World Wildlife Fund, Inc.

Financial Statements,
Supplemental Material,
and Independent Auditors' Report
Years Ended June 30, 2011 and 2010

World Wildlife Fund, Inc.

Financial Statements,
Supplemental Material,
and Independent Auditors' Report
Years Ended June 30, 2011 and 2010

World Wildlife Fund, Inc.

Contents

Tel: 301-654-4900
Fax: 301-654-3567
www.bdo.com

7101 Wisconsin Avenue, Suite 800
Bethesda, MD 20814

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of **World Wildlife Fund, Inc.** as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of **World Wildlife Fund, Inc.'s** management. 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 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 **World Wildlife Fund, Inc.'s** internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 **World Wildlife Fund, Inc.**, as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **World Wildlife Fund, Inc.** taken as a whole. The accompanying schedule of functional expenses for the year ended June 30, 2011, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BDO USA, LLP

Bethesda, MD
November 3, 2011

Financial Statements

World Wildlife Fund, Inc.

Statements of Financial Position

June 30,	**2011**	2010
Assets		
Current assets		
Cash and cash equivalents	**$ 29,652,813**	$ 18,531,369
Short-term investments	**28,557,441**	36,034,740
Accounts receivable	**27,359,088**	30,135,195
Pledges receivable, net	**15,414,429**	15,498,041
Prepaid assets	**5,910,921**	5,438,711
Other current assets	**1,673,404**	3,318,412
Total current assets	**108,568,096**	108,956,468
Noncurrent assets		
Long-term investments	**185,305,460**	163,921,741
Restricted investments	**-**	3,147,400
Pledges receivable, net of current, discount and allowance for uncollectible pledges	**4,731,868**	5,460,739
Long-term trust receivables	**28,045,756**	25,934,531
Bond issuance costs, net of amortization	**1,444,989**	1,556,022
Other noncurrent assets	**5,398,280**	4,091,415
Land, building, and equipment, net	**66,995,392**	64,450,265
Total noncurrent assets	**291,921,745**	268,562,113
Total assets	**$ 400,489,841**	$ 377,518,581
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	**$ 11,329,466**	$ 14,618,802
Grants payable	**28,383,109**	29,221,670
Deferred revenue	**6,343,639**	4,430,942
Current portion of capital lease	**-**	61,499
Current portion of long-term debt	**1,915,000**	1,415,000
Total current liabilities	**47,971,214**	49,747,913
Long-term liabilities		
Long-term capital lease, net of current portion	**-**	10,997
Long-term debt, net of current portion	**65,610,555**	70,576,268
Other long-term liabilities	**8,123,046**	6,379,989
Interest rate swap liability	**10,791,600**	12,670,154
Total long-term liabilities	**84,525,201**	89,637,408
Total liabilities	**132,496,415**	139,385,321
Commitments and contingencies		
Net assets		
Unrestricted	**143,884,791**	124,932,816
Temporarily restricted	**82,792,597**	80,461,608
Permanently restricted	**41,316,038**	32,738,836
Total net assets	**267,993,426**	238,133,260
Total liabilities and net assets	**$ 400,489,841**	$ 377,518,581

See accompanying summary of accounting policies and notes to financial statements.

World Wildlife Fund, Inc.

