COMBINED FINANCIAL STATEMENTS

the Jane Goodall Institute

THE JANE GOODALL INSTITUTE FOR WILDLIFE RESEARCH, EDUCATION AND CONSERVATION AND RELATED ENTITY

FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2016

THE JANE GOODALL INSTITUTE FOR WILDLIFE RESEARCH, EDUCATION AND CONSERVATION AND RELATED ENTITY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Jane Goodall Institute for Wildlife Research, Education and
Conservation and Related Entity
Vienna, Virginia

We have audited the accompanying combined financial statements of The Jane Goodall Institute for Wildlife Research, Education and Conservation and Related Entity (collectively, the Institute), which comprise the combined statement of financial position as of December 31, 2017, and the related combined statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Institute as of December 31, 2017, and the combined change in its net assets and its combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Institute's 2016 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Gelman Rosenberg & Freedman

November 13, 2018

THE JANE GOODALL INSTITUTE FOR WILDLIFE RESEARCH, EDUCATION AND CONSERVATION AND RELATED ENTITY

COMBINED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

ASSETS

	2017	2016
ASSETS		
Cash and cash equivalents:		
Funds held in United States	$ 2,480,600	$ 253,944
Funds held in foreign countries	1,462,512	543,173
Total cash and cash equivalents	3,943,112	797,117
Investments (Notes 2, 9 and 10)	4,197,275	5,206,215
Grants receivable	1,565,490	2,591,760
Other receivables	1,434,805	808,878
Prepaid expenses	128,660	95,440
Inventory	-	7,026
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization (Note 3)	216,814	277,676
Right-of-use assets, net (Note 4)	2,365,226	2,204,264
Security deposit	18,477	18,477
TOTAL ASSETS	**$ 13,869,859**	**$ 12,006,853**

LIABILITIES AND NET ASSETS

	2017	2016
LIABILITIES		
Line of credit (Note 10)	$ -	$ 2,231,375
Accounts payable and accrued liabilities	1,169,167	809,635
Deferred rent abatement (Note 5)	116,768	136,590
Total liabilities	1,285,935	3,177,600
NET ASSETS		
Unrestricted	3,574,217	3,444,924
Temporarily restricted (Note 6)	7,781,929	4,156,551
Permanently restricted (Note 7)	1,227,778	1,227,778
Total net assets	12,583,924	8,829,253
TOTAL LIABILITIES AND NET ASSETS	**$ 13,869,859**	**$ 12,006,853**

See accompanying notes to combined financial statements.

THE JANE GOODALL INSTITUTE FOR WILDLIFE RESEARCH, EDUCATION AND CONSERVATION AND RELATED ENTITY

COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE					
Contributions and grants	$ 6,492,100	$ 12,137,966	$ -	$ 18,630,066	$ 11,126,321
Bequests	775,569	-	-	775,569	542,428
Lecture tour and honorariums	245,000	-	-	245,000	332,704
Donor trip	21,000	-	-	21,000	23,400
Merchandise sales	112,278	-	-	112,278	3,948
Royalties, license fees and other income	272,412	-	-	272,412	212,289
Investment income (Note 2)	227,541	115,689	-	343,230	220,039
In-kind contributions	1,987,675	-	-	1,987,675	2,024,590
Net assets released from restriction - satisfaction of donor restrictions (Note 6)	8,628,277	(8,628,277)	-	-	-
Total revenue	18,761,852	3,625,378	-	22,387,230	14,485,719
EXPENSES					
Program Services:					
Animal Welfare and Conservation	12,621,732	-	-	12,621,732	10,746,761
Education	2,129,453	-	-	2,129,453	2,154,329
Communications and Membership	579,264	-	-	579,264	597,891
Total program services	15,330,449	-	-	15,330,449	13,498,981
Supporting Services:					
Fundraising	1,993,457	-	-	1,993,457	1,570,697
Management and General	1,466,110	-	-	1,466,110	983,458
Total supporting services	3,459,567	-	-	3,459,567	2,554,155
Total expenses	18,790,016	-	-	18,790,016	16,053,136
Change in net assets from operating activities before other items	(28,164)	3,625,378	-	3,597,214	(1,567,417)
OTHER ITEMS					
Exchange rate gain	14,312	-	-	14,312	3,157
Unrealized gain on investments (Note 2)	143,145	-	-	143,145	93,854
Total other items	157,457	-	-	157,457	97,011
Change in net assets	129,293	3,625,378	-	3,754,671	(1,470,406)
Net assets at beginning of year	3,444,924	4,156,551	1,227,778	8,829,253	10,299,659
NET ASSETS AT END OF YEAR	$ 3,574,217	$ 7,781,929	$ 1,227,778	$ 12,583,924	$ 8,829,253

See accompanying notes to combined financial statements.

