



FINANCIAL STATEMENTS

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Galapagos Conservancy, Inc.
Fairfax, Virginia

Opinion

We have audited the financial statements of Galapagos Conservancy, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Galapagos Conservancy, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Galapagos Conservancy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Galapagos Conservancy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Galapagos Conservancy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Galapagos Conservancy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
June 28, 2024

GALAPAGOS CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 3,392,808	\$ 3,226,377
Unconditional promises to give	550,000	305,153
Prepaid expenses	35,815	29,895
Operating lease right-of-use asset	21,923	33,814
Investments	6,731,425	5,518,095
Property and equipment, net	<u>13,065</u>	<u>63,696</u>
Total assets	<u>\$ 10,745,036</u>	<u>\$ 9,177,030</u>
LIABILITIES		
Accounts payable	\$ 58,005	\$ 115,472
Accrued liabilities	20,313	21,429
Grants payable	-	1,233,523
Operating lease liability	<u>21,923</u>	<u>33,814</u>
Total liabilities	100,241	1,404,238
NET ASSETS		
Without donor restrictions		
Undesignated	3,708,296	1,695,779
Board designated endowment	1,900,964	2,010,240
With donor restrictions	<u>5,035,535</u>	<u>4,066,773</u>
Total net assets	<u>10,644,795</u>	<u>7,772,792</u>
Total liabilities and net assets	<u>\$ 10,745,036</u>	<u>\$ 9,177,030</u>

See accompanying notes.

GALAPAGOS CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants and contributions	\$ 4,574,910	\$ 1,262,809	\$ 5,837,719	\$ 3,700,975	\$ 1,038,004	\$ 4,738,979
In-kind contributions	5,664	-	5,664	-	-	-
Investment return, net	190,335	311,517	501,852	(248,924)	(381,870)	(630,794)
Sales	-	-	-	234	-	234
Total support and revenue	4,770,909	1,574,326	6,345,235	3,452,285	656,134	4,108,419
EXPENSES						
Program Services						
Achieving Sustainability	1,000,511	-	1,000,511	2,616,048	-	2,616,048
Saving Species and Rewilding Galapagos	1,501,116	-	1,501,116	1,640,977	-	1,640,977
Total program services	2,501,627	-	2,501,627	4,257,025	-	4,257,025
Supporting Activities						
Management and General	260,066	-	260,066	461,919	-	461,919
Fundraising	711,539	-	711,539	567,857	-	567,857
Total expenses	3,473,232	-	3,473,232	5,286,801	-	5,286,801
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	605,564	(605,564)	-	882,851	(882,851)	-
Change in net assets	1,903,241	968,762	2,872,003	(951,665)	(226,717)	(1,178,382)
Net assets at beginning of year	3,706,019	4,066,773	7,772,792	4,657,684	4,293,490	8,951,174
Net assets at end of year	\$ 5,609,260	\$ 5,035,535	\$ 10,644,795	\$ 3,706,019	\$ 4,066,773	\$ 7,772,792

See accompanying notes.

GALAPAGOS CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Program Services			Supporting Activities			Total Expenses
	Achieving Sustainability	Saving Species and Rewilding Galapagos	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
Grants	\$ 750,978	\$ 1,080,675	\$ 1,831,653	\$ -	\$ -	\$ -	1,831,653
Salaries, benefits and payroll taxes	61,148	326,652	387,800	74,818	367,684	442,502	830,302
Accounting fees	-	-	-	20,062	-	20,062	20,062
Consulting fees	5,583	-	5,583	21,411	48,501	69,912	75,495
Depreciation and amortization	9,754	-	9,754	2,559	4,536	7,095	16,849
Insurance expense	480	260	740	5,306	-	5,306	6,046
Legal fees	37,336	52,208	89,544	10,531	21,655	32,186	121,730
Occupancy	-	-	-	11,420	-	11,420	11,420
Office expenses	9,814	20,269	30,083	23,887	24,169	48,056	78,139
Other professional fees	46,652	2,354	49,006	22,255	99,693	121,948	170,954
Permits, fees and licenses	1,259	379	1,638	6,139	20,129	26,268	27,906
Postage and shipping	21,123	2,179	23,302	1,426	49,582	51,008	74,310
Printing and design	48,509	5,803	54,312	326	69,512	69,838	124,150
Travel and meetings	7,521	10,103	17,624	57,275	6,078	63,353	80,977
Miscellaneous expenses	-	-	-	2,592	-	2,592	2,592
Web expense	354	234	588	59	-	59	647
Total expenses	\$ 1,000,511	\$ 1,501,116	\$ 2,501,627	\$ 260,066	\$ 711,539	\$ 971,605	\$ 3,473,232

See accompanying notes.

