



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS



Financial Statements, Single Audit Reports, and Other
Information as of and for the Year Ended December 31, 2024
and Reports of Independent Accountants

THE XERCES SOCIETY, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
The Xerces Society, Inc.:*

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Xerces Society, Inc., which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Xerces Society, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 The Xerces Society, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these financial statements in accordance with accounting principles generally accepted in the United States, 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 The Xerces Society, 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 The Xerces Society, 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 The Xerces Society, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards on pages 21 through 23, as required by Title 2, *U.S. Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Summarized Comparative Information

We have previously audited The Xerces Society, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2025 on our consideration of The Xerces Society, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Xerces Society, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Xerces Society, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Amy C. Pao, CPA". The signature is fluid and cursive, with the initials "CPA" clearly visible at the end.

June 16, 2025

THE XERCES SOCIETY, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

(WITH COMPARATIVE AMOUNTS FOR 2023)

	2024	2023
Assets:		
Cash and cash equivalents	\$ 2,694,746	4,930,397
Government grants, contracts, and other receivables (<i>note 4</i>)	1,937,158	1,501,186
Private grants and contributions receivable (<i>note 5</i>)	850,285	801,017
Investments (<i>note 6</i>)	10,062,022	7,715,885
Inventories	174,387	126,120
Prepaid expenses	117,499	73,465
Property and equipment (<i>note 7</i>)	64,216	63,403
Right-of-use asset – operating leases (<i>note 8</i>)	101,832	160,264
Total assets	\$ 16,002,145	15,371,737
Liabilities:		
Accounts payable and accrued expenses	132,101	180,231
Accrued payroll and related expenses	818,927	688,472
Deferred revenue (<i>note 12</i>)	712,926	778,414
Lease obligation – operating leases (<i>note 8</i>)	101,832	160,264
Total liabilities	1,765,786	1,807,381
Net assets:		
Without donor restrictions:		
Available for programs and general operations	12,179,521	11,546,541
Board-designated reserve (<i>note 9</i>)	315,987	288,127
Net investment in capital assets	64,216	63,403
Total without donor restrictions	12,559,724	11,898,071
With donor restrictions (<i>note 10</i>)	1,676,635	1,666,285
Total net assets	14,236,359	13,564,356
Commitments and contingencies (<i>notes 4, 5, 14 and 15</i>)		
Total liabilities and net assets	\$ 16,002,145	15,371,737

See accompanying notes to financial statements.

THE XERCES SOCIETY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			
	Without donor restrictions	With donor restrictions	Total	2023
Revenues, gains, and other support:				
Private grants and contributions	\$ 3,974,870	2,199,368	6,174,238	5,559,102
Government grants and contracts	—	4,403,610	4,403,610	3,099,668
Program revenue	769,348	—	769,348	992,941
Interest income	87,997	—	87,997	59,640
Investment return, net (<i>note 6</i>)	438,451	3,633	442,084	379,889
Other income	—	—	—	19,257
Total revenues and gains	5,270,666	6,606,611	11,877,277	10,110,497
Net assets released from restrictions and other reclassifications (<i>note 11</i>)	6,596,261	(6,596,261)	—	—
Total revenues, gains, and other support	11,866,927	10,350	11,877,277	10,110,497
Expenses (<i>note 13</i>):				
Program services	9,044,006	—	9,044,006	7,710,775
Management and general	941,981	—	941,981	716,130
Fundraising	1,219,287	—	1,219,287	1,061,888
Total expenses	11,205,274	—	11,205,274	9,488,793
Increase in net assets	661,653	10,350	672,003	621,704
Net assets at beginning of year	11,898,071	1,666,285	13,564,356	12,942,652
Net assets at end of year	\$ 12,559,724	1,676,635	14,236,359	13,564,356

See accompanying notes to financial statements.