Statements of Activities

Years ended June 30,	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total
Operating activities								
Revenues								
Contributions	**$ 55,434,910**	**$ 40,393,492**	**$ -**	**$ 95,828,402**	$ 56,529,530	$ 34,911,158	$ -	$ 91,440,688
Government grants and contracts	**43,807,057**	**-**	**-**	**43,807,057**	40,436,468	-	-	40,436,468
WWF network revenues	**11,684,878**	**-**	**-**	**11,684,878**	13,042,009	-	-	13,042,009
Other revenues including royalties	**3,830,227**	**1,199,100**	**-**	**5,029,327**	3,999,661	660,862	-	4,660,523
In-kind contributions	**55,840,153**	**-**	**-**	**55,840,153**	46,816,207	-	-	46,816,207
Nonoperating income allocated to operations	**19,671,027**	**1,660,842**	**-**	**21,331,869**	20,291,105	1,519,170	-	21,810,275
Total revenues	**190,268,252**	**43,253,434**	**-**	**233,521,686**	181,114,980	37,091,190	-	218,206,170
Net assets released from restriction	**48,100,724**	**(48,100,724)**	**-**	**-**	43,511,322	(43,511,322)	-	-
Net revenues	**238,368,976**	**(4,847,290)**	**-**	**233,521,686**	224,626,302	(6,420,132)	-	218,206,170
Commercial building operations								
Revenues	**5,667,328**	**-**	**-**	**5,667,328**	4,516,911	-	-	4,516,911
Expenses	**5,506,885**	**-**	**-**	**5,506,885**	4,983,485	-	-	4,983,485
Net income (loss) on commercial building operations	**160,443**	**-**	**-**	**160,443**	(466,574)	-	-	(466,574)
Total revenues and support	**238,529,419**	**(4,847,290)**	**-**	**233,682,129**	224,159,728	(6,420,132)	-	217,739,596
Operating expenses								
Program services								
Conservation field and policy programs	**133,685,929**	**-**	**-**	**133,685,929**	129,238,725	-	-	129,238,725
Public education	**68,528,494**	**-**	**-**	**68,528,494**	57,531,450	-	-	57,531,450
Total program services	**202,214,423**	**-**	**-**	**202,214,423**	186,770,175	-	-	186,770,175
Supporting services expenses								
Finance and administration	**9,900,739**	**-**	**-**	**9,900,739**	9,901,134	-	-	9,901,134
Fundraising	**26,430,692**	**-**	**-**	**26,430,692**	27,589,160	-	-	27,589,160
Total supporting services expenses	**36,331,431**	**-**	**-**	**36,331,431**	37,490,294	-	-	37,490,294
Total expenses	**238,545,854**	**-**	**-**	**238,545,854**	224,260,469	-	-	224,260,469
Revenues and support under operating expenses	**(16,435)**	**(4,847,290)**	**-**	**(4,863,725)**	(100,741)	(6,420,132)	-	(6,520,873)
Nonoperating activities								
Bequests, endowments, and split income gifts	**9,939,654**	**3,772,067**	**6,420,495**	**20,132,216**	9,010,628	11,436,848	(711,531)	19,735,945
Income (loss) on interest rate swaps	**1,878,554**	**-**	**-**	**1,878,554**	(5,336,524)	-	-	(5,336,524)
Income from investments, net	**26,821,229**	**5,067,054**	**2,156,707**	**34,044,990**	19,959,173	2,907,788	1,846,114	24,713,075
Total nonoperating activities	**38,639,437**	**8,839,121**	**8,577,202**	**56,055,760**	23,633,277	14,344,636	1,134,583	39,112,496
Total allocated to operations	**(19,671,027)**	**(1,660,842)**	**-**	**(21,331,869)**	(20,291,105)	(1,519,170)	-	(21,810,275)
Change in net assets from nonoperating activities	**18,968,410**	**7,178,279**	**8,577,202**	**34,723,891**	3,342,172	12,825,466	1,134,583	17,302,221
Change in net assets	**18,951,975**	**2,330,989**	**8,577,202**	**29,860,166**	3,241,431	6,405,334	1,134,583	10,781,348
Net assets at beginning of year	**124,932,816**	**80,461,608**	**32,738,836**	**238,133,260**	121,691,385	74,056,274	31,604,253	227,351,912
Net assets at end of year	**$ 143,884,791**	**$ 82,792,597**	**$ 41,316,038**	**$ 267,993,426**	$ 124,932,816	$ 80,461,608	$ 32,738,836	$ 238,133,260

See accompanying summary of accounting policies and notes to financial statements.

World Wildlife Fund, Inc.

Statements of Cash Flows

Years ended June 30,	**2011**	2010
Cash flows from operating activities		
Change in net assets	**$ 29,860,166**	$ 10,781,348
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	**3,462,965**	2,802,381
Building improvement write-off	**-**	849,239
Amortization of bond premium and costs	**341,916**	70,552
Unrealized and realized gain on investments	**(32,377,387)**	(24,144,720)
(Gain) loss on interest rate swaps	**(1,878,554)**	5,336,524
Permanently restricted contributions received	**(7,810,553)**	(710,806)
Change in provision for uncollectible pledges	**(272,406)**	(10,000)
Accretion on multi-year pledges	**(193,223)**	(539,146)
Gifts of investments	**(1,978,666)**	(4,304,350)
Change in assets and liabilities		
Accounts receivable	**2,776,107**	(7,019,676)
Pledges receivable	**1,278,111**	7,865,321
Prepaid assets	**(472,210)**	117,629
Other current assets	**1,645,008**	(1,037,200)
Long-term trust receivables	**(2,111,225)**	(9,917,677)
Other noncurrent assets	**(1,306,865)**	(1,411,582)
Accounts payable and accrued expenses	**(3,361,831)**	2,429,908
Grants payable	**(838,560)**	2,045,868
Deferred revenue	**1,912,696**	667,744
Other long-term liabilities	**1,743,057**	(74,074)
Net cash used in operating activities	**(9,581,454)**	(16,202,717)
Cash flows from investing activities		
Purchases of land, building, and equipment	**(6,008,092)**	(6,387,248)
Purchases of investments	**(43,908,185)**	(60,505,439)
Proceeds from sales of investments	**64,357,819**	82,829,050
Net cash provided by investing activities	**14,441,542**	15,936,363
Cash flows from financing activities		
Permanently restricted contributions received	**7,810,553**	710,806
Retirement of long-term debt	**(41,130,000)**	-
Proceeds from refinancing of long-term debt	**38,445,000**	-
Payments on long-term debt	**(1,415,000)**	(1,645,000)
Bond issuance costs	**(596,597)**	-
Release of restricted investments	**3,147,400**	-
Net cash provided by (used in) financing activities	**6,261,356**	(934,194)
Increase (decrease) in cash and cash equivalents	**11,121,444**	(1,200,548)
Cash and cash equivalents, beginning of year	**18,531,369**	19,731,917
Cash and cash equivalents, end of year	**$ 29,652,813**	$ 18,531,369
Required supplemental disclosures		
Cash payments for interest	**$ 2,694,382**	$ 3,789,937

