

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, 2018
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2017**

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

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GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



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, 2018, 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, 2018, 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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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Report on Summarized Comparative Information

We have previously audited the Institute's 2017 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, 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 July 1, 2019 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

July 1, 2019

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

**COMBINED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
ASSETS		
Cash and cash equivalents:		
Funds held in United States	\$ 1,104,113	\$ 2,480,600
Funds held in foreign countries	<u>670,953</u>	<u>1,225,331</u>
Total cash and cash equivalents	1,775,066	3,705,931
Investments (Notes 2, 10 and 12)	5,538,997	4,197,275
Grants receivable	740,523	1,565,490
Other receivables	868,600	1,551,704
Prepaid expenses	227,667	352,558
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization (Note 3)	169,719	216,814
Right-of-use assets, net (Note 4)	2,261,168	2,365,226
Security deposit	<u>18,477</u>	<u>18,477</u>
TOTAL ASSETS	<u>\$ 11,600,217</u>	<u>\$ 13,973,475</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Loan payable (Note 11)	\$ 100,000	\$ -
Accounts payable and accrued liabilities	1,335,813	1,272,783
Deferred rent abatement (Note 5)	<u>90,067</u>	<u>116,768</u>
Total liabilities	<u>1,525,880</u>	<u>1,389,551</u>
NET ASSETS		
Without donor restrictions	3,765,826	3,574,217
With donor restrictions (Note 6)	<u>6,308,511</u>	<u>9,009,707</u>
Total net assets	<u>10,074,337</u>	<u>12,583,924</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,600,217</u>	<u>\$ 13,973,475</u>

**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, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions and grants	\$ 8,603,276	\$ 5,381,279	\$ 13,984,555	\$ 18,630,066
Bequests	613,730	-	613,730	775,569
Lecture tour and honorariums	439,811	-	439,811	245,000
Donor trip	34,600	-	34,600	21,000
Merchandise sales	95,649	-	95,649	112,278
Royalties, license fees and other income	466,483	-	466,483	272,412
Investment income (Note 2)	122,518	-	122,518	302,410
In-kind contributions	1,320,492	-	1,320,492	1,987,675
Net assets released from restriction - satisfaction of donor restrictions (Note 6)	<u>8,082,475</u>	<u>(8,082,475)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>19,779,034</u>	<u>(2,701,196)</u>	<u>17,077,838</u>	<u>22,346,410</u>
EXPENSES				
Program Services:				
Animal Welfare and Conservation	12,694,560	-	12,694,560	12,621,732
Education	1,529,516	-	1,529,516	2,129,453
Communications and Membership	<u>569,490</u>	<u>-</u>	<u>569,490</u>	<u>579,264</u>
Total program services	<u>14,793,566</u>	<u>-</u>	<u>14,793,566</u>	<u>15,330,449</u>
Supporting Services:				
Management and General	2,237,362	-	2,237,362	1,425,290
Fundraising	<u>2,304,597</u>	<u>-</u>	<u>2,304,597</u>	<u>1,993,457</u>
Total supporting services	<u>4,541,959</u>	<u>-</u>	<u>4,541,959</u>	<u>3,418,747</u>
Total expenses	<u>19,335,525</u>	<u>-</u>	<u>19,335,525</u>	<u>18,749,196</u>
Change in net assets from operating activities before other items	<u>443,509</u>	<u>(2,701,196)</u>	<u>(2,257,687)</u>	<u>3,597,214</u>
OTHER ITEMS				
Exchange rate gain	29,754	-	29,754	14,312
Unrealized (loss) gain on investments (Note 2)	<u>(281,654)</u>	<u>-</u>	<u>(281,654)</u>	<u>143,145</u>
Total other items	<u>(251,900)</u>	<u>-</u>	<u>(251,900)</u>	<u>157,457</u>
Change in net assets	191,609	(2,701,196)	(2,509,587)	3,754,671
Net assets at beginning of year	<u>3,574,217</u>	<u>9,009,707</u>	<u>12,583,924</u>	<u>8,829,253</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,765,826</u>	<u>\$ 6,308,511</u>	<u>\$ 10,074,337</u>	<u>\$ 12,583,924</u>

