditure pertains to income from interest and dividends received on endowment assets which may be used by WWF for operations or specific donor-specific designations in accordance to the endowment agreements.

Changes in endowment net assets for the year ended June 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Totals
Endowment net assets, beginning of year	$ 141,994,778	$ 11,903,647	$ 41,305,852	$ 195,204,277
Investment return				
Investment income	(343,371)	(51,709)	(67,616)	(462,696)
Net appreciation, realized	3,240,481	493,306	680,233	4,414,020
Net appreciation, unrealized	10,337,982	2,907,616	799,199	14,044,797
Total investment return	13,235,092	3,349,213	1,411,816	17,996,121
Contributions	18,074,610	-	1,560,464	19,635,074
Appropriation of assets for expenditure	(22,153,634)	(1,350,000)	(1,432,894)	(24,936,528)
Endowment net assets, end of year	$ 151,150,846	$ 13,902,860	$ 42,845,238	$ 207,898,944

The distribution of endowment net assets between donor restricted and board-designated for the year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals
Donor restricted	**$ 12,552,196**	**$ 19,603,359**	**$ 43,465,030**	**$ 75,620,585**
Board-designated	**161,576,678**	**-**	**-**	**161,576,678**
Total endowment net assets	**$ 174,128,874**	**$ 19,603,359**	**$ 43,465,030**	**$ 237,197,263**

The distribution of endowment net assets between donor restricted and board-designated for the year ended June 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Totals
Donor restricted	$ 11,250,010	$ 13,902,860	$ 42,845,238	$ 67,998,108
Board-designated	139,900,836	-	-	139,900,836
Total endowment net assets	$ 151,150,846	$ 13,902,860	$ 42,845,238	$ 207,898,944

12. Fair Value of Financial Instruments

ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as WWF would use in pricing WWF's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of WWF are traded. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity securities and publicly traded mutual funds that are actively traded on a major exchange or over-the-counter market.

Level 2 – Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as municipal bonds. The fair value of municipal bonds is estimated using recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

Level 3 – Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Mutual funds: WWF's holdings in publicly traded mutual funds consist principally of debt and equity securities carried at their aggregate market value that is determined by quoted market prices. Each of these investments can be liquidated daily. Valuation is based on Level 1 inputs within the hierarchy used in measuring fair value.

Common collective trusts: Common collective trusts are non-registered pooled investment funds. The fair values of the investments have been estimated using the net asset value per share of the fund. Common collective trust fund shares may be redeemed at net asset value on a daily or monthly basis, depending on the fund.

Long-term trust receivables: Long-term trust receivables consist of charitable remainder trust receivables. The fair value of trust receivables is based on the present value of future expected earnings. Given the fact that these long-term receivables do not have quoted market prices and are not actively traded, their valuation is based on Level 3 inputs within the hierarchy used in measuring fair value.

Partnership investments: Partnership investments consist of alternative investments made in limited partnerships, offshore limited liability companies and private equity concerns, all of which are valued based on Level 3 inputs within the investment hierarchy used in measuring fair value. Given the absence of market quotations, the fair value is estimated using information provided to WWF by the investment managers or general partners. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose WWF to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments contain varying degrees of risk, WWF's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) and any unfunded commitments in each investment. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. WWF does not directly invest in the underlying securities of the investment funds and due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Interest rate swap liability: The estimate of fair value of the interest rate swap liability at year end approximates its carrying amount, which represents the amount WWF would pay to exit the swap agreements taking into account current interest rates. Given that the swaps do not have quoted market prices and are not actively traded, their valuation is based on Level 3 inputs within the hierarchy used in measuring fair value.

