

WILDAID, INC.

FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2010**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 15

Independent Auditors' Report

Board of Directors
WildAid, Inc.

We have audited the accompanying statement of financial position of WildAid, Inc. (a California nonprofit organization) as of December 31, 2010, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of WildAid, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WildAid, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note J to the financial statements, certain errors resulting in the understatement of previously reported contributions and grants receivable, and the related revenue as of December 31, 2009, were discovered by the management of WildAid, Inc. during the current year. Accordingly, beginning net assets as of January 1, 2010 have been restated to correct the errors.

Bregante + Company LLP

San Francisco, California

May 17, 2011

WILDAID, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2010

ASSETS

Cash and cash equivalents	\$ 1,578,553
Contributions and grants receivable	431,408
Advances to field programs	60,428
Prepaid expenses	28,537
Property and equipment, net of accumulated depreciation of \$29,051	3,778
Security deposits	<u>11,335</u>
Total assets	<u>\$ 2,114,039</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 34,591
Accrued expenses	<u>5,964</u>
Total liabilities	40,555
Net assets:	
Unrestricted	683,319
Temporarily restricted	<u>1,390,165</u>
Total net assets	<u>2,073,484</u>
Total liabilities and net assets	<u>\$ 2,114,039</u>

See accompanying notes and auditors' report.

WILDAID, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 361,553	\$ 201,288	\$ 562,841
Grants and awards	456,809	2,488,667	2,945,476
Contributed goods and services	-	67,987,102	67,987,102
Investment income	591	-	591
Other	44,753	-	44,753
Net assets released from restrictions:			
Satisfaction of restrictions	<u>70,002,502</u>	<u>(70,002,502)</u>	<u>-</u>
Total revenue and support	70,866,208	674,555	71,540,763
Expenses:			
Program services	70,199,058	39,023	70,238,081
Support services:			
Management and general	272,131	-	272,131
Fundraising	<u>142,897</u>	<u>-</u>	<u>142,897</u>
Total support services	<u>415,028</u>	<u>-</u>	<u>415,028</u>
Total expenses	<u>70,614,086</u>	<u>39,023</u>	<u>70,653,109</u>
Changes in net assets	252,122	635,532	887,654
Net assets, beginning of year	431,197	247,413	678,610
Prior period adjustments (Note J)	<u>-</u>	<u>507,220</u>	<u>507,220</u>
Net assets, beginning of year (restated)	<u>431,197</u>	<u>754,633</u>	<u>1,185,830</u>
Net assets, end of year	<u>\$ 683,319</u>	<u>\$ 1,390,165</u>	<u>\$ 2,073,484</u>

See accompanying notes and auditors' report.

WILDAID, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010

Cash flows from operating activities:	
Changes in net assets	\$ 887,654
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	6,537
(Increase) decrease in assets:	
Contributions and grants receivable	194,703
Advances to field programs	(48,057)
Prepaid expenses	15,733
Security deposits	(1,500)
Increase (decrease) in liabilities:	
Accounts payable	(88,694)
Accrued expenses	<u>5,959</u>
Total adjustments	<u>84,681</u>
Net cash provided by operating activities	<u>972,335</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(1,727)</u>
Net cash used by investing activities	<u>(1,727)</u>
Net increase in cash	970,608
Cash and cash equivalents, beginning of year	<u>607,945</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,578,553</u></u>

Noncash investing activities:

Fully depreciated property and equipment with an original cost of \$6,835 was disposed of during the year ended December 31, 2010.

See accompanying notes and auditors' report.

WILDAID, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

	Program Services					Support Services		Total Support Services	Total Expenses
	China	Galápagos	Climate Change	Other Programs	Total Program Services	Management and General	Fundraising		
Operating expenses:									
Salaries and benefits	\$ 183,374	\$ 112,613	\$ 46,940	\$ 27,595	\$ 370,522	\$ 100,188	\$ 82,439	\$ 182,627	\$ 553,149
Professional services	317,610	112,032	17,730	76,493	523,865	56,112	-	56,112	579,977
Occupancy	63,955	16,920	2,432	15,585	98,892	27,296	-	27,296	126,188
PSA/video production	164,133	-	101,497	35,820	301,450	66	375	441	301,891
Media, website, phone, survey	193,298	9,324	44,887	13,205	260,714	8,698	6,543	15,241	275,955
Marine protection	-	115,385	-	24,972	140,357	-	-	-	140,357
Equipment/computer/software expensed	10,371	182,746	747	45,436	239,300	21,297	1,665	22,962	262,262
Travel	95,174	47,857	8,353	37,708	189,092	15,426	3,410	18,836	207,928
Printing and postage	17,561	13,556	1,051	4,447	36,615	4,927	24,328	29,255	65,870
Supplies and miscellaneous	20,482	11,539	442	2,636	35,099	9,992	3,624	13,616	48,715
Conferences and events	1,185	11,947	-	62	13,194	1,214	20,513	21,727	34,921
Insurance, fees and bank charges	1,619	1,013	41	183	2,856	11,401	-	11,401	14,257
Total operating expenses	1,068,762	634,932	224,120	284,142	2,211,956	256,617	142,897	399,514	2,611,470
	40.9%	24.3%	8.6%	10.9%	84.7%	9.8%	5.5%	15.3%	100%
Non-operating expenses:									
Uncollected prior year pledges	-	39,023	-	-	39,023	8,977	-	8,977	48,000
Depreciation	-	-	-	-	-	6,537	-	6,537	6,537
In-kind donations	65,292,862	-	2,694,240	-	67,987,102	-	-	-	67,987,102
Total non-operating expenses	65,292,862	39,023	2,694,240	-	68,026,125	15,514	-	15,514	68,041,639
Total expenses	\$ 66,361,624	\$ 673,955	\$ 2,918,360	\$ 284,142	\$ 70,238,081	\$ 272,131	\$ 142,897	\$ 415,028	\$ 70,653,109
	93.9%	1.0%	4.1%	0.4%	99.4%	0.4%	0.2%	0.6%	100.0%