THE XERCES SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024											2023
	Program services						Supporting services					
	Pollinator conservation	Endangered species conservation	Pesticide reduction	Community engagement	Other conservation	Total	Management and general	Fundraising	Shared costs	Total	Total	
Salaries and related expenses	\$ 2,795,720	2,308,743	490,871	380,203	691,929	6,667,466	663,204	670,439	758,322	2,091,965	8,759,431	7,276,910
Contract services and subrecipient awards	60,525	88,375	26,130	533	—	175,563	—	—	38	38	175,601	195,867
Professional services	7,721	14,069	2,830	7,164	5,805	37,589	119,971	135,250	4,225	259,446	297,035	292,949
Telephone	1,695	—	—	—	—	1,695	—	—	90,730	90,730	92,425	82,498
Insurance	—	—	—	—	—	—	26,138	—	5	26,143	26,143	18,972
Rent and utilities	—	—	—	—	—	—	—	—	96,460	96,460	96,460	86,925
Bank fees	87	141	—	1,611	—	1,839	5,268	57,466	—	62,734	64,573	54,856
Equipment and maintenance	—	—	—	—	—	—	12,616	11,373	118,671	142,660	142,660	166,657
Postage	5,208	3,772	1,229	9,868	4,495	24,572	28	63,489	6,463	69,980	94,552	113,922
Supplies	376,123	224,811	353	12,007	34,179	647,473	—	5,171	4,283	9,454	656,927	483,546
Travel	161,692	178,488	3,147	10,380	6,720	360,427	8,812	4,607	68	13,487	373,914	317,592
Publication design and printing	34,253	27,226	198	54,486	8,925	125,088	60	141,172	634	141,866	266,954	299,025
Dues and fees	40,600	8,256	2,531	1,715	8,375	61,477	12,509	12,905	36	25,450	86,927	57,314
Grants and awards	—	25,000	3,000	—	21,000	49,000	—	—	—	—	49,000	7,500
Miscellaneous expense	5,105	—	—	—	—	5,105	—	—	—	—	5,105	21,079
Depreciation	3,494	9,771	—	2,281	—	15,546	—	—	2,021	2,021	17,567	13,181
Total expenses before allocation of shared costs	3,492,223	2,888,652	530,289	480,248	781,428	8,172,840	848,606	1,101,872	1,081,956	3,032,434	11,205,274	9,488,793
Allocation of shared costs	373,901	304,957	56,166	51,511	84,631	871,166	93,375	117,415	(1,081,956)	(871,166)	—	—
Total expenses	\$ 3,866,124	3,193,609	586,455	531,759	866,059	9,044,006	941,981	1,219,287	—	2,161,268	11,205,274	9,488,793

See accompanying notes to financial statements.

THE XERCES SOCIETY, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
Cash flows from operating activities:		
Cash received from grants, contributions, contracts, and other sources	\$ 10,796,468	9,592,140
Cash received for dividends and interest	466,402	350,708
Cash paid to grantees	(49,000)	(7,500)
Cash paid to employees, suppliers, and contractors	(11,081,274)	(9,286,240)
Cash paid for amounts included in the measurement of operating lease liabilities	(67,409)	(60,729)
Net cash provided by operating activities	65,187	588,379
Cash flows from investing activities:		
Purchase of investments	(13,270,900)	(15,994,298)
Proceeds from sale or maturity of investments	11,366,847	17,600,394
Reinvestment of dividend and interest income	(378,405)	(291,068)
Capital expenditures	(18,380)	(20,877)
Net cash provided (used in) investing activities	(2,300,838)	1,294,151
Net increase (decrease) in cash and cash equivalents	(2,235,651)	1,882,530
Cash and cash equivalents at beginning of year	4,930,397	3,047,867
Cash and cash equivalents at end of year	\$ 2,694,746	4,930,397

Supplemental schedule of cash flow information:

Right-of-use assets obtained in exchange for new operating lease obligations	\$ 6,711	—
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See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

1. Organization

The Xerces Society, Inc. is a nonprofit organization, founded in 1971, that protects the natural world by conserving invertebrates and their habitat. Named after the extinct Xerces blue butterfly, *Glaucopsyche xerces*, the Xerces Society, Inc. (Xerces) advocates for invertebrates and their habitats by working with diverse partners that include scientists, land managers, educators, policymakers, farmers, and communities. Its core programs focus on native pollinators, endangered species, pesticide reduction, and community engagement. Within all these programs, Xerces focuses on advancing climate-resilient habitat for invertebrates and seeks to establish and maintain a diverse and inclusive community that collectively supports Xerces' mission. Xerces' work has led to the restoration and protection of millions of acres of habitat for invertebrates. Funding comes from membership donations, government grants and contracts, corporate support, foundation grants, and other program revenue.

