

**THE INTERNATIONAL  
RHINO FOUNDATION**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2012 and 2011  
with Report of Independent Auditors**

**THE INTERNATIONAL  
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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, 2012 and 2011, and the related statement of activities and changes in net assets for the year ended December 31, 2012, and the statements of cash flows for the years ended December 31, 2012 and 2011, 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended 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 2011 financial statements, and our report dated April 30, 2012, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Fort Worth, Texas  
April 17, 2013

**THE INTERNATIONAL RHINO FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>Assets</b>	
Cash and cash equivalents	\$ 1,218,216	\$ 353,525
Investments	374,567	374,562
Grants receivable	-	116,528
Contributions receivable	84,554	63,834
Miscellaneous receivables	9,174	3,187
	<u>\$ 1,686,511</u>	<u>\$ 911,636</u>
	<b>Liabilities and Net Assets</b>	
Accounts payable and accrued liabilities	\$ 217,900	\$ 39,854
Net assets:		
Unrestricted	562,641	396,254
Temporarily restricted	905,970	475,528
Total net assets	<u>1,468,611</u>	<u>871,782</u>
Total liabilities and net assets	<u>\$ 1,686,511</u>	<u>\$ 911,636</u>

See accompanying notes to financial statements.

**THE INTERNATIONAL RHINO FOUNDATION**

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

**Year Ended December 31, 2012 (With Comparative Totals for 2011)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
Revenues and other support:				
Contributions	\$ 376,169	\$ 2,239,469	\$ 2,615,638	\$ 2,085,394
Interest income	5	-	5	6
Net assets released from restrictions	1,809,027	(1,809,027)	-	-
Total revenues and other support	<u>2,185,201</u>	<u>430,442</u>	<u>2,615,643</u>	<u>2,085,400</u>
Expenses:				
Program expenses:				
Black Rhino Reparation Fund	1,527	-	1,527	-
Botswana	7,905	-	7,905	-
India / Nepal Rhino Conservation	112,209	-	112,209	154,492
Indonesia Javan Rhino Conservation	179,253	-	179,253	455,820
Rhino Conservation Research	4,858	-	4,858	93,760
South Africa	153,012	-	153,012	30,000
Sumatran Rhino Conservation	773,382	-	773,382	793,066
Technical Advisors	93,174	-	93,174	105,706
Uganda	1,070	-	1,070	-
Zimbabwe Special Projects	85,306	-	85,306	-
Zimbabwe Rhino Conservation	397,331	-	397,331	399,045
Total program expenses	<u>1,809,027</u>	<u>-</u>	<u>1,809,027</u>	<u>2,031,889</u>
Support expenses:				
General and administrative-management	111,494	-	111,494	106,789
Fundraising and advertising	79,143	-	79,143	35,387
Professional services	19,150	-	19,150	17,641
Total support expenses	<u>209,787</u>	<u>-</u>	<u>209,787</u>	<u>159,817</u>
Total expenses	<u>2,018,814</u>	<u>-</u>	<u>2,018,814</u>	<u>2,191,706</u>
Change in net assets	166,387	430,442	596,829	(106,306)
Net assets at beginning of year	<u>396,254</u>	<u>475,528</u>	<u>871,782</u>	<u>978,088</u>
Net assets at end of year	<u>\$ 562,641</u>	<u>\$ 905,970</u>	<u>\$ 1,468,611</u>	<u>\$ 871,782</u>

See accompanying notes to financial statements.

**THE INTERNATIONAL RHINO FOUNDATION**

**STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
	<u>          </u>	<u>          </u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 596,829	\$ (106,306)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Grants receivable	116,528	(15,805)
Contributions receivable	(20,720)	76,301
Miscellaneous receivables	(5,987)	(490)
Accounts payable and accrued liabilities	178,046	17,648
Net cash provided by (used in) operating activities	<u>864,696</u>	<u>(28,652)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	-	793,000
Purchases of investments	(5)	(515,006)
Net cash provided by (used in) investing activities	<u>(5)</u>	<u>277,994</u>
Net increase in cash and cash equivalents	864,691	249,342
Cash and cash equivalents at beginning of year	<u>353,525</u>	<u>104,183</u>
Cash and cash equivalents at end of year	<u>\$ 1,218,216</u>	<u>\$ 353,525</u>

See accompanying notes to financial statements.

# THE INTERNATIONAL RHINO FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

### 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, 2012 and 2011, 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**

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, 2012 and 2011, the Foundations investments consist 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.

**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, 2012, the Foundation's tax returns related to fiscal years ended December 31, 2009 through December 31, 2011 remain open to possible examination by the tax authorities.

**C. Temporarily Restricted Net Assets**

As of December 31, 2012 and 2011, 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 \$862,000 and \$344,000 of the Foundation's cash and cash equivalents and investments were temporarily restricted at December 31, 2012 and 2011, respectively. Approximately \$44,000 and \$132,000 of the total grants and contributions receivable were temporarily restricted at December 31, 2012 and 2011, respectively.

**D. Related Party Transaction**

The Foundation's Executive Director's compensation is funded by an organization for which a Foundation board member serves as the general manager. The Foundation reimbursed this organization approximately \$152,000 and \$169,000 during 2012 and 2011 respectively for the Executive Director's compensation.

**THE INTERNATIONAL RHINO FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**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, 2012 and 2011, the Foundation incurred expenses of approximately \$276,000 and \$243,000 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, 2012 and 2011, two contributors accounted for approximately 23% and 34% 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 April 17, 2013, the date the financial statements were available for issuance.