COMBINED FINANCIAL STATEMENTS

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

FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011

GELMAN, ROSENBERG
& FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

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

In planning and performing our audit of the combined financial statements of The Jane Goodall Institute for Wildlife Research, Education and Conservation and Related Entity (the Institute) as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Institute's internal control over financial reporting (internal control) as a basis for designing our auditing procedures, for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

Our consideration of the Institute's internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the Institute's internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in the Institute's internal control that we consider to be significant deficiencies.

A deficiency in the Institute's internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in the Institute's internal control, such that there is a reasonable possibility that a material misstatement of the Institute's combined financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in the Institute's internal control that we consider to be material weaknesses.

SIGNIFICANT DEFICIENCIES

A significant deficiency is a deficiency, or a combination of deficiencies, in the Institute's internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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We consider the following deficiencies in the Institute's internal control to be significant deficiencies:

Documentation of Travel Related Expenditures

Previous Years Comment: Our audit work revealed improvement in the consistency of credit card receipt submission, although we noted a few instances of missing receipts during the first part of the year. However, our testwork during the second half of the year revealed that all charges were properly documented with receipts except for those charges incurred for the support of the Founder.

Our testwork over travel related expenses also revealed instances in which expense reports were not submitted in a timely manner (one expense report included expenses from 2009) and instances in which expenses claimed for reimbursement were not properly supported with receipts.

Based upon the aforementioned issues, we recommend that management of the Institute kindly inform those individuals responsible for providing support for the Founder that best practices within the International NGO community requires business related expenses to be properly documented with receipts. In addition, we strongly recommend that all employees be reminded of the importance of complying with the Institute's travel policies regarding the documentation of expenses and the timeliness of submission of expense reports.

2012 Status: During the current year audit, we again noted instances of missing receipts for various staff. We continue to recommend that the Institute emphasize the importance of submitting the proper documentation for credit card charges. We did not note any instances of delayed submission of expense reports during our current year testwork.

Management Response: Management agrees and is working to improve this control.

General Ledger Coding

2011 Comment: Our control testwork over the cash disbursement cycle and the wire transfer payment cycle noted numerous instances in which the transactions that were coded in the general ledger did not match the general ledger coding noted on the approved invoice. In addition, we noted several instances in which the general ledger code was not indicted on the approved invoice. While none of these instances (exceptions) involved expenditures charged to U.S. Government awards, the results are indicative of a lack of attention to detail with respect to the proper controls over the disbursement and wire transfer cycles. We strongly suggest that all individuals responsible for the coding of approved invoices as well as responsible for the posting of the transactions within the general ledger be reminded of the importance of complying with the Institute's stated policies and the fact that undocumented expenses may be disallowed by donors.

2012 Status: We did not note any instances of inconsistent coding during our current year audit. Accordingly, we consider this comment cleared.

Compliance with U.S. Government Terrorism Requirements

2012 Comment: In accordance with Executive Order (EO) 13224 (and as outlined as a general provision in all USAID awards), recipients of U.S. Government funds must adhere to specific requirements on screening all potential vendors, employees, suppliers and sub-recipients to ensure the organization is not conducting business with excluded parties (as defined by the US Government); further, such screening should be documented in writing. During our audit, we noted that the Institute does not consistently document its due diligence in this area. The failure to screen such parties increases the possibility that U.S. Government funds may inadvertently be provided to individuals or organizations deemed to be excluded parties by the United States Government. Accordingly, we recommend that management ensure a screening process is conducted and properly documented.

Management Response: Screening is being performed. Policy and procedure was distributed in June of 2012. Since June of 2012, no payments are disbursed without printed confirmation the check was performed. No further improvement is required.

Congo Office Reconciliations

2012 Comment: We noted that concise and accurate schedules were not available to support several balances in the Congo field office including a balance of $36,000 in salary advances, $27,000 in accounts payable and $95,000 in salaries and taxes payable. Upon further inquiry, management noted that these balances most likely need to be adjusted, which is expected to occur when the program staff visits the office to investigate. We strongly recommend that the Institute reconcile all field accounts to detailed schedules (not general ledger detail) on a monthly basis.