See accompanying notes and auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A -- Description of organization

WildAid, Inc.'s (WildAid) mission is to end the illegal wildlife trade in our lifetimes by reducing demand through public awareness campaigns and providing comprehensive protection to marine areas.

WildAid is headquartered in San Francisco, with programs in the United States, China, India, Ecuador, Canada, the United Kingdom and Indonesia. The WildAid conservation approach is unique and effective. WildAid was founded in 2000 and over the past 10 years the organization has developed 2 model programs to address the underlying demand for endangered species and the weakness in their protection in the field. WildAid is well-known for their work on sharks, tigers, elephants, rhinos, sea turtles, bears, coral reefs, parrots, macaws and other endangered or at risk wildlife.

The Communications Program focuses in China, India, Ecuador, United States and Canada. WildAid creates culturally sensitive customized multimedia public awareness campaigns. WildAid believes that scientific study, field protection programs and strong legislation are necessary, but not sufficient in curbing the illegal wildlife trade.

WildAid's unique approach includes collaboration at all levels from grass roots and local villagers to government leaders and prominent individuals. WildAid produces public service announcements, informative programs, investigative reports, and projects encouraging conservation participation. WildAid's distribution network includes television, cable, internet, mobile devices, magazines, outdoor billboards, LCD screens and monitors in government buildings, shopping centers, banks, university cafeterias, trains, subways, taxis, metro rails, airplanes, hospitals and airports.

WildAid is the only organization that focuses on reducing the demand for endangered species products by specifically targeting consumers with engaging public service announcements and education initiatives. In the same way corporations employ celebrities and athletes to promote their products, WildAid enlists popular Chinese and Western celebrities to dissuade consumers from purchasing products with our "When the Buying Stops, the Killing Can Too" message. WildAid produces innovative multimedia campaigns, and secures over \$100 million of media sponsorship and editorial coverage.

See auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE A -- Description of organization (continued)

The communications campaign by the numbers:

- ❖ 1 billion people reached per week in China
- ❖ 100 million USD of donated media design and broadcast
- ❖ 500 million people reached per week in India
- ❖ 150+ Public Service Announcements in multiple languages, versions and formats
- ❖ 80+ international celebrities and sporting ambassadors
- ❖ 50+ media partners in TV, transportation, outdoor, video, internet and print

The Marine Sanctuary Program is currently focused on protecting the Galápagos Marine Reserve in Ecuador and the Daram Marine Reserve in West Papua, Indonesia. WildAid works with local community members, government agencies and ministries, and other non-governmental organizations to collaboratively determine the most urgent issues and develop the most appropriate actions for effective protection of the marine reserves. The program elements include establishment of no-take/fishing zones, native species protection, patrol boat acquisition and maintenance, creating informant networks, sniffer dog policing, installation and training for satellite monitoring, arrest and prosecution of poachers, community outreach and public awareness campaigns.

NOTE B -- Summary of significant accounting policies

Basis of accounting

The financial statements are presented using the accrual basis of accounting.

Cash and cash equivalents

WildAid considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Advances to field programs

WildAid advances funds to field offices in various countries to support field operations. Such funds are recorded as advances to field programs when wired, and are expensed quarterly, based upon receipted expenses incurred, as reported by the field offices (see Note D).

See auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE B -- Summary of significant accounting policies (continued)

Concentration of credit risk

Financial instruments that potentially subject WildAid to concentrations of credit risk consist principally of cash and contributions and grants receivable. The majority of WildAid's cash is maintained with one financial institution. The aggregate balances at times may exceed federally insured limits. Management believes WildAid is not exposed to any significant credit risk with respect to contribution and grants receivable and temporary cash balances over insured limits.