2. Program Services

During the year ended December 31, 2024, Xerces incurred program service expenses in the following major categories:

Pollinator Conservation – Xerces' Pollinator Conservation program works across the United States to educate farmers, land managers, and the public about the importance of pollinators and other beneficial insects, and to establish habitat protection and management as keys to their conservation. As a leading voice in pollinator conservation, Xerces promotes practical solutions that address the root causes of pollinator declines: habitat loss, pesticide use, unsustainable farming practices, disease, and climate change. It directly reaches agricultural professionals and farmers as well as other land managers through trainings, workshops, and other outreach events.

In addition, Xerces manages the first third-party certified pollinator conservation program to help farmers protect and restore habitat for pollinators. As a result of Xerces' work, native pollinators are now a key priority for agricultural conservation programs across the United States, and over two million acres of habitat improvements have been made for these vital insects on farms.

Endangered Species Conservation – To conserve and restore the diversity of life on earth, Xerces' Endangered Species Conservation program engages in education, research, community science, conservation planning, and advocacy to protect at-risk species and their habitats. The program collaborates with scientists and land managers to raise awareness about the plight of invertebrates and to gain protection for the most vulnerable species before they decline to a level at which recovery is impossible. It also works with federal, state, and local agencies to promote resilient restoration and best practices for habitat management. Its current work includes efforts to protect bumblebees, monarchs and other butterflies, freshwater mussels, fireflies, and other invertebrates. Through community science projects, which include Bumble Bee Watch, the Western Monarch Counts, the Western Monarch Milkweed Mapper, and the Firefly Atlas, Xerces engages tens of thousands of individuals who gather data to inform conservation efforts.

Pesticide Reduction – Xerces' Pesticide Reduction program reduces reliance on pesticides by supporting the diverse natural systems that reduce pest problems. It provides scientific resources for farmers, rangeland managers, backyard gardeners, nursery managers, urban foresters and park managers, federal, state and local agency staff, and policy makers so that they can make informed decisions about pesticide use and regulation. By providing on-the-ground technical support, Xerces increases the adoption of ecologically sound pest management practices everywhere. Xerces pesticide reduction programs have eliminated and lowered pesticide use across millions of acres of rangeland, farmland and towns and cities.

Community Engagement – The Community Engagement program provides resources on invertebrate conservation to all age groups. It provides expertise on habitat for pollinators and other invertebrates to community and school gardens, cities, and college campuses, and it offers conservation workshops for urban and suburban audiences, reaching hundreds of thousands of people each year. Our Bee City USA network works with towns, cities and college and university campuses to protect and restore pollinator habitat and to reach broadly into these communities to promote pollinators. Bee City USA affiliates have restored habitat, minimized pesticide use and reached more than 1.4 million people with pollinator conservation messaging. By engaging volunteers, over 100 Xerces Ambassadors, and youth through X Kids, Xerces educates and inspires individuals and communities to take action to conserve invertebrates.

Other Conservation – Xerces undertakes a variety of other conservation activities to raise awareness and appreciation of the valuable role of invertebrates, and their role in protecting the natural world. These include the publication of its magazine *Wings: Essays on Invertebrate Conservation*, which features the work of renowned wildlife photographers, scientists, and conservationists. Xerces also provides hundreds of publications for free download through its website, including guidelines to help farmers and gardeners conserve pollinators, guides to identifying endangered bumble bees, other beneficial insects and soil invertebrates and many more. Another aspect of this program is the Joan M. DeWind award, which is open to graduate and undergraduate students. Each year, chosen applicants receive financial support from Xerces for Lepidoptera research and conservation projects.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by Xerces are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting.

Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Xerces and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Xerces Board of Directors may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of Xerces and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, Xerces considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the statement of financial position. Whenever available, quotations from organized securities exchanges are used as the basis for fair value. For investments not traded on organized exchanges, fair value estimates are provided by investment managers.