THE JANE GOODALL INSTITUTE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018						2017		
	Program Services			Supporting Services			Total Expenses	Total Expenses	
	Animal Welfare and Conservation	Education	Communications and Membership	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries and wages	\$ 3,129,938	\$ 640,632	\$ 284,439	\$ 4,055,009	\$ 860,150	\$ 723,486	\$ 1,583,636	\$ 5,638,645	\$ 5,246,268
Benefits	897,655	198,499	60,938	1,157,092	153,720	283,359	437,079	1,594,171	1,350,253
Other personnel costs	960,428	23,698	39,675	1,023,801	63,161	2,544	65,705	1,089,506	1,115,744
Occupancy costs	296,282	4,680	-	300,962	245,006	360	245,366	546,328	520,851
Professional fees	108,271	1,742	79,917	189,930	184,773	126,350	311,123	501,053	436,407
Office expenses	112,708	2,021	17,437	132,166	18,170	22,076	40,246	172,412	-
Postage and delivery	1,818	3,179	2,422	7,419	1,554	9,750	11,304	18,723	108,243
Printing and photocopying	49,938	192	11,013	61,143	-	1,909	1,909	63,052	118,722
Subscriptions	648	538	25,007	26,193	5,316	3,457	8,773	34,966	40,955
Marketing and entertainment	45,783	7,168	86	53,037	4,890	9,652	14,542	67,579	-
Database and website management	13,529	15,573	11,047	40,149	236,001	207,193	443,194	483,343	192,697
Computer hardware, software and equipment	164,331	6,631	5,689	176,651	41,212	20,280	61,492	238,143	233,881
Telephone and cable	131,336	6,140	2,717	140,193	23,042	5,437	28,479	168,672	143,859
Travel	749,773	271,419	18,823	1,040,015	121,105	189,706	310,811	1,350,826	1,097,836
Corporate expense and registration	91,259	1,233	(1,328)	91,164	177,963	73,618	251,581	342,745	293,445
Direct mail	735,498	101,843	11,608	848,949	-	624,907	624,907	1,473,856	1,638,450
Miscellaneous expense	97	5,155	-	5,252	4,620	513	5,133	10,385	333,457
Depreciation expense	118,891	-	-	118,891	3,522	-	3,522	122,413	144,497
Amortization expense	-	-	-	-	35,394	-	35,394	35,394	-
Field expenses	3,765,885	239,173	-	4,005,058	-	-	-	4,005,058	3,745,956
In-kind contribution	1,320,492	-	-	1,320,492	-	-	-	1,320,492	1,987,675
Adjustment to reconcile field advance accounts	-	-	-	-	57,763	-	57,763	57,763	-
TOTAL	\$ 12,694,560	\$ 1,529,516	\$ 569,490	\$ 14,793,566	\$ 2,237,362	\$ 2,304,597	\$ 4,541,959	\$ 19,335,525	\$ 18,749,196

See accompanying notes to combined financial statements.

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

**COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,509,587)	\$ 3,754,671
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	152,049	140,506
Realized gain on sale of investments	(60,964)	(182,660)
Unrealized loss (gain) on investments	281,654	(143,145)
Decrease (increase) in:		
Grants receivable	824,967	1,026,270
Other receivables	683,104	(742,826)
Prepaid expenses	124,891	(257,118)
Inventory	-	7,026
Increase (decrease) in:		
Accounts payable and accrued liabilities	63,030	463,148
Deferred rent abatement	<u>(26,701)</u>	<u>(19,822)</u>
Net cash (used) provided by operating activities	<u>(467,557)</u>	<u>4,046,050</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and right-of-use assets	(896)	(240,606)
Net (purchases) sales of investments	<u>(1,562,412)</u>	<u>1,334,745</u>
Net cash (used) provided by investing activities	<u>(1,563,308)</u>	<u>1,094,139</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(2,231,375)
Proceeds from loan payable	<u>100,000</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>100,000</u>	<u>(2,231,375)</u>
Net (decrease) increase in cash and cash equivalents	(1,930,865)	2,908,814
Cash and cash equivalents at beginning of year	<u>3,705,931</u>	<u>797,117</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,775,066</u>	<u>\$ 3,705,931</u>
SUPPLEMENTAL INFORMATION		
Interest Paid	<u>\$ -</u>	<u>\$ 31,537</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 Institute's 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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**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 the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended December 31, 2018 and applied retrospectively.

The accompanying combined financial statements are presented 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, 2017, 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 \$1,115,762 at December 31, 2018.

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, 2018, the Institute maintained cash and cash equivalents of \$670,953 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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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.

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. Interest, dividends and realized gains and losses from investments are included in investment income, net of investment expenses, 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 -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

**THE JANE GOODALL INSTITUTE FOR WILDLIFE RESEARCH,
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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Net asset classification (continued) -

- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Institute mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Income taxes -

The Institute is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. 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, 2018, 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 received without donor restrictions and with donor restrictions are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying combined financial statements.

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, 2018, the Institute received donated software licenses valued at \$1,320,492. The revenue is shown as an in-kind contribution and the corresponding expense is recorded 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.

**THE JANE GOODALL INSTITUTE FOR WILDLIFE RESEARCH,
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**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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. Expenses directly attributed to a specific functional area of the Institute are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort.

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. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes.

Net assets previously classified as of December 31, 2017 as unrestricted net assets in the amount of \$3,574,217 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets and permanently restricted net assets in the amount of \$7,781,929 and \$1,227,778, respectively, are now classified as "net assets with donor restrictions".

THE JANE GOODALL INSTITUTE FOR WILDLIFE RESEARCH,
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NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

New accounting pronouncements (not yet adopted) -

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. 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 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.