See accompanying summary of accounting policies and 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.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Update (ASU) 2010-06, *Fair Value Measurement and Disclosures* (ASU 2010-06), which amends ASC 820, adding new disclosure requirements for Levels 1 and 2. The ASU also requires separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The application of this guidance will only affect disclosures to the financial statements.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04). The amendments in ASU 2011-04 were issued in order to align the fair value measurement and disclosure requirements in U.S. Generally Accepted Accounting Principles (U.S.

GAAP) and International Financial Reporting Standards (IFRS). Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments in ASU 2011-04 change principles or requirements for measuring fair value or disclosing information about fair value measurements including the following: (1) the ASU permits an exception to the requirements in ASC 820 for measuring fair value when a reporting entity manages its financial instruments on the basis of its net exposure, rather than its gross exposure, to those risks; (2) the ASU clarifies that the application of premiums and discounts in a fair value measurement is related to the unit of account for the asset or liability being measured at fair value; and (3) the ASU amendments expand the disclosures about fair value measurements. Further, as a result of the amendments, blockage discounts are no longer permitted for level 2 and 3 investments. The amendments in ASU 2011-04 are to be applied prospectively. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2011. Management is currently assessing the impact of these amendments.

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. 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, 2011. At June 30, 2011, WWF held $28,859,238 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 conservation-related 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, 2011 and 2010. 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 determined 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 unrestricted investments represent Board-designated reserves, endowments, charitable gift annuities, and pooled income funds held for long-term investment. Short-term unrestricted 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 by 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 the Series A and Series B 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. Tenant improvements estimated useful life 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) and international employee benefit 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 2.6% to 8.2%, based upon rates approved by the Internal Revenue Services (IRS) as of the date of the gift.

As of June 30, 2011 and 2010, $14,004,860 and $10,339,487, 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, 2011 and 2010, these liabilities totaled $7,732,595 and $6,124,019, 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 $2,561,042 and $9,967,647 of gain in revenue in bequests, endowments, and split income gifts on the accompanying statements of activities for the years ended June 30, 2011 and 2010, respectively. WWF's beneficial interest in these gifts, which amounted to $28,045,786 and $25,934,531 at June 30, 2011 and 2010, 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 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, 2011 and 2010, are $2,257,800 and $7,956,439, 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 restricted funds as revenue earned to the extent of qualifying expenses incurred. All restricted 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.

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 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, 2011 and 2010 was $268,406,020 and $235,041,817, 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, 2011 and 2010, are revenues from WWF-Netherlands of $5,393,013 and $4,795,480, 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 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 2011 and 2010, WWF incurred joint costs of $31,854,191 and $32,156,457, respectively, for informational materials and activities that included a fundraising appeal. Of those costs, $17,928,195 and $19,518,081 were allocated to fundraising expenses, and $13,925,996 and $12,638,376 were allocated to program expense, in fiscal years 2011 and 2010, 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

FASB Staff Position No. 117-1 (FSP No. 117-1), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (now codified as 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). This FSP also requires enhanced disclosures by all not-for-profit organizations that have endowments (whether donor restricted or not).

