

**THE INTERNATIONAL  
RHINO FOUNDATION**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2016 and 2015  
with Report of Independent Auditors**

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**FINANCIAL STATEMENTS**

**Years Ended December 31, 2016 and 2015**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of  
The International Rhino Foundation

We have audited the accompanying financial statements of The International Rhino Foundation which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statement of activities and changes in net assets for the year ended December 31, 2016, and the statements of cash flows for the years ended December 31, 2016 and 2015, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The International Rhino Foundation as of December 31, 2016 and 2015, and the changes in its net assets for the year ended December 31, 2016 and its cash flows for the years ended December 31, 2016 and 2015 in conformity with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited The International Rhino Foundation's 2015 financial statements, and our report dated May 12, 2016 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Fort Worth, Texas  
May 8, 2017

**THE INTERNATIONAL RHINO FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,341,247	\$ 1,582,748
Investments	556,613	555,596
Contributions receivable	1,618,711	112,253
Miscellaneous receivables	8,292	2,675
Other assets	15,936	18,646
Total current assets	<u>4,540,799</u>	<u>2,271,918</u>
Property and equipment, net of accumulated depreciation of \$3,616 and \$1,866, respectively	<u>7,211</u>	<u>6,747</u>
Total assets	<u><u>\$ 4,548,010</u></u>	<u><u>\$ 2,278,665</u></u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 1,813,458	\$ 281,898
Net assets:		
Unrestricted	1,314,296	905,677
Temporarily restricted	1,420,256	1,091,090
Total net assets	<u>2,734,552</u>	<u>1,996,767</u>
Total liabilities and net assets	<u><u>\$ 4,548,010</u></u>	<u><u>\$ 2,278,665</u></u>

See accompanying notes to financial statements.

**THE INTERNATIONAL RHINO FOUNDATION**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year Ended December 31, 2016 (With Comparative Totals for 2015)**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total 2016</b>	<b>Total 2015</b>
Revenues and other support:				
Contributions	\$ 985,578	\$ 4,240,530	\$ 5,226,108	\$ 2,442,050
Interest income	1,017	-	1,017	3
Merchandise sales, net	18,335	-	18,335	21,794
Net assets released from restrictions	3,911,364	(3,911,364)	-	-
Total revenues and other support	<u>4,916,294</u>	<u>329,166</u>	<u>5,245,460</u>	<u>2,463,847</u>
Expenses:				
Program expenses:				
Botswana Black Rhino Translocations	1,503	-	1,503	8,757
Indian Rhino Conservation	31,004	-	31,004	30,371
Javan Rhino Conservation	267,295	-	267,295	247,432
Operation Stop Poaching Now	279,158	-	279,158	123,147
Rhino Conservation Research	6,400	-	6,400	110,023
Scholarships	29,136	-	29,136	22,951
Southern Black Rhino Sustainability Program	2,231	-	2,231	1,656
Sumatran Rhino Conservation	1,237,126	-	1,237,126	838,052
Sumatran Rhino Sanctuary Expansion	1,904,538	-	1,904,538	-
Technical Advisors	82,102	-	82,102	79,322
Zimbabwe Rhino Conservation	178,573	-	178,573	266,786
Zimbabwe Special Projects	91,907	-	91,907	75,580
Total program expenses	<u>4,110,973</u>	<u>-</u>	<u>4,110,973</u>	<u>1,804,077</u>
Support expenses:				
General and administrative	248,655	-	248,655	137,810
Fundraising and advertising	111,962	-	111,962	155,333
Professional services	36,085	-	36,085	43,326
Total support expenses	<u>396,702</u>	<u>-</u>	<u>396,702</u>	<u>336,469</u>
Total expenses	<u>4,507,675</u>	<u>-</u>	<u>4,507,675</u>	<u>2,140,546</u>
Change in net assets	408,619	329,166	737,785	323,301
Net assets at beginning of year	<u>905,677</u>	<u>1,091,090</u>	<u>1,996,767</u>	<u>1,673,466</u>
Net assets at end of year	<u>\$ 1,314,296</u>	<u>\$ 1,420,256</u>	<u>\$ 2,734,552</u>	<u>\$ 1,996,767</u>

See accompanying notes to financial statements.

**THE INTERNATIONAL RHINO FOUNDATION**

**STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<u>                    </u>	<u>                    </u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 737,785	\$ 323,301
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,750	1,369
Changes in operating assets and liabilities:		
Contributions receivable	(1,506,458)	164,887
Miscellaneous receivables	(5,617)	1,500
Other assets	2,710	(5,761)
Accounts payable and accrued liabilities	1,531,560	(1,783)
Net cash provided by operating activities	<u>761,730</u>	<u>483,513</u>
 <b>Cash flows from investing activities:</b>		
Purchases of investments, net	(1,017)	(3)
Purchases of property and equipment	(2,214)	(5,723)
Net cash used in investing activities	<u>(3,231)</u>	<u>(5,726)</u>
 Net increase in cash and cash equivalents	758,499	477,787
 Cash and cash equivalents at beginning of year	<u>1,582,748</u>	<u>1,104,961</u>
 Cash and cash equivalents at end of year	<u><u>\$ 2,341,247</u></u>	<u><u>\$ 1,582,748</u></u>

See accompanying notes to financial statements.