Net investment return, which includes both current yield (interest and dividend income) and net appreciation (decline) in the fair value of investments (both the realized gains or losses and the unrealized appreciation (decline) of those investments), is reported in the statement of activities, net of investment expenses. Interest income is accrued as earned. All security transactions are recorded on a trade date basis.

Xerces has some exposure to investment risks, including interest rate, market, and credit risks, for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Current Expected Credit Losses – Accounts receivable measured at amortized cost are presented at the net amount expected to be collected. Xerces estimates the current expected credit losses on its accounts receivable using the aging schedule approach in which receivables are grouped into aging categories, based upon how long the receivables have been outstanding. Historical write-offs of each aging category are used to develop an estimate of future losses applied to each current aging category, adjusted for management's expectations about current and future economic conditions.

Inventories – Inventories, which consist primarily of publications and other literature for use in Xerces' educational programs, are carried at the lower of cost or fair value. Cost is determined using the first-in, first-out method.

Capital Assets and Depreciation – Property and equipment are carried at cost, and initially at fair value when acquired by gift. Xerces capitalizes depreciable assets with a value of \$5,000 or more that have a useful life of five years or more.

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally five years.

Leases – Xerces recognizes a right-of-use ("ROU") asset and a lease liability, measured at the present value of the lease payments for operating leases not classified as short-term leases. The obligations associated with the leases are recognized as a liability based on the discounted future lease payments using a risk-free rate, when the implicit rate is not readily determinable. Xerces includes fixed rent, predetermined rent escalations, rent-free periods, and deferred rent as lease components. Lease expense for lease payments is recognized on a straight-line basis over the term of the lease. Some leases may require variable payments for taxes, and operating expenses which are expensed as incurred.

Revenue Recognition – With regard to revenues, Xerces evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, Xerces recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.

Xerces' exchange transactions include revenues from service fees, workshop registrations, and royalties. These revenues are generally recognized over time as deliverables are met (e.g. as work is performed) or at the time of service delivery.

- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, Xerces evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government’s own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution). Government grants and contracts may include government funds passed-through colleges, universities, or other entities.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor’s commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Unconditional contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets, in accordance with donor intent.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement Xerces’ programs. Under generally accepted accounting principles, significant services received which create or enhance a non-financial asset or require specialized skills that Xerces would have purchased if not donated are recognized in the statement of activities. During the year ended December 31, 2024, no contributed services were recorded.

In-kind contributions of land, buildings, equipment, and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of Xerces’ activities. During the year ended December 31, 2024, no contributed land, buildings, equipment, or other materials were recorded.

Advertising Expenses – Advertising and marketing costs, representing primarily costs incurred to expand awareness of Xerces’ programs and activities, are charged to expense as they are incurred.

Grant and Award Expenses – Xerces awards conditional grants that are conditioned upon the grantee incurring allowable costs and the submission and approval of required reports. Grant and award expenses are recorded once all conditions have been satisfied.

Concentrations of Credit Risk – Xerces’ financial instruments consist primarily of cash, cash equivalents, and investments, which may subject Xerces to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). All interest-bearing checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 per depositor, per insured bank, for each account ownership category. To extend FDIC insurance to cover more of Xerces’ cash holdings at its principal bank, Xerces joined the bank’s Insured Cash Sweep (“ICS”) service which spreads cash balances among participating banks. In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

Certain receivables may also, from time to time, subject Xerces to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, Xerces’ management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes – Xerces is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

Subsequent Events – Subsequent events have been evaluated by management through June 16, 2025, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2023 – The accompanying financial information as of and for the year ended December 31, 2023 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Government Grants, Contracts, and Other Receivables

Government grants, contracts, and other receivables are summarized as follows at December 31, 2024:

Unconditional government grants receivable, expected to be collected in less than one year	\$ 1,816,991
Program service fees receivable (<i>note 12</i>)	114,876
Other receivables	5,291
	\$ 1,937,158

Management’s analysis concluded that an allowance for doubtful collection is not necessary. All significant receivables have been collected subsequent to December 31, 2024, or are deemed fully collectible.