THE JANE GOODALL INSTITUTE FOR WILDLIFE RESEARCH, EDUCATION AND CONSERVATION AND RELATED ENTITY

COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017			
	Program Services			
	Animal Welfare and Conservation	**Education**	**Communications and Membership**	**Total Program Services**
Salaries	$ 3,021,565	$ 624,051	$ 298,541	$ 3,944,157
Taxes and benefits	752,225	198,388	64,308	1,014,921
Other personnel costs	893,830	77,619	26,955	998,404
Professional services	32,074	32,919	25,020	90,013
Telephone and fax	100,494	13,457	2,135	116,086
Postage and delivery	72,697	4,602	11,200	88,499
Printing and photocopying	83,767	6,387	5,700	95,854
Equipment, depreciation, repairs and maintenance	236,342	33,457	10,059	279,858
Travel	612,014	261,352	27,370	900,736
Bank fees, insurance and registration fees	66,548	28,573	-	95,121
Direct mail	-	-	-	-
Supplies	46,263	23,489	9,820	79,572
Dues, fees, and subscriptions	2,009,012	744	17,021	2,026,777
Field expense	3,219,214	514,410	-	3,733,624
Occupancy costs	318,075	91,786	13,311	423,172
Event expense	164,840	6,144	3,500	174,484
Database management and fulfillment	-	-	-	-
Subtotal	11,628,960	1,917,378	514,940	14,061,278
Allocation of joint costs	992,772	212,075	64,324	1,269,171
TOTAL	**$ 12,621,732**	**$ 2,129,453**	**$ 579,264**	**$ 15,330,449**

				2016
Supporting Services				
Fundraising	Management and General	Total Supporting Services	Total Expenses	Total Expenses
$ 627,421	$ 674,690	$ 1,302,111	$ 5,246,268	$ 4,716,482
176,635	158,697	335,332	1,350,253	1,026,924
24,745	92,595	117,340	1,115,744	853,338
201,411	185,803	387,214	477,227	269,638
11,076	16,697	27,773	143,859	115,152
18,536	1,208	19,744	108,243	161,970
22,868		22,868	118,722	193,078
37,946	60,574	98,520	378,378	306,980
151,241	45,859	197,100	1,097,836	796,042
49,252	149,072	198,324	293,445	279,850
1,638,450	-	1,638,450	1,638,450	1,356,772
82,376	6,739	89,115	168,687	101,295
-	4,471	4,471	2,031,248	2,069,160
-	-	-	3,733,624	3,125,725
27,974	69,705	97,679	520,851	430,692
-	-	-	174,484	102,278
192,697	-	192,697	192,697	147,760
3,262,628	1,466,110	4,728,738	18,790,016	16,053,136
(1,269,171)	-	(1,269,171)	-	-
$ 1,993,457	**$ 1,466,110**	**$ 3,459,567**	**$ 18,790,016**	**$ 16,053,136**

THE JANE GOODALL INSTITUTE FOR WILDLIFE RESEARCH, EDUCATION AND CONSERVATION AND RELATED ENTITY

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,754,671	$ (1,470,406)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	140,506	143,610
Realized gain on sale of investments	(182,660)	(39,853)
Unrealized gain on investments	(143,145)	(93,854)
Decrease (increase) in:		
Grants receivable	1,026,270	459,759
Other receivables	(625,927)	(12,732)
Prepaid expenses	(33,220)	60,822
Inventory	7,026	7,659
Increase (decrease) in:		
Accounts payable and accrued liabilities	359,532	86,309
Deferred rent abatement	(19,822)	(13,113)
Net cash provided (used) by operating activities	4,283,231	(871,799)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and right-of-use assets	(240,606)	(290,699)
Net sales (purchases) of investments	1,334,745	(470,561)
Net cash provided (used) by investing activities	1,094,139	(761,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments (borrowings) on line of credit	(2,231,375)	1,431,375
Net cash (used) provided by financing activities	(2,231,375)	1,431,375
Net increase (decrease) in cash and cash equivalents	3,145,995	(201,684)
Cash and cash equivalents at beginning of year	797,117	998,801
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 3,943,112**	**$ 797,117**
SUPPLEMENTAL INFORMATION		
Interest Paid	**$ 31,537**	**$ 32,017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Jane Goodall Institute for Wildlife Research, Education and Conservation (the Institute) was incorporated as a nonprofit organization under the laws of the State of California in 1977. The Institute contributes to the preservation of great apes and their habitats through conservation, education and promotion of sustainable livelihoods in local communities; improves global understanding and treatment of great apes through research, public education and advocacy; and engages a worldwide network of young people who take responsible action on behalf of humans, animals and the environment.