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

WWF had $27,359,088 and $30,135,195 recorded in accounts receivable at June 30, 2011 and 2010, respectively. Management believes these amounts to be fully collectible based on historical collection experience and other factors and, therefore, has not recorded an allowance against the receivables as of June 30, 2011 and 2010. Accounts receivable is composed of the following:

	2011	2010
U.S. Government	**$ 16,664,033**	$ 14,108,128
WWF Network	**8,552,438**	10,495,539
Other	**2,142,617**	5,531,528
	$ 27,359,088	$ 30,135,195

3. Pledges Receivable

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

	2011	2010
Less than a year	**$ 15,414,429**	$ 15,498,041
One to five years	**5,456,500**	6,651,000
Subtotal	**20,870,929**	22,149,041
Less: discount to present value	**(274,722)**	(467,945)
Less: allowance for uncollectible pledges	**(449,910)**	(722,316)
Subtotal	**20,146,297**	20,958,780
Less: current portion of pledges receivable	**(15,414,429)**	(15,498,041)
Non-current portion of pledges receivable	**$ 4,731,868**	$ 5,460,739

The interest rates used to discount the amounts expected to be collected in future years range from 2.94% to 6.09% as of June 30, 2011. During the years ended June 30, 2011 and 2010, WWF determined that $22,339 and $10,000, 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:

	2011	2010
Money market funds	**$ 28,557,441**	$ 36,034,740
Partnership investments	**107,377,940**	98,835,856
Mutual funds – equity	**51,917,750**	39,694,919
Common collective trusts	**12,108,850**	8,382,280
Debt securities	**13,865,571**	16,534,939
U.S. government obligations	**535,349**	973,747
Subtotal: investments before allowance	**214,362,901**	200,456,481
Less: valuation allowance for alternative investments	**(500,000)**	(500,000)
Subtotal	**213,862,901**	199,956,481
Less: short-term investments	**(28,557,441)**	(36,034,740)
Long-term investments	**$ 185,305,460**	$ 163,921,741

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

	2011	2010
Dividends and interest income	**$ 3,001,538**	$ 2,356,844
Realized and unrealized gains, net	**32,377,387**	24,144,720
Less: investment expenses	**(1,333,935)**	(1,788,489)
Investment gain	**$ 34,044,990**	$ 24,713,075

WWF received donated securities with a fair value of $1,978,666 and $4,304,350 during the years ended June 30, 2011 and 2010, respectively, to be used for unrestricted activities.

5. Land, Building, and Equipment

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

	2011	2010
Land	**$ 17,436,974**	$ 17,436,974
Building	**46,007,955**	45,834,313
Furniture and equipment	**11,144,560**	13,252,628
Building and tenant improvements	**19,787,770**	11,845,252
	94,377,259	88,369,167
Less: accumulated depreciation and amortization	**(27,381,867)**	(23,918,902)
Land, building, and equipment, net	**$ 66,995,392**	$ 64,450,265

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:

	2011	2010
Depreciation, commercial building operations	**$ 1,141,688**	$ 912,611
Depreciation, all other building and equipment	**2,321,277**	1,889,770
Amortization of bond premium and issuance costs	**341,916**	70,552
Total depreciation and amortization	**$ 3,714,881**	$ 2,872,933

The commercial building operations and related capital expenditures, net of non-cash items, used cash flows of $(1,457,455) and $(3,234,453) for fiscal years ended June 30, 2011 and 2010, respectively.

6. Long-term Debt

Long-term debt was as follows at June 30:

	2011	2010
District of Columbia Revenue Bonds, Series 2000A	**$ 33,015,000**	$ 36,625,000
WWF Taxable Variable Rate Bonds, Series 2000B	**34,345,000**	34,835,000
Subtotal	**67,360,000**	71,460,000
Unamortized original issue premium	**165,555**	531,268
Long-term debt	**67,525,555**	71,991,268
Less: current portion	**(1,915,000)**	(1,415,000)
Long-term debt, net of current portion	**$ 65,610,555**	$ 70,576,268

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 2010 Bonds (Series A) (due July 1, 2030), which are tax-exempt, and $41,355,000 in World Wildlife Fund, Inc. Taxable Variable Rate Bonds Series 2008B (Series B) (due July 1, 2030) (collectively, the Bonds). Interest on the principal balance of the Series A bond ranges from 3.00% to 4.00% and range from 3.50% to 6.00% on the Series B bond. Payment for interest on Series A and B bonds is due monthly until maturity. Principal payments on the Bonds are due annually and began on July 1, 2003.

Precipitated by credit rating downgrades of WWF's bond insurer, on November 6, 2008, WWF refinanced the $35,600,000 outstanding taxable Series B bonds at Libor + 100 basis points, with a direct-pay bank letter of credit to provide credit enhancement. Given WWF's strong credit profile, the bank did not require a fully funded debt service reserve fund. The existing $4,135,000 reserve fund from the original Series B issue was applied to the issuance costs, swap termination costs, and the balance used to reduce the level of debt required under the refinancing.

