

**THE INTERNATIONAL  
RHINO FOUNDATION**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2017 and 2016  
with Report of Independent Auditors**

**THE INTERNATIONAL  
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**FINANCIAL STATEMENTS**

**Years Ended December 31, 2017 and 2016**

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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, 2017 and 2016, and the related statement of activities and changes in net assets for the year ended December 31, 2017, and the statements of cash flows for the years ended December 31, 2017 and 2016, 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 ("GAAP"); 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, 2017 and 2016, and the changes in its net assets for the year ended December 31, 2017, and its cash flows for the years ended December 31, 2017 and 2016, in conformity with GAAP.

## **Report on Summarized Comparative Information**

We have previously audited The International Rhino Foundation's 2016 financial statements, and our report dated May 8, 2017, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Whitley Penn LLP*

Fort Worth, Texas  
April 30, 2018

THE INTERNATIONAL RHINO FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2017	2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 629,543	\$ 2,341,247
Investments	2,569,246	556,613
Contributions receivable	1,313,039	1,618,711
Miscellaneous receivables	5,036	8,292
Other assets	9,733	15,936
Total current assets	<u>4,526,597</u>	<u>4,540,799</u>
Property and equipment, net of accumulated depreciation of \$3,604 and \$3,616, respectively	<u>7,267</u>	<u>7,211</u>
Total assets	<u>\$ 4,533,864</u>	<u>\$ 4,548,010</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 1,187,823	\$ 1,813,458
Net assets:		
Unrestricted	2,010,462	1,314,296
Temporarily restricted	1,335,579	1,420,256
Total net assets	<u>3,346,041</u>	<u>2,734,552</u>
Total liabilities and net assets	<u>\$ 4,533,864</u>	<u>\$ 4,548,010</u>

See accompanying notes to financial statements.

**THE INTERNATIONAL RHINO FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Year Ended December 31, 2017 (With Comparative Totals for 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
Revenues and other support:				
Contributions	\$ 914,891	\$ 2,484,126	\$ 3,399,017	\$ 5,226,108
Interest income	12,685	-	12,685	1,017
Merchandise sales, net	15,183	-	15,183	18,335
Net assets released from restrictions	2,568,803	(2,568,803)	-	-
Total revenues and other support	<u>3,511,562</u>	<u>(84,677)</u>	<u>3,426,885</u>	<u>5,245,460</u>
Expenses:				
Program expenses:				
Botswana Black Rhino Translocations	74,818	-	74,818	1,503
Indian Rhino Conservation	77,860	-	77,860	31,004
Javan Rhino Conservation	218,576	-	218,576	267,295
Operation Stop Poaching Now	194,411	-	194,411	279,158
Rhino Conservation Research	8,432	-	8,432	6,400
Scholarships	39,014	-	39,014	29,136
Southern Black Rhino Sustainability Program	4,185	-	4,185	2,231
Sumatran Rhino Conservation	1,375,185	-	1,375,185	1,237,126
Sumatran Rhino Sanctuary Expansion	66,708	-	66,708	1,904,538
Technical Advisors	50,892	-	50,892	82,102
Zimbabwe Rhino Conservation	456,014	-	456,014	178,573
Zimbabwe Special Projects	57,202	-	57,202	91,907
Total program expenses	<u>2,623,297</u>	<u>-</u>	<u>2,623,297</u>	<u>4,110,973</u>
Support expenses:				
General and administrative	93,971	-	93,971	248,655
Fundraising and advertising	72,534	-	72,534	111,962
Professional services	25,594	-	25,594	36,085
Total support expenses	<u>192,099</u>	<u>-</u>	<u>192,099</u>	<u>396,702</u>
Total expenses	<u>2,815,396</u>	<u>-</u>	<u>2,815,396</u>	<u>4,507,675</u>
Change in net assets	696,166	(84,677)	611,489	737,785
Net assets at beginning of year	<u>1,314,296</u>	<u>1,420,256</u>	<u>2,734,552</u>	<u>1,996,767</u>
Net assets at end of year	<u>\$ 2,010,462</u>	<u>\$ 1,335,579</u>	<u>\$ 3,346,041</u>	<u>\$ 2,734,552</u>

See accompanying notes to financial statements.