Conditional Grants

As of December 31, 2024, Xerces had been awarded governmental grants and contracts totaling \$11,458,705, of which receipt is conditioned upon the incurrence of certain allowable costs and continued availability of future funding or other matching requirements.

These grants and contracts have not been included in the accompanying financial statements because the associated conditions had not been satisfied as of December 31, 2024.

5. Private Grants and Contributions Receivable

Private grants and contributions receivable are summarized as follows at December 31, 2024:

*Unconditional promises
expected to be collected in:*

Less than one year	\$ 346,086
One year to five years	557,500
	903,586
Less discount ¹	(53,301)
	<u>\$ 850,285</u>

¹ Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using discount rates between 5.20% to 5.32%.

Conditional Grants

As of December 31, 2024, Xerces had been awarded private grants totaling \$294,652, of which receipt is conditioned upon the successful review and approval of financial and program reports. These grants have not been included in the accompanying financial statements because the associated conditions had not been satisfied as of December 31, 2024.

6. Investments and Investment Return

A summary of investments, carried at fair value, as of December 31, 2024 is as follows:

United States Treasury bills and notes	\$ 7,539,352
Brokered certificates of deposit	1,660,258
Mutual funds:	
Equity funds	325,481
Bond funds	245,266
Exchange-traded funds:	
Equity funds	79,439
Bond funds	210,734
Equities	1,492
	<u>\$ 10,062,022</u>

Net investment return for the year ended December 31, 2024 is summarized as follows:

Interest and dividend income ¹	\$ 378,405
Net increase in the fair value of investments	63,679
	<u>\$ 442,084</u>

¹ Presented net of external investment expenses

7. Property and Equipment

A summary of property and equipment at December 31, 2024 is as follows:

Website	\$ 94,850
Furniture and fixtures	26,132
Equipment	17,012
	137,994
Less accumulated depreciation	(73,778)
	<u>\$ 64,216</u>

8. Leases

Xerces has entered into two operating lease agreements for office space. The ROU assets and associated lease liabilities have been recorded for these leases in accordance with Topic 842. These leases expire on various dates through June of 2026, with renewal options on certain leases.

At December 31, 2024, Xerces' ROU asset and corresponding lease liability for the office lease totaled \$101,832.

Lease expense related to the operating leases totaled \$67,409 for the year ended December 31, 2024.

As of December 31, 2024, the weighted average discount rate and remaining lease term for the operating leases are as follows:

Discount rate	1.39%
Remaining lease term (years)	1.47

Future Lease Payments

Operating lease payments are expected to be paid for each of the following fiscal years:

Years ending December 31,

2025	\$	69,330
2026		33,431
		102,761
Less present value discount		(929)
Total lease liability	\$	101,832

9. Board-Designated Reserve

As of December 31, 2024, the Board of Directors had designated \$315,987 as a reserve fund, set aside to stabilize Xerces' finances by providing for substantial emergency expenses or losses. The fund is not intended to make up for general income shortfalls in any given year.

10. Net Assets with Donor Restrictions

The following summarizes Xerces' net assets with donor-imposed restrictions as of December 31, 2024:

Expendable net assets restricted for the following purposes:

Pollinator conservation	\$	734,925
Endangered species		550,494
Pesticide reduction		236,404
Other conservation		105,148
Joan M. DeWind award		27,841
		1,654,812

Expendable net assets unrestricted as to purpose, but restricted as to time:

Pledges to benefit the Xerces' general operations in future periods		21,823
Total net assets with donor restrictions	\$	1,676,635

11. Net Assets Released from Restrictions and Other Reclassifications

During the year ended December 31, 2024, restrictions on contributions in the amount of \$7,152,303 expired or were otherwise satisfied by the organization's expenditures in satisfaction of the restricted purposes, or by the occurrence of other events specified by donors. Accordingly, a corresponding amount is reported as a reclassification from net assets with donor restriction to net assets without donor restriction in the accompanying financial statements.

In addition, during the year ended December 31, 2024, Xerces reclassified net assets without donor restriction totaling \$556,042 to net assets with donor restriction in satisfaction of matching requirements related to various governmental and private grants.