Financial assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2014 are as follows:

	Level 1	Level 2	Level 3	Totals
Investments				
Money market funds	$ 35,674,217	$ 720,418	$ -	$ 36,394,635
Partnership investments:				
Fixed income	-	-	14,579,176	14,579,176
Equity & other	-	-	14,671,002	14,671,002
International	-	-	93,605,452	93,605,452
Specialty	-	-	10,367,150	10,367,150
Other tangible assets	-	-	3,225,580	3,225,580
Mutual funds:				
Large Cap	28,281,911	-	-	28,281,911
Small & mid Cap	631,192	-	-	631,192
International	39,925,034	-	-	39,925,034
Specialty	-	-	-	-
Common collective trusts:				
Fixed income	-	2,597,100	-	2,597,100
Large Cap	-	2,538,873	-	2,538,873
Small & mid Cap	-	965,206	-	965,206
International	-	3,126,573	-	3,126,573
Specialty	-	312,616	-	312,616
Debt securities	18,060,253	-	-	18,060,253
U.S. Government securities	7,038,140	-	-	7,038,140
Total investments	129,610,747	10,260,786	136,448,360	276,319,893
Long-term trust receivables				
Cash & money market	-	-	393,605	393,605
Mutual funds	-	-	2,206,299	2,206,299
Equity & other	-	-	3,442,574	3,442,574
Large-Cap	-	-	236,014	236,014
Mid-Cap	-	-	74,000	74,000
Small-Cap	-	-	56,334	56,334
International	-	-	10,855,044	10,855,044
Fixed income	-	-	1,588,385	1,588,385
Bonds & notes	-	-	4,533,834	4,533,834
Specialty	-	-	4,091,447	4,091,447
Other tangible assets	-	-	1,189,481	1,189,481
Total long-term trust receivables	-	-	28,667,017	28,667,017
Total assets, at fair value	$ 129,610,747	$ 10,260,786	$165,115,377	$304,986,910
Interest rate swap liability	$ -	$ -	$ (13,338,215)	$ (13,338,215)

Financial assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2013 are as follows:

	Level 1	Level 2	Level 3	Totals
Investments				
Money market funds	$ 25,659,380	$ 437,908	$ -	$ 26,097,288
Partnership investments:				
Fixed income	-	-	16,542,078	16,542,078
Equity & other	-	-	18,089,615	18,089,615
International	-	-	58,286,635	58,286,635
Specialty	-	-	14,628,460	14,628,460
Other tangible assets	-	-	16,909,823	16,909,823
Mutual funds:				
Large Cap	31,887,430	-	-	31,887,430
Small & mid Cap	2,407,039	-	-	2,407,039
International	23,889,326	-	-	23,889,326
Specialty	524,510	-	-	524,510
Common collective trusts:				
Fixed income	-	3,109,907	-	3,109,907
Large Cap	-	2,186,794	-	2,186,794
Small & mid Cap	-	1,068,195	-	1,068,195
International	-	2,364,464	-	2,364,464
Specialty	-	178,017	-	178,017
Debt securities	14,760,069	-	-	14,760,069
U.S. Government securities	5,000,868	-	-	5,000,868
Total investments	104,128,622	9,345,285	124,456,611	237,930,518
Long-term trust receivables				
Cash & money market	-	-	825,074	825,074
Mutual funds	-	-	2,262,164	2,262,164
Equity & other	-	-	3,560,462	3,560,462
Large-Cap	-	-	256,534	256,534
Mid-Cap	-	-	51,751	51,751
Small-Cap	-	-	33,302	33,302
International	-	-	13,568,211	13,568,211
Fixed income	-	-	1,752,631	1,752,631
Bonds & notes	-	-	2,056,905	2,056,905
Specialty	-	-	5,919,288	5,919,288
Other tangible assets	-	-	1,005,391	1,005,391
Total long-term trust receivables	-	-	31,291,713	31,291,713
Total assets, at fair value	$ 104,128,622	$ 9,345,285	$ 155,748,324	$ 269,222,231
Interest rate swap liability	$ -	$ -	$ (13,619,539)	$ (13,619,539)

The following table presents WWF's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820 for the years ended June 30:

	2014	2013
Beginning balance	**$ 155,748,324**	$ 131,889,022
Total gains (realized/unrealized) included in changes in net assets	**16,102,721**	13,162,830
Purchases	**25,705,990**	20,046,786
Settlements	**(32,440,658)**	(9,350,314)
Ending balance	**$ 165,116,377**	$ 155,748,324