**THE INTERNATIONAL RHINO FOUNDATION**

**STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 611,489	\$ 737,785
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,219	1,750
Loss on disposal of property and equipment	659	-
Changes in operating assets and liabilities:		
Contributions receivable	305,672	(1,506,458)
Miscellaneous receivables	3,256	(5,617)
Other assets	6,203	2,710
Accounts payable and accrued liabilities	(625,635)	1,531,560
Net cash provided by operating activities	303,863	761,730
 <b>Cash flows from investing activities:</b>		
Purchases of investments, net	(2,012,633)	(1,017)
Purchases of property and equipment	(2,934)	(2,214)
Net cash used in investing activities	(2,015,567)	(3,231)
 Net increase (decrease) in cash and cash equivalents	(1,711,704)	758,499
 Cash and cash equivalents at beginning of year	2,341,247	1,582,748
 Cash and cash equivalents at end of year	\$ 629,543	\$ 2,341,247

See accompanying notes to financial statements.

# **THE INTERNATIONAL RHINO FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

### **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, 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, 2017 and 2016, 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.

## THE INTERNATIONAL RHINO FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (*continued*)

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

##### **Investments – continued**

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

At December 31, 2017 and 2016, 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.

##### **Contributions Receivable**

Contributions receivable represent unconditional promises to give, which are recorded when pledges are made by the respective donors. Promises to give in excess of one year are recorded at their net present value. Management evaluates the adequacy of an allowance for doubtful accounts based on a review of individual accounts. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts, and other specific information known to management that may affect collectability. No allowance for doubtful accounts was considered necessary at December 31, 2017 and 2016.

Collections of the contributions receivable is expected through 2027, with approximately \$1,298,000 expected to be collected within one year, \$10,000 in two-to-five years, and the remaining \$10,000 collected in ten years.

##### **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 Financial Accounting Standards Board Accounting Standards Codification Topic No. 740, *Income Taxes*, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain 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 INTERNATIONAL RHINO FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS (continued)**

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

**Federal Income Taxes – continued**

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, 2017 or 2016.

**C. Temporarily Restricted Net Assets**

Temporarily restricted net assets represent contributions for which donors have imposed restrictions. As of December 31, 2017 and 2016, substantially all of the Foundation's temporarily restricted net assets were comprised of amounts restricted for specific program use within the scope of the Foundation's charitable purpose (see Note A). Approximately \$100,000 and \$1,274,000 of the Foundation's cash and cash equivalents were temporarily restricted at December 31, 2017 and 2016, respectively. Approximately \$1,236,000 and \$146,000 of the total contributions receivable were temporarily restricted at December 31, 2017 and 2016, 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, 2017 and 2016, the Foundation incurred expenses of approximately \$265,000 and \$159,000, 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. In October 2017, the Foundation renewed the lease for three additional years, expiring in 2021, with similar terms as the original lease agreement. Total lease expense was \$10,200 for the years ended December 31, 2017 and 2016. Future minimal annual lease obligations, as of December 31, 2017, are approximately as follows:

2018	\$	9,000
2019		9,000
2020		9,000
2021		<u>750</u>
Total future minimum annual lease payments	\$	<u><u>27,750</u></u>

**THE INTERNATIONAL RHINO FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**E. Risk Concentrations**

For the year ended December 31, 2017, three contributors accounted for approximately 38% of the Foundation's total contributions. For the year ended December 31, 2016, two contributors accounted for approximately 53% of the Foundation's total contributions.

At December 31, 2017 and 2016, the Foundation had contributions receivable from one contributor that accounted for approximately 92% and 95% 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 April 30, 2018, the date the financial statements were available for issuance.