GALAPAGOS CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program Services			Supporting Activities			Total Expenses
	Achieving Sustainability	Saving Species and Rewilding Galapagos	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
Grants	\$ 1,590,609	\$ 1,359,309	\$ 2,949,918	\$ -	\$ -	\$ -	\$ 2,949,918
Salaries, benefits and payroll taxes	576,169	100,724	676,893	187,629	222,040	409,669	1,086,562
Accounting fees	-	-	-	54,354	-	54,354	54,354
Consulting fees	72,057	32,762	104,819	-	97,845	97,845	202,664
Copywriting charges	13,495	20,209	33,704	-	15,620	15,620	49,324
Depreciation and amortization	19,845	1,667	21,512	1,293	2,179	3,472	24,984
Insurance expense	1,828	-	1,828	3,369	349	3,718	5,546
Legal fees	14,518	-	14,518	5,110	570	5,680	20,198
List rental	-	-	-	-	250	250	250
Mail house	25,273	-	25,273	-	33,888	33,888	59,161
Occupancy	11,760	-	11,760	70,214	-	70,214	81,974
Office expenses	46,953	28,707	75,660	94,443	6,890	101,333	176,993
Other professional fees	62,864	9,698	72,562	10,424	51,723	62,147	134,709
Permits, fees and licenses	1,044	-	1,044	5,106	18,468	23,574	24,618
Postage and shipping	10,957	572	11,529	451	39,669	40,120	51,649
Premium on member development	1,733	-	1,733	-	5,087	5,087	6,820
Printing and design	63,560	-	63,560	-	64,320	64,320	127,880
Travel and meetings	78,592	80,531	159,123	29,076	6,789	35,865	194,988
Web expense	24,791	6,798	31,589	450	2,170	2,620	34,209
Total expenses	\$ 2,616,048	\$ 1,640,977	\$ 4,257,025	\$ 461,919	\$ 567,857	\$ 1,029,776	\$ 5,286,801

See accompanying notes.

GALAPAGOS CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,872,003	\$ (1,178,382)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	16,849	24,984
Loss on disposal of property and equipment	36,610	-
Amortization of operating lease right-of-use asset	11,891	73,762
Net realized and unrealized (gains) losses on investments	(340,687)	731,492
Endowment contributions	(80,100)	(162,726)
(Increase) decrease in assets		
Unconditional promises to give	(244,847)	82,090
Prepaid expenses	(5,920)	3,542
Increase (decrease) in liabilities		
Accounts payable	(57,467)	58,461
Accrued liabilities	(1,116)	(48,569)
Grants payable	(1,233,523)	272,021
Operating lease liability	(11,891)	(73,762)
Net cash flows from operating activities	961,802	(217,087)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(2,828)	(29,611)
Purchases of investments and interest and dividends reinvested	(1,160,439)	(381,909)
Proceeds from sales of investments	287,796	401,692
Net cash flows from investing activities	(875,471)	(9,828)
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment contributions	80,100	162,726
Change in cash	166,431	(64,189)
Cash at beginning of year	3,226,377	3,290,566
Cash at end of year	<u>\$ 3,392,808</u>	<u>\$ 3,226,377</u>

See accompanying notes.

GALAPAGOS CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Galapagos Conservancy, Inc. (the Conservancy) is a not-for-profit organization incorporated under the laws of Delaware in 1985. The scientific purpose of the Conservancy included the advancement of scientific research and conservation, principally in the Galapagos Islands. The Conservancy's major sources of income are grants and contributions.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2023 and 2022, all unconditional promises to give are receivable in less than one year.