WildAid maintains cash balances (advances to field programs) at financial institutions in foreign countries. The majority of funds invested in foreign countries are uninsured and represent funding for the quarterly activities.

Fair value of financial instruments

The carrying amount of cash and cash equivalents, contributions and grants receivable, advances to field programs, prepaid expenses, security deposits, accounts payable and accrued expenses are stated at a fair value or approximate fair value.

Property and equipment

Property and equipment, if purchased, are recorded at cost or, if donated, at fair market value at the time of receipt. Property and equipment are depreciated on a straight-line basis over their estimated useful lives ranging from three to five years. WildAid generally capitalizes assets with an original cost over \$1,500. Depreciation expense for the year ended December 31, 2010 was \$6,537. The cost of maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently.

Equipment purchased for use in foreign field offices is expensed as acquired. In the Galápagos and Indonesia programs, equipment acquired is placed in immediate service with the Galápagos National Park Service or the Daram Marine Reserve, under contractual agreement, with annual review by WildAid. The total cost of equipment expensed during the year ended December 31, 2010 was \$228,000 and includes \$180,822 and \$34,223, respectively, for the Galápagos and Indonesia programs.

Net assets

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The financial activities are classified into three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

See auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE B -- Summary of significant accounting policies (continued)

Net assets (continued)

Unrestricted: Those net assets and activities which represent the portion of expendable funds available to support operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily restricted: Those net assets and activities which are donor-restricted for: (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently restricted: Those net assets and activities which are permanently donor-restricted for holdings of: (a) assets donated with stipulations that they be preserved and not to be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income. WildAid had no permanently restricted net assets at December 31, 2010.

Revenue recognition

WildAid recognizes all grants and donor contributions in the year they are committed. This practice may have the effect of creating large year-to-year variances in total revenue because multi-year grants are recognized only in the year committed. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. This occurs by increasing unrestricted net assets and decreasing temporarily restricted net assets in the Statement of Activities and the release from restrictions is reported separately from other transactions.

A picture of realized revenue and expenses for a fiscal year – the actual annual operating activity of WildAid – is provided in the first column of the Statement of Activities: unrestricted revenue and support, expenses, and changes in net assets.

Promises to pay over more than one accounting cycle are recorded at the present value of the contribution if the present value discount is material.

See auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE B -- Summary of significant accounting policies (continued)

Revenue recognition (continued)

Donated goods and specialized services are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support.

Contributed goods and services

Contributions in-kind are recognized in accordance with generally accepted accounting principles. Donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which WildAid would have paid for if not donated, are recorded at the estimated fair value at the time services are rendered. In-kind donations received in foreign countries consist primarily of public service announcements (see Note F). In addition to time recorded in the financial statements, WildAid's work was made possible by substantial volunteer time that does not require recognition in the financial statements.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes

WildAid is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. Accordingly, no provision for income taxes has been reflected in these financial statements.

As required by the Income Taxes Topic of the FASB Accounting Standards Codification, WildAid recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. WildAid does not believe its financial statements include any uncertain tax positions.

WildAid's federal income tax returns for tax years 2006 and beyond remain subject to examination by the Internal Revenue Service. WildAid's California income tax returns for tax years 2005 and beyond remain subject to examination by state tax authorities.

See auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE B -- Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C -- Contributions and grants receivable

WildAid typically ends the year with grants receivable from several sources including individuals, foundations and institutions.

The amounts receivable from these sources at December 31, 2010 are as follows:

Individuals and other	\$ 27,620
Foundations	363,886
Institutions	<u>39,902</u>
Total contributions and grants receivable	<u>\$ 431,408</u>

NOTE D - Advances to field programs

Advances to field programs as of December 31, 2010 consist of the following:

China	\$ 50,613
Galápagos Islands	<u>9,815</u>
Total field advances	<u>\$ 60,428</u>

See auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE E -- Property and equipment

Property and equipment consist of the following at December 31, 2010:

Furniture and fixtures	\$ 7,132
Equipment	<u>25,697</u>
	32,829
Less accumulated depreciation	<u>(29,051)</u>
Property and equipment, net	<u><u>\$ 3,778</u></u>

Depreciation expense for the year ended December 31, 2010 was \$6,537.

NOTE F -- In-kind donations

The estimated fair value of donated supplies and expert services received are recorded as contributions. Significant donations of advertisement space on print and electronic billboards, airtime on television, the internet and radio, and advertising in magazines occurred during 2010 in the countries of China and India. The participation of these media vendors is an irreplaceable part of WildAid's program to educate the public, reduce the demand for endangered animal products and is a significant part of WildAid's world-wide mission.