The Jane Goodall Institute, Inc. - Tanzania (JGI-Tanzania) is a legally registered organization located in Tanzania and receives the majority of its support from The Jane Goodall Institute for Wildlife Research, Education and Conservation. The current programs are funded by various public and private donors.

Program services -

Program services are segregated by type of activity within the Combined Statement of Activities and Change in Net Assets. The following indicates the specific activities that are included in each program area and promoted by the Institute:

- **Animal Welfare and Conservation**
  Conservation activities ensure the long-term preservation of wildlife habitats, including reforestation and an extensive community-centered conservation program. Expenses include those related to the TACARE (Lake Tanganyika Catchment Reforestation and Education) program in Tanzania and similar initiatives in other African countries, as well as the Institutes Tanzanian Roots & Shoots program. Animal welfare activities ensure the physical and psychological well-being of animals in general, particularly chimpanzees. Animal welfare and conservation activities include the Institute's sanctuary in the Republic of Congo. In the United States, the Institute lends assistance to organizations seeking to address the welfare of captive chimpanzees kept for pets, entertainment and medical testing.

- **Education**
  Education efforts heighten global awareness of the issues facing wild and captive great apes, particularly chimpanzees, and foster an awareness and understanding of the interdependence of all life, and empower youth to take action on behalf of people, animals and the environment. These types of expenses include those related to the Dr. Goodall's United States tours, including efforts to educate policy makers, and Jane Goodall's Roots & Shoots program, the Institute's global environmental and humanitarian youth program.

- **Communications and Membership**
  Communication efforts promote the Institute’s work to the general public, inform in regular updates the progress and outcomes of its efforts in conservation and development, wildlife research, and humanitarian and environmental education, and seek to heighten global awareness of the threats facing chimpanzees and other conservation issues. Communication efforts also entail creation of educational materials and their distribution to Institute members and the general public. This work is done through the Institute’s website, print materials, videos and promotion of Dr. Jane Goodall’s lecture tour and media appearances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with *FASB ASC 958-810, Not-for-Profit Entities, Consolidation*. All intercompany transactions have been eliminated during combination.

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Institute's combined financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Cash and cash equivalents -

The Institute considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers in the amount of $149,900 at December 31, 2017.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a limit of $250,000. At times during the year, the Institute maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

At December 31, 2017, the Institute maintained cash and cash equivalents of $1,462,512 in foreign countries. The majority of these funds are uninsured.

Foreign operations -

The Institute maintains field offices in Tanzania, Uganda, the Republic of Congo and the Democratic Republic of Congo.

Assets and liabilities denominated in each respective countries' functional currency are converted into U.S. Dollars at year-end exchange rates, and revenue and expense accounts are translated at the average rates in effect during the year. Exchange gains and losses are reported in the Combined Statement of Activities and Change in Net Assets.

Grants receivable -

Grants receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Other receivables -

Other receivables consist of contributions, travel advances, accrued interest and other miscellaneous receivables that are stated at their net realizable value. Management considers all amounts to be collectible. Accordingly, an allowance for doubtful accounts has not been established.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property, equipment and leasehold improvements -

Furniture and equipment costing in excess of $2,500 are capitalized and depreciated over the life of the asset ranging from three to seven years. Leasehold improvements are capitalized and amortized over the life of the lease and buildings are amortized over the life of the building.

All costs (direct and indirect) associated with construction of the chimpanzee reserve are capitalized.