Property and Equipment

Property and equipment are recorded at cost if purchased and at fair value if donated; depreciation is computed on a straight-line basis over their estimated useful lives ranging from three to seven years. All property and equipment purchase with an estimated useful life over one year and cost greater than \$1,000 is capitalized.

Investments

The Conservancy reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Income Tax Status

The Conservancy is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Conservancy qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Revenue Recognition

The Conservancy's sales revenue is recognized at a point in time when the sale of merchandise occurs.

GALAPAGOS CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and payroll taxes, occupancy and depreciation and amortization, which are allocated based on estimates of time, effort, and use.

Leases

The Conservancy does not recognize short-term leases in the statement of financial position. For these leases, the Conservancy recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Conservancy also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, the Conservancy uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Estimates

The preparation of financial statements 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through June 28, 2024, the date which the financial statements were available to be issued.

GALAPAGOS CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2—CONCENTRATIONS OF CREDIT RISK

The Conservancy places its cash and cash equivalents on deposit with financial institutions in the United States. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023 and 2022, the Conservancy's uninsured cash balances totaled approximately \$2,830,000 and \$2,935,000, respectively.

NOTE 3—INVESTMENTS

Investments are comprised of the following:

	2023	2022
Money market funds	\$ 1,214,873	\$ 647,484
Fixed income securities	617,243	361
Equities	984,473	987,383
Exchange traded funds	189,960	186,840
Equity mutual funds	-	2,577,527
Other assets	29,373	-
Bond mutual funds	3,695,503	1,118,500
Investments	\$ 6,731,425	\$ 5,518,095

Fair values of equities, exchange traded funds, equity mutual funds, and bond mutual funds are valued at the closing price reported on the active market on which individual securities are traded and are considered Level 1 fair value measurements. Fair value of fixed income securities and other assets are determined using a market approach on yields currently available on comparable securities of issuers with similar credit ratings, which are Level 2 fair value measurements.

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	2023	2022
Furniture and fixtures	\$ -	\$ 35,559
Office equipment	17,273	28,974
Software	33,500	33,500
Accumulated depreciation and amortization	(37,708)	(34,337)
Property and equipment, net	\$ 13,065	\$ 63,696

GALAPAGOS CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5—ENDOWMENTS

The Conservancy's endowment consists of five individual funds established for a variety of purposes, the income from which is expendable to support various scientific research of the Galapagos Islands. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. All contributions to donor-restricted endowments are reported as increases in net assets with donor restrictions. All earnings on the underlying investments are reported as increases in net assets with donor restrictions until appropriated for expenditure by the Conservancy.

The Conservancy is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions (a) the original value of gifts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Conservancy has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with UPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The durations and preservation of the fund.
- The purposes of the Conservancy endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. The Conservancy's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support its programs. The Conservancy is primarily invested in publicly traded equity and bond mutual funds.

Spending Policy. The earnings from these endowments are available in support of programs of the Conservancy. The Board of Directors approves an annual appropriation to fund grants in support of the Conservancy's mission in amounts aimed to preserve the endowment corpus.

Underwater Endowment Funds. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Conservancy to retain as a fund of perpetual duration. At December 31, 2023, there are no donor-restricted endowment funds with deficiencies. At December 31, 2022, due to poor market conditions, the Conservancy's endowment fund was underwater by \$103,402.

GALAPAGOS CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5—ENDOWMENTS (continued)

Endowment net asset composition by type of fund as of December 31, 2023 and 2022 is as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gifts	\$ -	\$ 2,714,128	\$ 2,714,128
Accumulated investment gains	-	1,185,354	1,185,354
Board-designated endowment funds	1,900,964	-	1,900,964
Total endowment funds	<u>\$ 1,900,964</u>	<u>\$ 3,899,482</u>	<u>\$ 5,800,446</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gifts	\$ -	\$ 2,634,018	\$ 2,634,018
Accumulated investment gains	-	873,837	873,837
Board-designated endowment funds	2,010,240	-	2,010,240
Total endowment funds	<u>\$ 2,010,240</u>	<u>\$ 3,507,855</u>	<u>\$ 5,518,095</u>