Total expenditures in satisfaction of donor restricted purposes	\$	7,152,303
Less unrestricted net assets reclassified to net assets with donor restrictions in satisfaction of matching requirements		(556,042)
Net assets released from restriction and other reclassifications	\$	6,596,261

12. Contracts with Customers

Program revenue from contracts with customers is recognized over a period of time as performance obligations are satisfied or as the project is completed. Other revenues from contracts with customers such as workshop fees are recognized at a point in time, (e.g. upon occurrence of the workshop).

Accounts Receivable from Customers

Xerces reported accounts receivable from contracts with customers of \$114,876 at December 31, 2024. See note 4.

Deferred Revenues from Customers

Deferred revenues of \$712,926 at December 31, 2024 consists of prepayments received for future services.

13. Expenses

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

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore require allocation on a reasonable basis that is applied consistently. Those expenses include depreciation, and other facility-related costs, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

14. Employee Retirement Benefits

Xerces maintains a qualified profit-sharing retirement plan, as described under Section 401(k) of the Internal Revenue Code. Employees must complete one year of service, have worked 1,000 or more hours at the time of their anniversary, and be 21 years of age in order to become eligible to participate in the plan. Qualified employees become eligible to make voluntary contributions to the plan on a pre-tax basis up to the limits allowed by law. Upon meeting the employee eligibility requirements, employee and employer contributions are fully vested. Xerces makes a safe harbor contribution totaling 3% of qualifying compensation as well as discretionary contributions to the plan. During the year ended December 31, 2024, Xerces contributed \$484,204 to this plan as safe harbor and discretionary contributions.

15. Commitments and Contingencies

Amounts received or receivable under Xerces' governmental grants and contracts are subject to audit and adjustment by the granting or contracting agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the organization's unrestricted net assets.

In the opinion of Xerces' management, any adjustments that might result from such audits would not be material to Xerces' overall financial statements.

Xerces is monitoring information related to federal governmental guidance such as that related to federal funding cuts and reductions in force; however, there are too many uncertainties and pending decisions to accurately assess the future impacts at the time of this report.

16. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles.

The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement.

At December 31, 2024, the following financial assets are measured at fair value on a recurring basis:

	Level 1	Level 2	Total
<i>Investments (note 6):</i>			
United States Treasury bills and notes	\$ 7,539,352	–	7,539,352
Mutual funds	570,747	–	570,747
Exchange-traded funds	290,173	–	290,173
Equities	1,492	–	1,492
Brokered certificates of deposit	–	1,660,258	1,660,258
	\$ 8,401,764	1,660,258	10,062,022

17. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31, 2024:

<i>Total financial assets:</i>	
Cash and cash equivalents	\$ 2,694,746
Governmental grants, contracts, and other receivables	1,937,158
Private grants and contributions receivable	850,285
Investments	10,062,022
	15,544,211

Less financial assets not available within the year ending December 31, 2025:

Financial assets restricted by donors for future periods greater than one year	(504,199)
Financial assets restricted by donors for student awards	(27,841)
	(532,040)

Plus other funds subject to appropriation for expenditure:

Fiscal year 2025 appropriation of financial assets restricted for student awards	8,000
	\$ 15,020,171

As part of its liquidity management, Xerces has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Xerces also invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds. In addition, Xerces maintains a reserve fund (see note 9), specifically put in place to stabilize Xerces' finances by providing for substantial emergency expenses or losses, though it is not intended to make up for general income shortfalls in any given year.

18. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

Increase in net assets	\$ 672,003
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	17,567
Net increase in the fair value of investments	(63,679)
Amortization of ROU assets – operating leases	65,143
<i>Net changes in:</i>	
Government grants, contracts, and other receivables	(435,972)
Private grants and contributions receivable	(49,268)
Inventories	(48,267)
Prepaid expenses	(44,034)
Accounts payable and accrued expenses	(48,130)
Accrued payroll and related expenses	130,455
Deferred revenue	(65,488)
Lease obligation – operating leases	(65,143)
Total adjustments	(606,816)
Net cash provided by operating activities	\$ 65,187

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THE XERCES SOCIETY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2024