As of June 30, 2011, WWF has three interest-rate swap agreements (the Series B swaps) covering the entire $34,345,000 value of the Series B variable rate bonds to fix rates between 3.52% and 5.87%. The Series B 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 B Bonds are calculated. The interest on the unpaid principal balance of Series B bonds is due monthly at the variable interest rate until maturity of the bonds and the interest on the Series B swaps is due quarterly. The weighted-average interest rate of the Series B swaps was 4.51% and 4.84% for the fiscal years ended June 30, 2011 and 2010, respectively.

On July 1, 2010, WWF refinanced the $35,700,000 outstanding non-taxable Series A bonds with a direct-pay bank letter of credit to provide credit enhancement. Given WWF's continued strong credit profile, the bank did not require a debt service reserve fund. The existing $3,147,400 reserve fund for the original Series A issue was used to reduce the level of debt required under the refinancing.

As of June 30, 2011, WWF also has two swap agreements (the Series A swaps) covering the entire $33,015,000 value of the Series A tax-exempt bond. The weighted average interest rate of the Series A swaps was 3.47% for the fiscal year ended June 30, 2011.

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, 2011 and 2010, WWF recorded $1,878,554 and $(5,336,524) in fair-market value adjustments to the liability of the swaps, respectively. Cumulative losses on the swaps from inception totaled $10,791,600 as of June 30, 2011.

WWF incurred total interest expense on the bonds of $2,670,182 and $3,802,458 for the years ended June 30, 2011 and 2010, respectively. Series B interest expense for the years ended June 30, 2011 and 2010, was $1,549,255 and $1,589,025, respectively, and is included in the building operations expense. Series A interest expense for the years ended June 30, 2011 and 2010, was $1,120,927 and $2,213,433, 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, 2011 and 2010, WWF was in compliance with these covenants.

Maturities of debt are as follows:

2012	$ 1,915,000
2013	1,967,500
2014	2,025,000
2015	2,077,500
2016	2,137,500
Thereafter	57,237,500
	67,360,000
Plus unamortized original issue premium	165,555
	$ 67,525,555

7. Commitments and Contingencies

Litigation

In the course of business, WWF is from time to time a party to various claims and lawsuits. As of June 30, 2011, WWF was involved in one specific claim for which an unfavorable outcome is possible but an estimate of loss cannot be made. As such, no accrual has been recorded in the accompanying financial statements. If, and when, an unfavorable outcome is probable and a reasonable estimate can be made, WWF will accrue a loss in the financial statements.

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, 2011, WWF had unfunded commitments of $27,441,552. 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 August 2015. It is expected that WWF will renew leases as necessary in the normal course of its activities. During the years ended June 30, 2011 and 2010, WWF recorded $737,224 and $683,870, respectively, in rental expense.

The following is a schedule of the future minimum lease payments as of June 30, 2011:

2012	$ 704,907
2013	359,882
Thereafter	274,112
Total minimum lease payments	$ 1,338,901

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:

2012	$ 5,582,571
2013	5,723,344
2014	5,859,177
2015	5,943,882
2016	4,933,228
Thereafter	16,076,324
Total	$ 44,118,526

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, 2011 and 2010 were $856,041 and $1,194,807, respectively. At June 30, 2011 and 2010, 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 $2,728,587 and $2,327,335 for the years ended June 30, 2011 and 2010, respectively.

Additionally, WWF had a non-qualified defined contribution plan for its international employees. In fiscal year 2006, WWF changed the funding arrangements for this non-qualified defined contribution plan. As a result, assets associated with this plan have become assets of WWF, and are included in other current assets in the statements of financial position. A corresponding amount to represent the funds due to the plan participants is included in accounts payable and accrued expenses. During fiscal year 2010, WWF elected to terminate the international plan. WWF is working with tax and legal counsel in each country to either close the accounts and distribute the current balances to employees, or transfer the funds to a locally administered retirement account plan. The assets and liabilities associated with this plan as of June 30, 2011 were $0 and $210,498, respectively, and the assets and liabilities associated with this plan as of June 30, 2010 were $1,755,568.

In fiscal year 2003, WWF adopted a Deferred Compensation Plan (the Plan) in accordance with Section 457(b) of the IRC. The purpose of the Plan is to offer certain eligible employees of WWF the opportunity to defer specified amounts of compensation on a pretax basis. The assets and liabilities associated with the Plan were $390,451 and $255,970 for the years ended June 30, 2011 and 2010, 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.