Right-of-use assets -

The Institute is in the process of constructing and improving certain structures and facilities for a chimpanzee reserve within the Tchimpounga Nature Reserve in Congo. The structures and facilities have been recorded at cost and are being amortized over a period of 25 years. The Institute has an agreement with the Ministry of Forest Economy and Sustainable Development for the use of the structures and facilities within the national park. The agreement is reviewed every five years, but is expected to be continued for an unlimited period of time; however, in accordance with the agreement, formal ownership of the structures and facilities are the property of the Government of the Republic of Congo, but are managed as a project by the Institute.

Investments -

Investments are presented in the combined financial statements at their readily determinable fair value. Interest and dividend income is recorded as revenue when earned. Realized gains and losses from investments are included in investment income, which is reflected in the Combined Statement of Activities and Change in Net Assets. Unrealized gains and losses are reflected as an other item in the Combined Statement of Activities and Change in Net Assets.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Institute.

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Institute and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statement of Activities and Change in Net Assets as net assets released from restrictions.

- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by the Institute.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Income taxes -

The Institute is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. The Institute is not a private foundation.

As an independently registered non-governmental organization (NGO), The Jane Goodall Institute, Inc. - Tanzania (JGI-Tanzania) is subject to taxes on its net investment income. JGI-Tanzania did not earn any investment income. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements.

Uncertain tax positions -

For the year ended December 31, 2017, the Institute has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

Contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying combined financial statements. Contributions and grants with donor-imposed restrictions that are met in the same accounting period are reported as unrestricted net assets.

In-kind contributions -

In-kind contributions are recorded as revenue and expense at the fair market value on the date of donation. During the year ended December 31, 2017, the Institute received donated software licenses valued at $1,987,675. The revenue is shown as an in-kind contribution and the corresponding expense is recorded within dues, fees and subscriptions under the Animal Welfare and Conservation program.

The Institute makes extensive use of volunteers in many of their programs, have a volunteer Board of Directors, and does not attempt to place a dollar value on these donated services. The contribution benefited the animal welfare and conservation program.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Use of estimates -

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Investment risks and uncertainties -

The Institute invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market, foreign exchange, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

Fair value measurement -

The Institute adopted the provisions of FASB ASC 820, *Fair Value Measurement*.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Institute accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

New accounting pronouncements (not yet adopted) -

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made,* which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional.

The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Institute has not yet decided on a transition method. The ASU is effective for years beginning after December 15, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements (not yet adopted) (continued) -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Combined Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Institute's financial statements, it is not expected to alter the Institute's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The Institute has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Combined Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Institute plans to adopt the new ASUs at the respective required implementation dates.

2. INVESTMENTS

Investments are recorded at their readily determinable fair value. Investments at December 31, 2017 are as follows:

	Fair Value
Money market funds	$ 149,900
Mutual funds	2,231,707
Stocks	12,318
Bonds	1,727,028
Exchange traded funds	76,322
TOTAL INVESTMENTS	**$ 4,197,275**

2. INVESTMENTS (Continued)

An unrealized gain of $143,145 is reported as an other item in the Combined Statement of Activities and Change in Net Assets.

Investment income for the year ended December 31, 2017 consisted of the following:

Interest and dividends	$ 160,570
Realized gain	182,660
TOTAL INVESTMENT INCOME	**$ 343,230**

3. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at December 31, 2017 are comprised of the following:

Furniture	$ 40,509
Software	370,607
Computer hardware	48,302
Equipment	54,073
Leasehold improvements and buildings	157,134
Vehicles	147,883
	818,508
Less: Accumulated depreciation and amortization	(601,694)
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET	**$ 216,814**

4. RIGHT-OF-USE ASSETS

The institute is in the process of constructing a chimpanzee reserve in the Tchimpounga Nature Reserve in Congo, in which the Institute has been granted a right-of-use of such assets.

Following is a summary of the net value of the right to use asset at December 31, 2017:

Buildings, structures and improvements	$ 2,583,688
Less: Accumulated depreciation and amortization	(218,462)
NET VALUE, RIGHT-OF-USE ASSETS	**$ 2,365,226**

5. LEASE COMMITMENTS

Beginning September 1, 2012, the Institute entered into an eight-year lease for office space, which expires April 30, 2021, with one five-year option to renew at prevailing market rates. The lease includes a rent abatement for the first eight months.

Rent expense (including operating expenses and real estate taxes) under these agreements for the year ended December 31, 2017 totaled $371,958, and is included in occupancy expense on the statement of functional expense.

5. LEASE COMMITMENTS (Continued)

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent abatement. The deferred rent abatement liability was $116,768 as of December 31, 2017.