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal assistance listing no.	Provided to subrecipients	Total federal expenditures
Research and Development Cluster:				
U.S. Department of Agriculture:				
National Institute of Food and Agriculture:				
<i>Sustainable Agriculture Research and Education</i>				
Passed through:				
University of Minnesota	H009277418	10.215	\$ —	45,986
Natural Resources Conservation Service:				
<i>Environmental Quality Incentives Program</i>	n/a	10.912	—	234,546
Passed through:				
Oregon State University	DB022A-A	10.912	—	23,751
U.S. Department of the Interior:				
Bureau of Land Management:				
<i>Plant Conservation and Restoration Management</i>	n/a	15.245	—	70,874
Fish and Wildlife Service:				
<i>State Wildlife Grants</i>				
Passed through:				
Nebraska Game and Parks Commission	AB#3179784	15.634	—	32,660
<i>Cooperative Endangered Species Conservation Fund</i>				
Passed through:				
Indiana Department of Natural Resources	[A]	15.615	—	12,911
National Park Service:				
<i>Cooperative Research and Training Programs – Resources of the National Park System</i>				
Passed through:				
USDOI National Park Service	P24AC02395	15.945	—	444
National Science Foundation:				
<i>Biological Sciences</i>				
Passed through:				
University of Connecticut	166844978	47.074	—	7,368
U.S. Department of Defense:				
<i>Office of the Secretary of Defense Legacy Resource Management Program</i>				
Passed through:				
Washington State University	145892-WSU001304	12.632	—	199
Total Research and Development Cluster			—	428,739
U.S. Department of Agriculture:				
Farm Service Agency:				
<i>Conservation Reserve Program</i>				
Passed through:				
University of Northern Iowa	S6676A	10.069	—	30,208
Forest Service:				
<i>International Forestry Programs</i>	n/a	10.684	53,172	460,024

Continued

THE XERCES SOCIETY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

YEAR ENDED DECEMBER 31, 2024

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal assistance listing no.	Provided to subrecipients	Total federal expenditures
U.S. Department of Agriculture, continued:				
Natural Resources Conservation Service:				
<i>Soil and Water Conservation</i>	n/a	10.902	\$ —	940,542
<i>Soil Survey</i>	n/a	10.903	—	24,194
<i>Environmental Quality Incentives Program</i>	n/a	10.912	—	57,725
Passed through: <i>Practical Farmers of Iowa</i>	none	10.912	—	6,858
Total Federal Assistance Listing No. 10.912			—	64,583
<i>Conservation Stewardship Program</i>	n/a	10.924	—	45,883
Passed through: <i>Pheasant Forever</i>	none	10.924	—	98,303
Total Federal Assistance Listing No. 10.924			—	144,186
<i>Urban Agriculture and Innovative Production Grant Program</i>	n/a	10.935	—	57,302
Total U.S. Department of Agriculture			53,172	1,721,039
U.S. Department of the Interior:				
Bureau of Land Management:				
<i>Aquatic Resources Management</i>	n/a	15.244	—	34,686
<i>Threatened and Endangered Species</i>	n/a	15.246	—	350,330

Continued

THE XERCES SOCIETY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

YEAR ENDED DECEMBER 31, 2024

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal assistance listing no.	Provided to subrecipients	Total federal expenditures
Fish and Wildlife Service:				
<i>Fish and Aquatic Conservation – Aquatic Invasive Species</i>	n/a	15.608	—	45,785
<i>State Wildlife Grants</i>				
Passed through:				
California Department of Fish and Wildlife	Q2180103	15.634	—	23,176
Ecostudies Institute	2023-06	15.634	—	4,227
Iowa Department of Natural Resources	23CRDWBKFULL	15.634	—	41,634
Missouri Department of Conservation	STW-01-2023-330	15.634	—	27,836
Minnesota Department of Fish and Wildlife	MN U-34-R-1	15.634	—	27,603
Oregon Department of Fish and Wildlife	433-22	15.634	—	84,743
Washington Department of Fish and Wildlife	24-25287	15.634	—	33,637
Total Federal Assistance Listing No. 15.634			—	242,856
<i>Endangered Species Recovery Implementation</i>	n/a	15.657	—	34,545
<i>Candidate Species Conservation</i>	n/a	15.660	—	116,414
<i>Adaptive Science</i>				
Passed through:				
National Fish and Wildlife Foundation	2007.23.076470	15.670	—	121,462
Total U.S. Department of the Interior			—	946,078
Total expenditures of federal awards			\$ 53,172	3,095,856

See accompanying notes to schedule of expenditures of federal awards.