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ 2,010,240	\$ 3,507,855	\$ 5,518,095
Contributions	-	80,110	80,110
Investment return, net	178,520	311,517	490,037
Amounts appropriated for expenditure	(287,796)	-	(287,796)
Endowment net assets at end of year	<u>\$ 1,900,964</u>	<u>\$ 3,899,482</u>	<u>\$ 5,800,446</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ 2,484,462	\$ 3,789,725	\$ 6,274,187
Contributions	-	100,000	100,000
Investment return, net	(248,924)	(381,870)	(630,794)
Amounts appropriated for expenditure	(225,298)	-	(225,298)
Endowment net assets at end of year	<u>\$ 2,010,240</u>	<u>\$ 3,507,855</u>	<u>\$ 5,518,095</u>

GALAPAGOS CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6—NET ASSETS

Net assets with donor restrictions are comprised of the following:

	2023	2022
Subject to expenditure for specified purpose:		
Land Birds	\$ -	\$ 21,144
Education	30,061	21,744
Celebrity Expeditions	176,898	90,228
Silver Seas	305,952	161,714
Saladin Funds	20,100	20,100
Tortoise	-	7,821
Special projects	30,000	-
Women in Sustainable Entrepreneurship	28,107	33,707
Isabela Reserve	25,000	-
Penguins	550	-
Conservation Center	-	20,035
Iniciativa Galapagos	519,385	182,425
Subject to the Conservancy's spending policy and appropriation		
General Endowment	1,611,577	1,480,133
USAID Endowment	1,215,943	1,116,768
Hickman-Marine Restricted Fund Endowment	947,750	796,873
Darwin Scholars Endowment	124,212	114,081
	\$ 5,035,535	\$ 4,066,773

NOTE 7—RETIREMENT CONTRIBUTIONS

The Conservancy has a simple Individual Retirement Account plan covering all full-time employees (working a minimum of 30 hours per week) beginning on their date of hire. Employees can make salary deferrals up to limits specified in the plan. The Conservancy will match up to 3% of an employee's salary if the individual decides to contribute. Employer contributions to the plan for the years ended December 31, 2023 and 2022 were \$13,194 and \$20,664, respectively.

GALAPAGOS CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 8—LIQUIDITY AND AVAILABILITY

The following table reflects the Conservancy’s financial assets as of December 31, 2023 and 2022 reduced by amounts not available to meet cash needs for general expenditures within one year of the date of the statements of financial position:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 3,392,808	\$ 3,226,377
Unconditional promises to give	550,000	305,153
Investments	<u>6,731,425</u>	<u>5,518,095</u>
Total financial assets at year-end	10,674,233	9,049,625
Less financial assets unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(1,136,053)	(558,918)
Subject to Conservancy's spending policy	<u>(5,800,446)</u>	<u>(5,518,095)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,737,734</u>	<u>\$ 2,972,612</u>

The Conservancy has a goal to maintain sufficient financial assets in the form of cash and cash equivalents on hand to meet 60 days of normal operating expenses, which are, on average approximately \$400,000. The Conservancy has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of unforeseen obligations, the Conservancy may be granted access to Board-designated endowment assets of \$1,900,964 and \$2,010,240, respectively, for the years ended December 31, 2023 and 2022.

NOTE 9—LEASES

The Conservancy leases office space in Washington, D.C. under a noncancelable agreement that expires in October 2025.

The components of total lease cost are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 12,000	\$ 73,762
Short-term lease cost	<u>-</u>	<u>8,212</u>
Total lease cost	<u>\$ 12,000</u>	<u>\$ 81,974</u>

GALAPAGOS CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9—LEASES (continued)

Other information related to operating leases is as follows:

	<u>2023</u>	<u>2022</u>
Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liabilities	\$ 12,000	\$ 73,762
Right-of-use assets obtained in exchange for lease obligations	-	107,306
Weighted average remaining lease term	1.83 years	2.83 years
Weighted average discount rate	0.04%	0.04%

The maturities of operating lease liabilities as of December 31, 2023 are as follows:

Year ending December 31:	
2024	\$ 12,000
2025	<u>10,000</u>
Total minimum lease payments	22,000
Imputed interest	<u>(77)</u>
Total lease liabilities	<u>\$ 21,923</u>