The following table presents WWF's activity for liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820 for the years ended June 30:

	2014	2013
Beginning balance	**$ (13,619,539)**	$ (19,492,285)
Total gains (realized/unrealized) included in changes in net assets	**281,324**	5,872,746
Ending balance	**$ (13,338,215)**	$ (13,619,539)

Quantitative Information

Quantitative information as of June 30, 2014, with respect to assets and liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

Description	Fair Value	Principal Valuation Techniques	Unobservable Inputs	Weighted Average
Long-term trust receivables	$ 28,667,017	Income Approach	Discount rates Life expectancies Trust payouts Allocation percentages	N/A

Quantitative unobservable inputs are not developed by WWF in the valuation of its investments or swap liabilities. WWF uses the values reported by each fund manager as the basis for valuation noting that the valuation techniques and unobservable inputs vary widely among its fund managers. The swap liabilities are non-complex instruments and are valued using standard yield curves adjusted to mid-market values as deemed appropriate by the counterparties.

Level 3 Valuation Process

Absent a solid, reliable quantitative model to assess the reasonableness of investment manager reported valuations, WWF management applies qualitative measures which consist of various informational analyses including:

- Comparisons of reported performance to benchmark performances, with particular interest in fund performance in excess of 5% above or below appropriate benchmarks.
- Reviews of external audit reports of each fund.
- Reviews of Service Organization Controls (SOC) 1 reports of each fund where available.
- Monitoring and evaluations of relevant news in the financial press.
- Participation in conference calls, presentations, or investor meetings conducted by investment managers.
- Consideration and review of non-public information available through subscription financial information services and/or communications from individual fund managers.
- Consideration of fund managers' delivery of quality and timely fund performance information, risk analysis, market outlook analysis and overall responsiveness to investor queries and requests for information.

WWF's investment advisor also performs on-going due diligence of the funds which includes evaluation of each fund manager's investment process, organizational changes, compliance with applicable rules and regulations, review of fees and charges, and analysis of performance, leverage, return patterns, volatility over time, drawdowns and recovery periods, gross and net exposures, and other factors as determined to be appropriate, conducting regular calls with management of the funds and meeting periodically with WWF's investment committee to reports the performance of the funds. There were no changes in valuation techniques noted for these funds for 2014 and 2013.

For long-term trust receivables, WWF gathers as much information as possible for each instrument, including the initial and current trust value, the amount allocated to WWF, the date of birth of any other beneficiaries and payout amounts. WWF uses a standard charitable gift calculation model using these inputs and a standard discount rate reset each year based on current IRS discount rates. For any input not readily available, management develops a best estimate for use in the calculation. There were no changes in valuation techniques for these receivables for 2014 and 2013.

For swap liabilities, WWF tracks quoted values for each instrument monthly to assess the reasonableness of reported values. Management also ensures that there have not been any changes in the underlying terms of each swap during the year. There were no changes in valuation techniques for the swaps for 2014 and 2013.

Level 3 Sensitivity of Fair Value Measurements and Changes in Significant Observable Inputs

The significant unobservable inputs used in the fair value measurement of WWF's long-term trust receivables and alternative investments are subject to market risks resulting from changes in the market value of their underlying investments. The significant unobservable inputs used in the fair value measurement of WWF's swap liabilities are subject to market risks resulting from changes in the mid-market consensus for similar instruments.

The estimated fair values of WWF's financial instruments that are not measured at fair value on a recurring basis as of the year ended June 30, 2014 are as follows:

	Carrying Amount	Fair Value
Pledges receivable	**$ 62,235,883**	**$ 62,713,675**
Debt	**$ 61,589,415**	**$ 61,450,000**
Other long-term liabilities	**$ 8,022,091**	**$ 8,022,091**

The estimated fair values of WWF's financial instruments that are not measured at fair value on a recurring basis as of the year ended June 30, 2013 are as follows:

	Carrying Amount	Fair Value
Pledges receivable	$ 43,545,749	$ 43,795,749
Debt	$ 63,623,128	$ 63,475,000
Other long-term liabilities	$ 8,144,820	$ 7,408,271

The carrying amount is the amount at which the financial instrument is recorded on the books of WWF. The fair value is the estimated amount at which the financial instrument could be exchanged in a current transaction between willing parties.

