

**THE INTERNATIONAL
RHINO FOUNDATION**

FINANCIAL STATEMENTS

**Years Ended December 31, 2013 and 2012
with Report of Independent Auditors**

**THE INTERNATIONAL
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FINANCIAL STATEMENTS

Years Ended December 31, 2013 and 2012

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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, 2013 and 2012, and the related statement of activities and changes in net assets for the year ended December 31, 2013, and the statements of cash flows for the years ended December 31, 2013 and 2012, 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, 2013 and 2012, and the changes in its net assets for the year ended December 31, 2013 and its cash flows for the years ended December 31, 2013 and 2012 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 2012 financial statements, and our report dated April 17, 2013, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Whitley Penn LLP

Fort Worth, Texas
May 2, 2014

THE INTERNATIONAL RHINO FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,103,702	\$ 1,218,216
Investments	555,578	374,567
Contributions receivable	100,328	84,554
Miscellaneous receivables	4,987	9,174
Other assets	1,222	-
Total current assets	<u>1,765,817</u>	<u>1,686,511</u>
Property and equipment, net of accumulated depreciation of \$419	<u>2,726</u>	<u>-</u>
Total assets	<u><u>\$ 1,768,543</u></u>	<u><u>\$ 1,686,511</u></u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 297,997	\$ 217,900
Net assets:		
Unrestricted	720,010	562,641
Temporarily restricted	750,536	905,970
Total net assets	<u>1,470,546</u>	<u>1,468,611</u>
Total liabilities and net assets	<u><u>\$ 1,768,543</u></u>	<u><u>\$ 1,686,511</u></u>

See accompanying notes to financial statements.

THE INTERNATIONAL RHINO FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2013 (With Comparative Totals for 2012)

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
Revenues and other support:				
Contributions	\$ 346,386	\$ 1,886,226	\$ 2,232,612	\$ 2,615,638
Interest income	12	-	12	5
Merchandise sales, net	1,667	-	1,667	-
Net assets released from restrictions	2,041,660	(2,041,660)	-	-
Total revenues and other support	2,389,725	(155,434)	2,234,291	2,615,643
Expenses:				
Program expenses:				
Black Rhino Repatriation Fund	-	-	-	1,527
Botswana Black Rhino Translocations	-	-	-	7,905
Indian Rhino Conservation	149,933	-	149,933	112,209
Javan Rhino Conservation	430,897	-	430,897	179,253
Rhino Conservation Research	26,575	-	26,575	4,858
South Africa Anti-poaching	39,300	-	39,300	153,012
Sumatran Rhino Conservation	860,833	-	860,833	773,382
Technical Advisors	110,179	-	110,179	93,174
Uganda	-	-	-	1,070
Zimbabwe Special Projects	88,775	-	88,775	85,306
Zimbabwe Rhino Conservation	335,168	-	335,168	397,331
Total program expenses	2,041,660	-	2,041,660	1,809,027
Support expenses:				
General and administrative-management	149,331	-	149,331	111,494
Fundraising and advertising	17,584	-	17,584	79,143
Professional services	23,781	-	23,781	19,150
Total support expenses	190,696	-	190,696	209,787
Total expenses	2,232,356	-	2,232,356	2,018,814
Change in net assets	157,369	(155,434)	1,935	596,829
Net assets at beginning of year	562,641	905,970	1,468,611	871,782
Net assets at end of year	\$ 720,010	\$ 750,536	\$ 1,470,546	\$ 1,468,611

See accompanying notes to financial statements.

THE INTERNATIONAL RHINO FOUNDATION

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 1,935	\$ 596,829
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	419	-
Changes in operating assets and liabilities:		
Grants receivable	-	116,528
Contributions receivable	(15,774)	(20,720)
Miscellaneous receivables	4,187	(5,987)
Other assets	(1,222)	-
Accounts payable and accrued liabilities	80,097	178,046
Net cash provided by operating activities	69,642	864,696
Cash flows from investing activities:		
Purchases of investments, net	(181,011)	(5)
Purchases of property and equipment	(3,145)	-
Net cash used in investing activities	(184,156)	(5)
Net increase (decrease) in cash and cash equivalents	(114,514)	864,691
Cash and cash equivalents at beginning of year	1,218,216	353,525
Cash and cash equivalents at end of year	\$ 1,103,702	\$ 1,218,216

See accompanying notes to financial statements.

THE INTERNATIONAL RHINO FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

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.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Foundation presents its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic No. 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under FASB ASC Topic No. 958-205, 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 FASB ASC Topic No. 958-605, *Not-For-Profit Entities – Revenue Recognition*. In accordance with FASB ASC Topic No. 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under FASB ASC Topic No. 958-605, 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, 2013 and 2012, 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 marketable securities 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 – Unobservable inputs that are supported by little or no market activities.

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, 2013 and 2012, 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 equipment, which has an estimated useful life of 5 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 uncertainty 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 within the United States and no tax returns are currently under examination by any tax authorities. At December 31, 2013, the Foundation's tax returns related to fiscal years ended December 31, 2010 through December 31, 2012 remain open to possible examination by the tax authorities.

C. Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions for which donors have imposed restrictions. As of December 31, 2013 and 2012, 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 \$706,000 and \$862,000 of the Foundation's cash and cash equivalents and investments were temporarily restricted at December 31, 2013 and 2012, respectively. Approximately \$45,000 and \$44,000 of the total contributions receivable were temporarily restricted at December 31, 2013 and 2012, respectively.

THE INTERNATIONAL RHINO FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

D. Related Party Transaction

During 2012 and through May 2013, the Foundation's Executive Director's compensation was funded by an organization for which a Foundation board member serves as the general manager. The Foundation reimbursed this organization approximately \$47,000 and \$152,000 during 2013 and 2012, respectively, for the Executive Director's compensation.

E. Commitments and Contingencies

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, 2013 and 2012, the Foundation incurred expenses of approximately \$234,000 and \$276,000, respectively, related to these contracts. These contracts are cancelable by either party upon no more than sixty days notice.

F. Risk Concentrations

At December 31, 2013 and 2012, two contributors accounted for approximately 28% and 23% of the Foundation's total contributions, respectively.

G. Subsequent Events

In preparing the financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through May 2, 2014, the date the financial statements were available for issuance.