

**THE INTERNATIONAL
RHINO FOUNDATION**

FINANCIAL STATEMENTS

**Years Ended December 31, 2015 and 2014
with Report of Independent Auditors**

**THE INTERNATIONAL
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FINANCIAL STATEMENTS

Years Ended December 31, 2015 and 2014

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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, a not-for-profit organization, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statement of activities and changes in net assets for the year ended December 31, 2015, and the statements of cash flows for the years ended December 31, 2015 and 2014, 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, 2015 and 2014, and the changes in its net assets for the year ended December 31, 2015 and its cash flows for the years ended December 31, 2015 and 2014 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 2014 financial statements, and our report dated May 4, 2015 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Whitley Penn LLP

Fort Worth, Texas
May 12, 2016

THE INTERNATIONAL RHINO FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,582,748	\$ 1,104,961
Investments	555,596	555,593
Contributions receivable	112,253	277,140
Miscellaneous receivables	2,675	4,175
Other assets	18,646	12,885
Total current assets	<u>2,271,918</u>	<u>1,954,754</u>
Property and equipment, net of accumulated depreciation of \$1,866 and \$497, respectively	<u>6,747</u>	<u>2,393</u>
Total assets	<u><u>\$ 2,278,665</u></u>	<u><u>\$ 1,957,147</u></u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 281,898	\$ 283,681
Net assets:		
Unrestricted	905,677	1,111,875
Temporarily restricted	1,091,090	561,591
Total net assets	<u>1,996,767</u>	<u>1,673,466</u>
Total liabilities and net assets	<u><u>\$ 2,278,665</u></u>	<u><u>\$ 1,957,147</u></u>

See accompanying notes to financial statements.

THE INTERNATIONAL RHINO FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2015 (With Comparative Totals for 2014)

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
Revenues and other support:				
Contributions	\$ 743,030	\$ 1,699,020	\$ 2,442,050	\$ 2,921,095
Interest income	3	-	3	15
Merchandise sales, net	21,794	-	21,794	17,476
Net assets released from restrictions	1,169,521	(1,169,521)	-	-
Total revenues and other support	<u>1,934,348</u>	<u>529,499</u>	<u>2,463,847</u>	<u>2,938,586</u>
Expenses:				
Program expenses:				
Black Rhino Repatriation Fund	1,656	-	1,656	2,242
Botswana Black Rhino Translocations	8,757	-	8,757	457,501
Indian Rhino Conservation	30,371	-	30,371	55,711
Javan Rhino Conservation	247,432	-	247,432	305,734
Rhino Conservation Research	110,023	-	110,023	125,039
Scholarships	22,951	-	22,951	1,500
South Africa Anti-poaching	123,147	-	123,147	229,428
Sumatran Rhino Conservation	838,052	-	838,052	899,453
Technical Advisors	79,322	-	79,322	88,110
Zimbabwe Special Projects	75,580	-	75,580	82,450
Zimbabwe Rhino Conservation	266,786	-	266,786	280,196
Total program expenses	<u>1,804,077</u>	<u>-</u>	<u>1,804,077</u>	<u>2,527,364</u>
Support expenses:				
General and administrative-management	137,810	-	137,810	114,177
Fundraising and advertising	155,333	-	155,333	74,901
Professional services	43,326	-	43,326	19,224
Total support expenses	<u>336,469</u>	<u>-</u>	<u>336,469</u>	<u>208,302</u>
Total expenses	<u>2,140,546</u>	<u>-</u>	<u>2,140,546</u>	<u>2,735,666</u>
Change in net assets	(206,198)	529,499	323,301	202,920
Net assets at beginning of year	<u>1,111,875</u>	<u>561,591</u>	<u>1,673,466</u>	<u>1,470,546</u>
Net assets at end of year	<u>\$ 905,677</u>	<u>\$ 1,091,090</u>	<u>\$ 1,996,767</u>	<u>\$ 1,673,466</u>

See accompanying notes to financial statements.

THE INTERNATIONAL RHINO FOUNDATION

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 323,301	\$ 202,920
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,369	612
Loss on disposal of equipment	-	1,469
Changes in operating assets and liabilities:		
Contributions receivable	164,887	(176,812)
Miscellaneous receivables	1,500	812
Other assets	(5,761)	(11,663)
Accounts payable and accrued liabilities	(1,783)	(14,316)
Net cash provided by operating activities	<u>483,513</u>	<u>3,022</u>
Cash flows from investing activities:		
Purchases of investments, net	(3)	(15)
Purchases of property and equipment	(5,723)	(1,748)
Net cash used in investing activities	<u>(5,726)</u>	<u>(1,763)</u>
Net increase in cash and cash equivalents	477,787	1,259
Cash and cash equivalents at beginning of year	<u>1,104,961</u>	<u>1,103,702</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,582,748</u></u>	<u><u>\$ 1,104,961</u></u>

See accompanying notes to financial statements.

THE INTERNATIONAL RHINO FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, 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 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, 2015 or 2014.

C. Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions for which donors have imposed restrictions. As of December 31, 2015 and 2014, 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 \$1,035,000 and \$310,000 of the Foundation's cash and cash equivalents were temporarily restricted at December 31, 2015 and 2014, respectively. Approximately \$56,000 and \$252,000 of the total contributions receivable were temporarily restricted at December 31, 2015 and 2014, respectively.

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, 2015 and 2014, the Foundation incurred expenses of approximately \$140,000 and \$254,000, respectively, related to these contracts. These contracts are cancelable by either party upon no more than sixty days notice.

THE INTERNATIONAL RHINO FOUNDATION
NOTES TO FINANCIAL STATEMENTS (continued)

D. Commitments and Contingencies – continued

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 \$8,500 for the year ended December 31, 2015. There was no lease expense during the year ended December 31, 2014. Future minimal annual lease obligations, as of December 31, 2015, are approximately as follows:

2016	\$ 9,000
2017	9,000
2018	<u>1,500</u>
Total future minimum annual lease payments	<u><u>\$ 19,500</u></u>

E. Risk Concentrations

For the year ended December 31, 2015, three contributors accounted for approximately 39% of the Foundation's total contributions. For the year ended December 31, 2014 one contributor accounted for approximately 14% of the Foundation's total contributions.

At December 31, 2015 and 2014, the Foundation had contributions receivable from one contributor that accounted for approximately 50% and 77% of total contributions receivable.

F. Subsequent Events

In preparing the financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through May 12, 2016, the date the financial statements were available for issuance.