

**THE INTERNATIONAL  
RHINO FOUNDATION**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2011 and 2010  
with Report of Independent Auditors**

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**FINANCIAL STATEMENTS**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of  
The International Rhino Foundation

We have audited the accompanying statements of financial position of The International Rhino Foundation, a not-for-profit organization, as of December 31, 2011 and 2010, and the related statement of activities and changes in net assets for the year ended December 31, 2011, and the statements of cash flows for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Foundation's 2010 financial statements and, in our report dated April 7, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. The Foundation is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010 and the changes in its net assets for the year ended December 31, 2011 and its cash flows for the years ended December 31, 2011 and 2010 in conformity with accounting principles generally accepted in the United States of America.

*Whitley Penn LLP*

Fort Worth, Texas  
April 30, 2012

**THE INTERNATIONAL RHINO FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 353,525	\$ 104,183
Investments	374,562	652,556
Grants receivable	116,528	100,723
Contributions receivable	63,834	140,135
Miscellaneous receivables	3,187	2,697
	<u>3,187</u>	<u>2,697</u>
Total assets	<u>\$ 911,636</u>	<u>\$ 1,000,294</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 39,854	\$ 22,206
Net assets:		
Unrestricted	396,254	334,284
Temporarily restricted	475,528	643,804
Total net assets	<u>871,782</u>	<u>978,088</u>
Total liabilities and net assets	<u>\$ 911,636</u>	<u>\$ 1,000,294</u>

See accompanying notes to financial statements.

**THE INTERNATIONAL RHINO FOUNDATION**

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

**Year Ended December 31, 2011 (With Comparative Totals for 2010)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>	<u>Total 2010</u>
Revenues and other support:				
Contributions	\$ 221,781	\$ 1,863,613	\$ 2,085,394	\$ 2,050,682
Interest income	6	-	6	178
Net assets released from restrictions	2,031,889	(2,031,889)	-	-
Total revenues and other support	<u>2,253,676</u>	<u>(168,276)</u>	<u>2,085,400</u>	<u>2,050,860</u>
Expenses:				
Program expenses:				
Chyulu Hills	-	-	-	63,756
India / Nepal Rhino Conservation	154,492	-	154,492	92,592
Indonesia Sumatran Rhino Sanctuary	-	-	-	210,805
Indonesia Javan Rhino Conservation	455,820	-	455,820	258,616
Malaysia Rhino Protection Units	-	-	-	48,400
Rhino Conservation Medicine Program	-	-	-	11,248
Rhino Conservation Research	93,760	-	93,760	35,900
South Africa	30,000	-	30,000	-
Sumatran Rhino Conservation	793,066	-	793,066	-
Sumatran Rhino Protection Units	-	-	-	474,042
Technical Advisors	105,706	-	105,706	63,489
Zimbabwe Rhino Conservation	399,045	-	399,045	445,562
Total program expenses	<u>2,031,889</u>	<u>-</u>	<u>2,031,889</u>	<u>1,704,410</u>
Support expenses:				
General & administrative-management	106,789	-	106,789	190,133
Fundraising and advertising	35,387	-	35,387	116,190
Professional services	17,641	-	17,641	17,604
Total support expenses	<u>159,817</u>	<u>-</u>	<u>159,817</u>	<u>323,927</u>
Total expenses	<u>2,191,706</u>	<u>-</u>	<u>2,191,706</u>	<u>2,028,337</u>
Change in net assets	61,970	(168,276)	(106,306)	22,523
Net assets at beginning of year	<u>334,284</u>	<u>643,804</u>	<u>978,088</u>	<u>955,565</u>
Net assets at end of year	<u>\$ 396,254</u>	<u>\$ 475,528</u>	<u>\$ 871,782</u>	<u>\$ 978,088</u>

See accompanying notes to financial statements.

**THE INTERNATIONAL RHINO FOUNDATION**

**STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
	<u>                    </u>	<u>                    </u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (106,306)	\$ 22,523
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Grants receivable	(15,805)	(34,223)
Contributions receivable	76,301	(140,135)
Miscellaneous receivables	(490)	1,995
Accounts payable and accrued liabilities	17,648	4,005
Net cash used in operating activities	<u>(28,652)</u>	<u>(145,835)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	793,000	1,925,000
Purchases of investments	(515,006)	(1,757,108)
Net cash provided by investing activities	<u>277,994</u>	<u>167,892</u>
Net increase in cash and cash equivalents	249,342	22,057
Cash and cash equivalents at beginning of year	<u>104,183</u>	<u>82,126</u>
Cash and cash equivalents at end of year	<u>\$ 353,525</u>	<u>\$ 104,183</u>

See accompanying notes to financial statements.

# THE INTERNATIONAL RHINO FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

### 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, 2011 and 2010, the Foundation had no such investments. The Foundation maintains deposits primarily 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**

The Foundation follows the provisions of FASB ASC Topic No. 958-320, *Not-For-Profit Entities – Investments-Debt and Equity Securities*. This statement requires investments with readily determinable fair values to be stated at fair value with realized and unrealized gains and losses included in the statement of activities and changes in net assets. The Foundation's investments at December 31, 2011 and 2010, represented shares held in a money market fund.

FASB ASC Topic No. 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC Topic No. 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.



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

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

**Investments – continued**

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

At December 31, 2011 and 2010, the fair values of the Foundation's investments were based on Level 1 measurements.

**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 within the United States and no tax returns are currently under examination by any tax authorities. At December 31, 2011, the Foundation's tax returns related to fiscal years ended December 31, 2008 through December 31, 2010 remain open to possible examination by the tax authorities.

**Reclassifications**

Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

## THE INTERNATIONAL RHINO FOUNDATION

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

#### **C. Temporarily Restricted Net Assets**

As of December 31, 2011 and 2010, temporarily restricted net assets represent contributions for which donors have imposed restrictions. Substantially all of the Foundation's temporarily restricted net assets are comprised of amounts restricted for use within the scope of the Foundation's charitable purpose (see Note A). Approximately \$344,000 and \$458,000 of the Foundation's money market fund were temporarily restricted at December 31, 2011 and 2010, respectively. Approximately \$132,000 and \$186,000 of the total grants and contributions receivable were temporarily restricted at December 31, 2011 and 2010, respectively.

#### **D. Related Party Transaction**

The Foundation's Executive Director's compensation is funded by an organization for which the Foundation's President serves as the general manager. The Foundation reimbursed this organization approximately \$169,000 and \$147,000 during 2011 and 2010 respectively for the Executive Director's compensation. The Foundation has a new similar arrangement for 2012 that involves another organization whose general manager is a board member of the Foundation.

#### **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, 2011 and 2010, the Foundation incurred expenses of approximately \$243,000 and \$201,000 respectively, related to these contracts. Generally, these contracts can be cancelled by either party with just a brief notice period.

#### **F. Risk Concentrations**

At December 31, 2011, two contributors accounted for approximately 19% and 15% of the Foundation's total contributions. One contributor accounted for approximately 24% of the Foundation's total contributions for the year ended December 31, 2010.

#### **G. Subsequent Events**

In preparing the financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through April 30, 2012, the date the financial statements were available for issuance.