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, 2018 are as follows:

	<u>Fair Value</u>
Money market funds	\$ 1,115,762
Mutual funds	2,989,452
Stocks	7,147
Bonds	1,202,808
Exchange traded funds	<u>223,828</u>
TOTAL INVESTMENTS	<u>\$ 5,538,997</u>

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2. INVESTMENTS (Continued)

An unrealized loss of \$281,654 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, 2018 consisted of the following:

Interest and dividends	\$ 97,437
Realized gain	60,964
Management fees	<u>(35,883)</u>
TOTAL INVESTMENT INCOME	<u>\$ 122,518</u>

3. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at December 31, 2018 are comprised of the following:

Furniture	\$ 40,432
Software	370,495
Computer hardware	47,865
Equipment	61,124
Leasehold improvements and buildings	152,943
Vehicles	<u>148,729</u>
	821,588
Less: Accumulated depreciation and amortization	<u>(651,869)</u>
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET	<u>\$ 169,719</u>

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, 2018:

Buildings, structures and improvements	\$ 2,583,688
Less: Accumulated depreciation and amortization	<u>(322,520)</u>
NET VALUE, RIGHT-OF-USE ASSETS	<u>\$ 2,261,168</u>

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, 2018 totaled \$430,818, and is included in occupancy expense on the statement of functional expense.

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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 \$90,067 as of December 31, 2018.

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

<u>Year Ending December 31,</u>	
2019	\$ 263,515
2020	270,764
2021	<u>91,903</u>
	<u>\$ 626,182</u>

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

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2018:

Subject to expenditure for specified purpose:	
Animal Welfare and Conservation	\$ 5,080,733
Endowment to be invested in perpetuity	<u>1,227,778</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 6,308,511</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose Restrictions Accomplished:	
Animal Welfare and Conservation	<u>\$ 8,082,475</u>

7. ENDOWMENT

The Institute's endowment consists 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 is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

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7. ENDOWMENT (Continued)

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Institute considers a fund to be underwater if the fair value of the fund is less than the sum the (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Institute has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Institute 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, 2018:

	<u>With Donor Restrictions</u>
Donor-Restricted Endowment Funds	\$ <u>1,227,778</u>

Changes in endowment net assets for the year ended December 31, 2018:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year and end of year	\$ 1,227,778
Investment loss	(43,520)
Other changes:	
Replenishment of funds from net assets without donor restrictions	43,520
ENDOWMENT NET ASSETS, END OF YEAR	\$ <u>1,227,778</u>

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 UPMIFA requires the organization to retain as a fund of perpetual duration. During the year ended December 31, 2018, the proportion of the investment losses due to unfavorable market fluctuations attributable to the endowment investments totaled \$43,520. This deficiency was replenished by funds from net assets without donor restrictions.

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).

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7. ENDOWMENT (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. The 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. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents:	
Funds held in United States	\$ 1,104,113
Funds held in foreign countries	<u>670,953</u>
Total Cash and Cash Equivalents	1,775,066
Investments	5,538,997
Grants receivable	740,523
Other receivables	<u>868,600</u>
Subtotal financial assets available within one year	8,923,186
Less: Donor restricted funds	<u>(6,308,511)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES	<u>\$ 2,614,675</u>

The Institute has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2018, the Institute has financial assets equal to approximately one month of average expenses. In addition, the Institute has a line of credit agreement (as further discussed in Note 12) which allows for additional available borrowings up to \$2,399,615.

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9. 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, 2018, amounted to \$153,897.

10. 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.

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, 2018. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2018. 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.

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10. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the Institute's investments as of December 31, 2018:

	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	\$ 1,115,762	\$ -	\$ -	\$ 1,115,762
Mutual funds	2,989,452	-	-	2,989,452
Stocks	7,147	-	-	7,147
Exchange traded funds	223,828	-	-	223,828
Bonds	<u>-</u>	<u>1,202,808</u>	<u>-</u>	<u>1,202,808</u>
TOTAL	<u>\$ 4,336,189</u>	<u>\$ 1,202,808</u>	<u>\$ -</u>	<u>\$ 5,538,997</u>

11. LOAN PAYABLE

During the year ended December 31, 2018, the Institute received a \$100,000 loan from the Founder of the organization. There is no formal due date or payment terms for the loan, and no requirement to pay interest.

12. 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. Borrowings on the line of credit bear interest at the LIBOR rate (.77% at December 31, 2018) plus 2.75%. As of December 31, 2018, there were no outstanding borrowings on the line of credit.

13. ALLOCATION OF JOINT COSTS

The Institute conducts direct mail campaigns and special events that have a programmatic and fundraising content. Accordingly, \$848,949 of the fundraising costs associated with the direct mail campaigns and the special events have been allocated among the programs and supporting services benefited. \$624,907 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	\$ 735,498
Education	101,843
Communications and Membership	11,608
Fundraising	<u>624,907</u>
TOTAL	<u>\$ 1,473,856</u>

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14. 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 2018. 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.

15. SUBSEQUENT EVENTS

In preparing these combined financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through July 1, 2019, the date the combined financial statements were issued.