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 $50,000 for individual employees and 125% of the actuarially determined yearly cost for the aggregated claims. The anticipated claims incurred but not reported were $26,264 and $26,520 as of June 30, 2011 and 2010, 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.

WWF adopted the provisions of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* (now codified as ASC 740-10), on July 1, 2007. Under FIN 48, 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. The implementation of FIN 48 had no impact on WWF's financial statements. 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 Internal Revenue Service 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 fiscal years before 2008. For the years ended June 30, 2011 and 2010, there were no interest or penalties recorded or included in the statements of activities.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

June 30,	**2011**	2010
Purpose restricted		
Conservation and other programs	**$ 25,244,306**	$ 29,145,626
Time restricted	**37,643,440**	22,662,252
Purpose and time restricted	**19,904,851**	28,653,730
Total temporarily restricted net assets	**$ 82,792,597**	$ 80,461,608

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,	**2011**	2010
U.S. and developed countries	**$ 301,618**	$ 301,618
International programs	**19,719,314**	18,874,475
General	**15,684,396**	8,590,004
Other programs	**5,610,710**	4,972,739
	$ 41,316,038	$ 32,738,836

During the year ended June 30, 2011, certain transfers were made between unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

12. Endowment Net Asset Classification

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Board-approved spending policy for fiscal year 2011 and 2010 was 50% 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, 2011 and 2010 was $21,331,869 and $21,810,275, respectively.

Changes in endowment net assets for the years ended June 30 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Totals
Endowment net assets, beginning of year	**$ 129,892,516**	**$ 9,213,908**	**$ 32,738,836**	**$ 171,845,260**
Investment return				
Investment income	**1,074,960**	**115,577**	**218,262**	**1,408,799**
Net appreciation, realized	**1,690,186**	**168,620**	**343,659**	**2,202,465**
Net appreciation, unrealized	**20,606,247**	**4,782,857**	**1,594,786**	**26,983,890**
Total investment return	**23,371,393**	**5,067,054**	**2,156,707**	**30,595,154**
Contributions	**10,855,008**	**-**	**7,810,553**	**18,665,561**
Appropriation of assets for Expenditure	**(30,352,966)**	**(1,450,000)**	**(1,390,058)**	**(33,193,024)**
Other changes				
Underwater adjustment	**-**	**-**	**-**	**-**
Endowment net assets, end of year	**$ 133,765,951**	**$ 12,830,962**	**$ 41,316,038**	**$ 187,912,951**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Totals
Endowment net assets, beginning of year	$ 127,265,654	$ 7,556,120	$ 31,604,253	$ 166,426,027
Investment return				
Investment income	415,138	39,059	81,406	535,603
Net depreciation, realized	4,687,951	436,091	933,843	6,057,885
Net depreciation, unrealized	10,203,354	2,432,638	830,865	13,466,857
Total investment return	15,306,443	2,907,788	1,846,114	20,060,345
Contributions	8,554,227	-	710,806	9,265,033
Appropriation of assets for Expenditure	(21,337,228)	(1,250,000)	(1,318,917)	(23,906,145)
Other changes				
Underwater adjustment	103,420	-	(103,420)	-
Endowment net assets, end of year	$ 129,892,516	$ 9,213,908	$ 32,738,836	$ 171,845,260

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

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**2011 Totals**
Donor restricted	**$ 11,754,517**	**$ 12,830,962**	**$ 41,316,038**	**$ 65,901,517**
Board designated	**122,011,434**	**-**	**-**	**122,011,434**
Total endowment net assets	**$133,765,951**	**$ 12,830,962**	**$ 41,316,038**	**$187,912,951**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Totals
Donor restricted	$ 11,093,828	$ 9,213,908	$ 32,738,836	$ 53,046,572
Board designated	118,798,688	-	-	118,798,688
Total endowment net assets	$ 129,892,516	$ 9,213,908	$ 32,738,836	$ 171,845,260

13. 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) 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 agreement 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, 2011 are as follows:

	Level 1	Level 2	Level 3	Totals
Investments				
Money market funds	$ 28,557,441	$ -	$ -	$ 28,557,441
Partnership investments:				
Fixed income	-	-	17,322,632	17,322,632
Equity & other	-	-	17,042,057	17,042,057
International	-	-	35,249,922	35,249,922
Specialty	-	-	25,399,087	25,399,087
Other tangible assets	-	-	12,364,242	12,364,242
Mutual funds:				
Large Cap	25,333,747	-	-	25,333,747
Small & mid Cap	2,357,972	-	-	2,357,972
International	17,032,981	-	-	17,032,981
Specialty	7,193,050	-	-	7,193,050
Common collective trusts:				
Fixed income	-	4,515,047	-	4,515,047
Large Cap	-	3,979,303	-	3,979,303
Small & mid Cap	-	1,406,264	-	1,406,264
International	-	1,931,940	-	1,931,940
Specialty	-	276,296	-	276,296
Debt securities	13,865,571	-	-	13,865,571
U.S. Government securities	535,349	-	-	535,349
Total investments	94,876,111	12,108,850	107,377,940	214,362,901
Restricted investments	-	-	-	-
Long-term trust receivables				
Cash & money market	-	-	129,934	129,934
Mutual funds	-	-	57,730	57,730
Equity & other	-	-	1,302,348	1,302,348
Large-Cap	-	-	121,363	121,363
Mid-Cap	-	-	32,535	32,535
Small-Cap	-	-	3,710	3,710
International	-	-	12,770,236	12,770236
Fixed income	-	-	481,769	481,769
Bonds & notes	-	-	1,718,300	1,718,300
Specialty	-	-	3,800,189	3,800,189
Other tangible assets	-	-	7,627,642	7,627,642
Total long-term trust receivables	-	-	28,045,756	28,045,756
Total assets, at fair value	$ 94,876,111	$ 12,108,850	$ 135,423,696	$ 242,408,657
Interest rate swap liability	$ -	$ -	$ (10,791,600)	$ (10,791,600)

Financial assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2010 are as follows:

	Level 1	Level 2	Level 3	Totals
Investments				
Money market funds	$ 36,034,740	$ -	$ -	$ 36,034,740
Partnership investments:				
Fixed income	-	-	15,394,934	15,394,934
Equity & other	-	-	20,278,673	20,278,673
International	-	-	30,675,930	30,675,930
Specialty	-	-	23,754,325	23,754,325
Other tangible assets	-	-	8,731,994	8,731,994
Mutual funds:				
Large Cap	21,590,798	-	-	21,590,798
Small & mid Cap	1,844,144	-	-	1,844,144
International	10,135,402	-	-	10,135,402
Specialty	6,124,575	-	-	6,124,575
Common collective trusts:				
Fixed income	-	3,478,935	-	3,478,935
Large Cap	-	2,482,108	-	2,482,108
Small & mid Cap	-	811,307	-	811,307
International	-	1,396,545	-	1,396,545
Specialty	-	213,385	-	213,385
Debt securities	16,534,939	-	-	16,534,939
U.S. Government securities	973,747	-	-	973,747
Total investments	93,238,345	8,382,280	98,835,856	200,456,481
Restricted investments	3,147,400	-	-	3,147,400
Long-term trust receivables				
Cash & money market	-	-	1,055,019	1,055,019
Mutual funds	-	-	50,891	50,891
Equity & other	-	-	490,696	490,696
Large-Cap	-	-	1,047,154	1,047,154
Mid-Cap	-	-	57,315	57,315
Small-Cap	-	-	21,850	21,850
International	-	-	9,884,695	9,884,695
Fixed income	-	-	1,393,954	1,393,954
Bonds & notes	-	-	116,738	116,738
Specialty	-	-	1,686,533	1,686,533
Other tangible assets	-	-	10,129,686	10,129,686
Total long-term trust receivables	-	-	25,934,531	25,934,531
Total assets at fair value	$ 96,385,745	$ 8,382,280	$ 124,770,387	$ 229,538,412
Interest rate swap liability	$ -	$ -	$ (12,670,154)	$ (12,670,154)

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:

	2011	2010
Beginning balance	**$124,770,387**	$131,172,399
Total gains or losses (realized/unrealized) included in changes in net assets	**19,694,514**	27,547,349
Purchases, issuances, and settlements	**(9,041,205)**	(33,949,361)
Transfers in and/or out of Level 3	**-**	-
Ending balance	**$135,423,696**	$124,770,387

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:

	2011	2010
Beginning balance	**$(12,670,154)**	$ (7,333,630)
Total gains or losses (realized/unrealized) included in changes in net assets	**1,878,554**	(5,336,524)
Purchases, issuances, and settlements	**-**	-
Transfers in and/or out of Level 3	**-**	-
Ending balance	**$(10,791,600)**	$ (12,670,154)

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

2011

	Carrying Amount	**Fair Value**
Pledges receivable	**$ 20,146,297**	**$ 20,596,208**
Debt	**$ 67,525,555**	**$ 67,525,555**
Other long-term liabilities	**$ 8,123,046**	**$ 8,371,926**

2010

	Carrying Amount	Fair Value
Pledges receivable	$ 20,958,780	$ 21,894,669
Debt	$ 71,991,268	$ 72,348,268
Other long-term liabilities	$ 6,379,989	$ 6,805,336

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.