WildAid has obtained an independent, third-party valuation from CTR Market Research Company, LTD for donations of advertisement space in certain China markets in 2010, the value of which is included in the financial statements. Valuations were not obtained for the balance of the China markets or for India markets so the value of those services is not included in the financial statements. WildAid's international media partners do not receive any tax relief due to the pro-bono nature of the services provided. The media outlet, media type and value of in-kind media services included as in-kind revenue and expense for the year ended December 31, 2010 is as follows:

See auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE F -- In-kind donations (continued)

Media Outlet	Media Type		
	TV and Video	Magazine	Total Media Type
Liaoning TV	\$ 29,442,400	\$ -	\$ 29,442,400
CCTV	24,415,728	-	24,415,728
Heilongjiang TV	6,716,063	-	6,716,063
Shanghai TV	3,804,751	-	3,804,751
Shenzhen TV	1,607,482	-	1,607,482
Guizhou TV	855,595	-	855,595
Yunnan TV 5 (Movies)	625,760	-	625,760
Tianjin TV 1 (Binhai)	109,492	-	109,492
Gansu TV Satellite	85,339	-	85,339
Sanlian Life Weekly	-	75,971	75,971
Mangazine	-	59,627	59,627
Hubei TV Public	39,045	-	39,045
Zhengzhou TV	36,684	-	36,684
Hainana TV Life Entertainment	31,281	-	31,281
Other	81,884	-	81,884
Total	\$ 67,851,504	\$ 135,598	\$ 67,987,102

Furthermore, WildAid has over 80 celebrities worldwide who have donated their time to be featured in WildAid's public service announcements. Along with filming, they often participate in campaign launches and other media events as well. No value is booked to reflect their donated time, although the value of their participation is invaluable to the delivery of WildAid's message.

NOTE G -- Temporarily restricted net assets and net assets released from restrictions

Temporarily restricted net assets at December 31, 2010 are available for the following programs:

China	\$ -
Galápagos Islands	977,035
Climate change	231,998
Indonesia	123,011
Canada	39,472
SF/Pacific Shark Campaign	18,649
Total temporarily restricted net assets	\$ 1,390,165

See auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE G -- Temporarily restricted net assets and net assets released from restrictions
(continued)

Net assets were released from donor restrictions during the year ended December 31, 2010 by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events as follows:

China	\$ 66,219,823
Galápagos Islands	634,931
Climate change	2,918,360
India	93,175
Indonesia	59,688
Canada	29,927
SF/Pacific Shark Campaign	46,353
Marine protected areas	<u>245</u>
Net assets released from restrictions	<u>\$ 70,002,502</u>

NOTE H -- Lease commitments

WildAid leased office space in San Francisco, California under an agreement which expired September 30, 2010. WildAid leased a different office space in the same building for a three-year term beginning October 2, 2010.

WildAid leases various office facilities and equipment in the United Kingdom, Beijing, China, and the Galápagos Islands under noncancelable lease agreements expiring at various dates through 2012. The facility leases provide for various rate adjustments and renewal options. WildAid also leases office space in India on a month-to-month basis.

Future minimum lease payments under the operating leases are as follows:

<u>Years Ending December 31,</u>	
2011	\$ 87,216
2012	70,316
2013	<u>51,451</u>
	<u>\$ 208,983</u>

Total rent expense under all leases was \$112,317 for the year ended December 31, 2010.

See auditors' report.

WILDAID, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010

NOTE I -- Retirement plan

WildAid maintains a qualified retirement plan for all eligible employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. WildAid did not make any contributions to the plan for the year ended December 31, 2010.

NOTE J -- Prior period adjustments

Total net assets as of January 1, 2010 have been restated to correctly report contributions and grants receivable, and the related revenue as of and for the year ended December 31, 2009.

The details of the adjustments are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets, beginning of year as previously reported	\$ 431,197	\$ 247,413	\$ 678,610
Adjustments made to grants and contributions receivable	-	507,220	507,220
Net assets, beginning of year as restated	<u>\$ 431,197</u>	<u>\$ 754,633</u>	<u>\$ 1,185,830</u>

NOTE K -- Subsequent events

On January 10, 2011 WildAid entered into a cooperative agreement with the World Wildlife Fund (WWF) to fund and install a radar-based surveillance and monitoring system at three specific sites within the Galápagos Marine Reserve in order to reduce the incidence of illegal activities and to improve the safety conditions for regular maritime traffic. The total value of the cooperative agreement is \$649,024. WildAid will subgrant \$324,512 to WWF in three installments over a nine-month period. Under the agreement, WWF will match WildAid's investment at a 1:1 ratio and will be responsible for administering the contract with the third party radar vendor. WildAid and WWF have cooperated on several projects in the Galápagos Islands since 2004.

The date to which events occurring after December 31, 2010 have been evaluated for possible adjustments to the financial statements or disclosure is May 17, 2011, which is the date on which the financial statements were available to be issued.

See auditors' report.