Pledges receivable: Fair value is estimated based on the present value of pledges receivable using estimated future payments and current IRS discount rates.

Long-term debt: Fair value is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to WWF for debt of the same remaining maturities. As WWF debt is backed by a variable rate letter of credit, it trades and is valued at par.

Other long-term liabilities: Fair value is estimated based on the present value of outstanding liabilities using current IRS discount rates.

13. Net Asset Value (NAV) Per Share

In accordance with ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820) – Investment in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent),* WWF expanded disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which fair value is not readily determinable. For WWF, such assets include the partnership investments.

The following table summarizes WWF's investments with a reported NAV as of June 30, 2014:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Fund Partnerships -				
Equity	$ 251,424	$ -	Annually	60
Equity	5,234,310	-	Every 36 months	90
Equity	2,908,035	1,724,194	No immediate liquidity*	n/a
Equity	106,386	-	Semi-Annually	45
Equity	5,694,116	-	No immediate liquidity*	n/a
Fixed Income	5,214,484	-	Every 24 months	90
Fixed Income	9,364,692	-	Quarterly	60
International	12,655,252	-	Monthly	6
International	12,170,463	-	No immediate liquidity*	n/a
International	8,605,694	-	Quarterly	30
Specialty	519,288	-	Annually	45
Specialty	1,488,349	5,639	No immediate liquidity*	n/a
Specialty	6,939,013	-	Annually	60
Specialty	1,420,500	-	Daily	1
Tangible Assets	2,004,586	751,976	No immediate liquidity*	n/a
Tangible Assets	1,114,608	-	No immediate liquidity*	n/a
Global Private Equity	9,569,442	75,195	No immediate liquidity*	n/a
Mutual Funds -				
Equity & other	51,187,718	-	No immediate liquidity*	n/a
	$ 136,448,360	$ 2,557,004		

** Non-marketable alternative assets (NMAA), or alternative investments, included above have varying withdrawal restrictions. The typical NMAA fund cycle provides for an initial investment period of 1-5 years, a growth management phase of 2-7 years, and realization/distribution of investment returns over years 7-10.*

The following table summarizes WWF's investments with a reported NAV as of June 30, 2013:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Fund Partnerships -				
Equity	$ 4,545,676	$ -	Annually	60
Equity	4,620,653	-	Every 36 months	90
Equity	3,335,784	1,815,444	No immediate liquidity*	n/a
Equity	13,163,661	-	Semi-Annually	45
Equity	5,354,198	-	No immediate liquidity*	n/a
Fixed Income	6,693,773	-	Every 24 months	90
Fixed Income	9,848,305	-	Quarterly	60
International	10,130,859	-	Monthly	6
International	10,017,189	-	No immediate liquidity*	n/a
International	6,547,994	-	Quarterly	30
Specialty	603,684	-	Annually	45
Specialty	1,360,700	6,176	No immediate liquidity*	n/a
Specialty	4,817,798	-	Every 36 months	91
Specialty	6,479,612	-	Annually	60
Specialty	1,366,666	-	Daily	1
Tangible Assets	2,673,434	957,965	No immediate liquidity*	n/a
Tangible Assets	1,072,728	-	No immediate liquidity*	n/a
Global Private Equity	10,833,130	75,199	No immediate liquidity*	n/a
Mutual Funds -				
Equity & other	20,990,767	-	No immediate liquidity*	n/a
	$ 124,456,611	$ 2,854,784		

** Non-marketable alternative assets (NMAA), or alternative investments, included above have varying withdrawal restrictions. The typical NMAA fund cycle provides for an initial investment period of 1-5 years, a growth management phase of 2-7 years, and realization/distribution of investment returns over years 7-10.*

14. Subsequent Events

WWF evaluated subsequent events through October 31, 2014 which is the date the financial statements were issued. No subsequent events were noted that required disclosure in the financial statements.