14. Net Asset Value (NAV) Per Share

In accordance with ASU 2009-12, *Fair Value Measurement and Disclosure (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, as of June 30, 2011. For WWF, such assets include the partnership investments.

The following table sets forth a summary of WWF's investments with a reported NAV as of June 30, 2011:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Fund partnerships -				
Equity	$ 4,044,562	$ -	Annually	60
Equity	4,012,808	-	Every 36 months	90
Equity	3,984,087	16,414,306	No immediate liquidity*	n/a
Fixed income	6,792,324	-	Every 24 months	90
Fixed income	10,530,308	4,000,000	Quarterly	60
International	8,865,000	-	Monthly	6
International	20,024,442	2,406,482	No immediate liquidity*	n/a
International	6,360,480	-	Quarterly	30
Specialty	5,768,466	-	Annually	45
Specialty	842,473	1,759,400	Annually	n/a
Specialty	4,225,248	-	Every 36 months	91
Specialty	11,150,433	-	No immediate liquidity*	n/a
Specialty	3,412,467	-	No immediate liquidity*	n/a
Tangible assets	11,078,527	2,861,364	No immediate liquidity*	n/a
Tangible assets	1,285,715	-	No immediate liquidity*	
Mutual Funds –				
Equity & other	5,000,600	-	No immediate liquidity*	n/a
	$ 107,377,940	$ 27,441,552		

**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.*

15. Subsequent Events

WWF evaluated subsequent events through November 3, 2011 which is the date the financial statements were available to be issued. No subsequent events were noted that required disclosure in the financial statements.

Supplemental Material

World Wildlife Fund, Inc.

Schedule of Functional Expenses

Year ended June 30,	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	2011 Total Operating Expenses	2010 Total Operating Expenses
Project grants and contracts	$ 804,633	$ 64,305,518	$ 40,400	$ 65,150,551	$ 1,037,780	$ 66,188,331	$ 663,557	$ 1,097,705	$ 1,761,262	$ 67,949,593	$ 65,706,149
Salaries and benefits	1,448,886	37,160,605	2,293,756	40,903,247	5,106,144	46,009,391	6,427,777	6,956,284	13,384,061	59,393,452	55,379,017
In-kind contributions	-	6,629,746	310,010	6,939,756	48,691,873	55,631,629	101,642	106,882	208,524	55,840,153	46,816,207
Printing and photocopying	6,217	728,892	5,464	740,573	5,404,296	6,144,869	2,125	7,435,857	7,437,982	13,582,851	12,993,759
Office supplies, postage, and shipping	37,190	834,348	30,406	901,944	3,579,118	4,481,062	41,279	4,927,760	4,969,039	9,450,101	9,546,749
Overhead	125,333	5,660,578	-	5,785,911	928,789	6,714,700	-	1,233,886	1,233,886	7,948,586	8,529,952
Staff travel	61,007	4,337,117	134,230	4,532,354	143,568	4,675,922	96,282	229,240	325,522	5,001,444	5,119,559
Other	7,760	1,976,910	91,307	2,075,977	1,038,207	3,114,184	623,139	1,042,022	1,665,161	4,779,345	4,657,018
Field office rent, vehicles, and equipment	118,044	1,734,439	7,258	1,859,741	2,702	1,862,443	982,924	56,305	1,039,229	2,901,672	2,989,732
Professional fees and contracts	2,400	1,147,460	10,694	1,160,554	561,813	1,722,367	500,209	808,662	1,308,871	3,031,238	3,547,166
Audio visual	-	43,363	13,589	56,952	381,551	438,503	-	499,476	499,476	937,979	1,579,667
Premiums	22	22,900	-	22,922	797,316	820,238	-	1,045,797	1,045,797	1,866,035	2,005,861
Conferences and meetings	51,361	2,095,881	33,841	2,181,083	33,852	2,214,935	124,998	115,863	240,861	2,455,796	2,425,333
Telephone	28,715	921,313	12,576	962,604	74,908	1,037,512	217,379	40,962	258,341	1,295,853	1,334,347
Mailing list rental	-	-	-	-	540,612	540,612	-	702,231	702,231	1,242,843	1,023,363
Computer services	5,100	405,347	1,313	411,760	205,965	617,725	119,428	131,760	251,188	868,913	606,590
	$ 2,696,668	$ 128,004,417	$ 2,984,844	$ 133,685,929	$ 68,528,494	$ 202,214,423	$ 9,900,739	$ 26,430,692	$ 36,331,431	$ 238,545,854	$ 224,260,469