Future minimum lease payments, excluding operating expenses and real estate taxes, are as follows:

Year Ending December 31,	
2018	$ 256,465
2019	263,515
2020	270,764
2021	91,903
	$ 882,647

The Institute also leases office space in foreign countries under short-term lease agreements.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2017:

Animal Welfare and Conservation	**$ 7,781,929**

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

Animal Welfare and Conservation	$ 8,512,588
Appropriation of Endowment Earnings	115,689
	$ 8,628,277

7. PERMANENTLY RESTRICTED NET ASSETS

The Institute's permanently restricted net assets consist of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Institute to appropriate for expenditures or accumulate so much of an endowment fund as the Institute determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors. As a result of this interpretation, the Institute has not changed the way permanently restricted net assets are classified.

7. PERMANENTLY RESTRICTED NET ASSETS (Continued)

See Note 1 for further information on net asset classification. The remaining portion of the donor-restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	**$ -**	**$ -**	**$ 1,227,778**	**$ 1,227,778**

There were no changes in endowment net assets for the year ended December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year and end of year	$ -	$ -	$ 1,227,778	$ 1,227,778
Investment income	-	115,689	-	115,689
Appropriation of endowment assets for expenditure	-	(115,689)	-	(115,689)
ENDOWMENT NET ASSETS, END OF YEAR	**$ -**	**$ -**	**$ 1,227,778**	**$ 1,227,778**

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the organization to retain as fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature reported in unrestricted net assets as of December 31, 2017.

Return Objectives and Risk Parameters -

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in-perpetuity or for a donor-specified period(s).

7. PERMANENTLY RESTRICTED NET ASSETS (Continued)

Return Objectives and Risk Parameters (continued) -

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Institute expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institute targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Board of Directors authorizes the appropriations of spending during the Board approval of the budget. The Institute considers the long-term expected return on its endowment. Accordingly, over the long-term, the Institute expects the current spending policy to allow its endowment to grow annually. This is consistent with the Institute's objective to maintain the purchasing power of the endowment assets held in-perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

8. RETIREMENT PLAN

Retirement benefits are available for all regular, full-time employees. Eligible employees are covered by a 401(k) pension plan. The Institute contributes five percent of an employee’s base salary annually. Contributions made by the Institute during the year ended December 31, 2017, amounted to $134,327.

9. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Institute has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Combined Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Institute has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

9. FAIR VALUE MEASUREMENT (Continued)

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2017.There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2017. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - Valued at the daily closing price as reported by the fund. The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC). This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Institute are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Institute are deemed to be actively traded.
- *Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Exchange traded funds* - A marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund, and trades like a common stock on a stock exchange. Valued at the closing price reported on the active market in which the individual securities are traded.
- *Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, by level within the fair value hierarchy, the Institute's investments as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Money market funds	$ 149,900	$ -	$ -	$ 149,900
Mutual funds	2,231,707	-	-	2,231,707
Stocks	12,318	-	-	12,318
Exchange traded funds	76,322	-	-	76,322
Bonds	-	1,727,028	-	1,727,028
TOTAL	**$ 2,470,247**	**$ 1,727,028**	**$ -**	**$ 4,197,275**

10. LINE OF CREDIT

The Institute has a $2,399,615 revolving line of credit with the financial institution that manages its investments. The line of credit is secured by the Institute's investment portfolio.

10. LINE OF CREDIT (Continued)

Borrowings on the line of credit bear interest at the LIBOR rate (.77% at December 31, 2017) plus 2.75%. As of December 31, 2017, there were no outstanding borrowings on the line of credit.

11. ALLOCATION OF JOINT COSTS

The Institute conducts direct mail campaigns and special events that have a programmatic and fundraising content. Accordingly, $1,269,171 of the fundraising costs associated with the direct mail campaigns and the special events have been allocated among the programs and supporting services benefited. $369,279 of the costs remain in fundraising.

The method of allocating costs was based primarily on the programmatic and fundraising content of the activities.

The joint costs were allocated as follows:

Animal Welfare and Conservation	$ 992,772
Education	212,075
Communications and Membership	64,324
Fundraising	369,279
TOTAL	**$ 1,638,450**

12. CONTINGENCY

The Institute receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2017. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

13. SUBSEQUENT EVENTS

In preparing these combined financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through November 13, 2018, the date the combined financial statements were issued.