# THE INTERNATIONAL RHINO FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

### A. Nature of Activities

The International Rhino Foundation (the “Foundation”) is a not-for-profit organization incorporated under the laws of Texas in 1991. The primary mission of the Foundation is dedicated to the survival of the world’s rhino species through conservation and research. The Foundation’s corporate office is located in Fort Worth, Texas.

### B. Summary of Significant Accounting Policies

A summary of the Foundation’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

#### Basis of Accounting

The accounts are maintained and the financial statements have been prepared using the accrual basis of accounting in accordance with GAAP.

#### Financial Statement Presentation

Under GAAP, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Foundation does not have any permanently restricted net assets.

#### Contributions

The Foundation accounts for contributions in accordance with GAAP, in which contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted contributions are required to be reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction expires or purpose restriction is accomplished), temporarily restricted net assets are then reclassified to unrestricted net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**THE INTERNATIONAL RHINO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**Donated Services**

Donated services are recognized as contributions if the services, (a) create or enhance non-financial assets, or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation pays for most services requiring specialized services. However, a number of individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific program functions and various other activities that are not recognized as contributions in the financial statements, because the recognition criteria under GAAP were not met.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid unrestricted investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2016 and 2015, the Foundation had no such investments. The Foundation maintains deposits in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Foundation has not experienced any losses related to amounts in excess of FDIC limits.

**Investments**

Investments with readily determinable fair values are stated at fair value with realized and unrealized gains and losses included in the statement of activities and changes in net assets.

The Foundation measures its investments at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions for inputs used in the valuation methodologies in measuring fair value as follows:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Other inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the markets or can be derived from observable market data. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, foreign exchange rates, and credit ratings.

Level 3 – inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

**THE INTERNATIONAL RHINO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**Investments – continued**

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2016 and 2015, the Foundation's investments consisted of actively traded money market funds that have daily quoted net asset values for identical assets that the Foundation can access. These securities are classified within Level 1 of the fair value hierarchy.

**Property and Equipment**

Property and equipment are carried at cost. Depreciation is provided on the straight-line method over the assets' estimated service lives. The Foundation's property and equipment is comprised of computer and office equipment, which have estimated useful lives of 5-7 years.

**Federal Income Taxes**

The Foundation is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, as an organization other than a private foundation. The Foundation follows the guidance under FASB ASC Topic No. 740, *Income Taxes*, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain in tax positions taken or expected to be taken in income tax returns. Management believes that it has not taken a tax position that, if challenged, would have a material effect on the Foundation's financial statements.

The Foundation files Form 990 in the United States federal jurisdiction and no tax returns are currently under examination by any tax authorities. The Foundation did not incur any penalties or interest during the years ended December 31, 2016 or 2015.

**C. Temporarily Restricted Net Assets**

Temporarily restricted net assets represent contributions for which donors have imposed restrictions. As of December 31, 2016 and 2015, substantially all of the Foundation's temporarily restricted net assets were comprised of amounts restricted for use within the scope of the Foundation's charitable purpose (see Note A). Approximately \$1,274,000 and \$1,035,000 of the Foundation's cash and cash equivalents were temporarily restricted at December 31, 2016 and 2015, respectively. Approximately \$146,000 and \$56,000 of the total contributions receivable were temporarily restricted at December 31, 2016 and 2015, respectively.

**THE INTERNATIONAL RHINO FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**D. Commitments and Contingencies**

*Consulting Agreements*

The Foundation has executed consulting agreements with various contractors. The contractors are hired by the Foundation to conduct technical services and support for the Foundation's programs. During the years ended December 31, 2016 and 2015, the Foundation incurred expenses of approximately \$159,000 and \$140,000, respectively, related to these contracts. These contracts are cancelable by either party upon no more than sixty day notice.

*Lease*

During 2015, the Foundation entered into an agreement to lease office space under a non-cancelable operating lease, which will expire in 2018. Total lease expense was \$10,200 and \$8,500 for the years ended December 31, 2016 and 2015. Future minimal annual lease obligations, as of December 31, 2016, are approximately as follows:

2017	\$ 9,000
2018	<u>1,500</u>
Total future minimum annual lease payments	<u>\$ 10,500</u>

**E. Risk Concentrations**

For the year ended December 31, 2016, two contributors accounted for approximately 53% of the Foundation's total contributions. For the year ended December 31, 2015, three contributors accounted for approximately 39% of the Foundation's total contributions.

At December 31, 2016 and 2015, the Foundation had contributions receivable from one contributor that accounted for approximately 95% and 50% of total contributions receivable, respectively.

**F. Subsequent Events**

In preparing the financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through May 8, 2017, the date the financial statements were available for issuance.