[A] #00000000000000000000070673

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Xerces Society, Inc. under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of The Xerces Society, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Xerces Society, Inc.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between The Xerces Society, Inc. and agencies and departments of the Federal Government and all sub-awards to the organization by non-federal organizations pursuant to federal grants, contracts and similar agreements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Xerces Society, Inc. applies its predetermined, approved facilities and administrative rate when charging indirect costs to federal awards and, as such, did not elect to use the 10% de minimis cost rate or the 15% de minimis cost rate after October 1, 2024, as allowed under the Uniform Guidance.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

*The Board of Directors
The Xerces Society, Inc.:*

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Xerces Society, Inc., which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Xerces Society, Inc.'s internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Xerces Society, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Xerces Society, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Amy C. #10. LLP". The signature is stylized and cursive.

June 16, 2025

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

*The Board of Directors
The Xerces Society, Inc.:*

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Xerces Society, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Xerces Society, Inc.'s major federal programs for the year ended December 31, 2024. The Xerces Society, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Xerces Society, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of The Xerces Society, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Xerces Society, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Xerces Society, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Xerces Society, Inc.'s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher

than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Xerces Society, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Xerces Society, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Xerces Society, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Xerces Society, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



June 16, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2024

Section 1 – Summary of Auditor’s Results

Financial Statements

1. Type of auditor’s report issued on whether the audited financial statements were prepared in accordance with GAAP – **unmodified**
2. Significant deficiency(ies) in internal control identified in the audit of the financial statements – **none reported**
3. Material weakness(es) in internal control identified in the audit of the financial statements – **none**
4. Noncompliance that is material to the financial statements noted – **none**

Federal Awards

5. Significant deficiency(ies) in internal control over major federal programs identified in the audit – **none reported**
6. Material weakness(es) in internal control over major federal programs identified in the audit – **none**
7. The type of auditor’s report issued on compliance for major federal programs – **unmodified**
8. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) – **none**

Identification of Major Federal Programs

- **U.S. Department of the Interior, Bureau of Land Management, Threatened and Endangered Species (ALN: 15.246)**
 - **U.S. Department of the Interior, U.S. Fish and Wildlife Service, State Wildlife Grants (ALN: 15.634)**
 - **U.S. Department of the Interior, U.S. Fish and Wildlife Service, Fish and Aquatic Conservation – Aquatic Invasive Species (ALN: 15.608)**
9. Dollar threshold used to distinguish between Type A and Type B programs – **\$750,000**
 10. Is the auditee qualified as a low-risk auditee under 2 CFR 200.520? – **yes**

Section 2 – Financial Statement Findings

11. Findings relating to the financial statements reported in accordance with *Government Auditing Standards* – **none**

Section 3 – Federal Award Findings and Questioned Costs

12. Findings and questioned costs relating to federal awards – **none**

THE XERCES SOCIETY, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2024

There were no findings reported in the prior audit.

GOVERNING BOARD AND MANAGEMENT

Board Members as of December 31, 2024

Casey Sclar, Ph.D., *Vice President & Acting President*

Jay Withgott, *Secretary*

Linda Craig, *Treasurer*

Betsy Lopez-Wagner

Flora Lu, Ph.D.

Sacha H. Spector

Rachael Winfree, Ph.D.

Management

Scott Hoffman Black, *Executive Director*

Karl Souza, *Director of Finance & Operations*

Denise Ledgerwood, *Director of Grants & Corporate Giving*

Sylvan Zimmerman, *Controller*

Megan Faria, *Financial Planning & Analysis Manager*

Logan Lauvray, *Accounting & Data Manager*

THE XERCES SOCIETY, INC.

INQUIRIES AND OTHER INFORMATION

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