Management Response: Internal controls for all field offices are being consistently improved. For the Congo specifically, training on the monthly reconciliations process has been performed as well in 2013. There was a gap of monthly reconciliation due to staff turn-over.

Other Areas of Concern

In addition to the aforementioned significant deficiencies, we noted other areas of concern we believe merit the attention of management.

Completion and Submission of Timesheets

2011 Comment: Our examination of certain timesheets and the recording of salary expense revealed five (5) instances out of 60 tested (a bit over 8%) where timesheets were not submitted by the employees who were paid during the time period tested. Accordingly, based upon the fact that the Institute receives funding from the U.S. Government, it is mandatory that all employees complete and submit timesheets indicating the time worked during each pay period.

2012 Status: Our current year testwork overall payroll noted only one missing timesheet. Per discussion with management the employee left the Institute, and as a result the applicable timesheet can no longer be accessed in the database. We consider this issue cleared.

Policies and Procedures Manual

Previous Years Comment: It has come to our attention that the current policies and procedures manual has not been updated since 2003. Accordingly, the current manual includes many policies that are either outdated or no longer in place. We recommend that the Institute update its formal accounting policies and procedures manual as soon as possible.

2012 Status: We noted that the Institute is in progress of developing a draft field manual, which has not yet been finalized. The current manual includes a procurement threshold of three or more bids for purchases over $500 (the Institute is not in compliance with this). We recommend that updated policies for the field as well as HQ be finalized and implemented in the upcoming year.

Management Response: The Field Manual was approved and implemented in 2013.

Credit Card Approval

2011 Comment: During the course of our audit work, it came to our attention that the credit card charges incurred by the Founder and the President are currently reviewed and approved by the Executive Vice President of Finance. We recommend that all expense reports and credit card charges for these two individuals be sent to a member of the Board of Directors on a quarterly basis for review and approval for reasonableness. The review process by a Board member should not delay the reimbursement process or the accounting for the transactions.

2012 Status: Effective July 1, 2012 a member of the Board of Directors was to review and approve the reasonableness of all of the Founder's and President's credit card charges and expense reports on a quarterly basis. We noted that this review was not consistently documented, and continue to recommend review and approval.

Management Response: Management accepts this recommendation and will ensure implementation for 2013.

Field Office Monitoring

2011 Comment: As of December 31, 2011, the Institute maintained four field offices in Africa. At the present time each field office submits to the Headquarters office a monthly balance sheet and income statement as well as all bank statements and reconciliations to support the cash balances at the end of each month. However, to enhance the controls over the field offices and to have more complete financial information, we recommend that the field offices submit to the Headquarters office reconciled schedules for all other asset and liability accounts which had balances over a certain threshold (determined by management of the Institute) on a monthly basis.

2012 Status: We continued to note that Headquarters does not receive all schedules to support asset and liability accounts. In addition, we noted certain balances in the Congo office were not believed by management to be correct as of the end of the fiscal year (see comment “Congo Office Reconciliations”). We continue to recommend enhanced monitoring for all field office asset and liability accounts.

Management Response: Management agrees and is working to improve this control.

Grants Receivable

2011 Comment: During the year, there were two instances where items were recorded as revenue when awarded, and then again when the money was received (as opposed to offsetting the previously recorded receivable). We recommend that upon receipt of all grant payments, the grants receivable schedule be reviewed in detail so that the receipt is properly posted to either offset an existing receivable or to a revenue account (as this represents a new award).

2012 Status: We noted another case where revenue and a receivable were recorded when awarded, and recorded again when the funds were received. Accordingly, we had to record an entry to reduce current year revenue. We therefore continue to recommend that the grants receivable account be properly reconciled on a monthly basis.

Management Response: Management agrees and is working to improve this control.

Reporting

2012 Comment: We noted that during the current year, the Institute did not report the amount of cost share met on its quarterly 425 reports. In addition, we noted that the Institute had not been reporting cumulative expenses on the form as required. These are required parts of the form and we recommend that it be completed each quarter.

Management Response: Management will continue to transact business as the funding agency designates and when such request is made by the funding agency, this suggestion will be implemented.

Contracts

2012 Comment: We noted several agreements which were not signed by one or both parties. We also noted two instances where vendors were working under expired contracts. We recommend the Institute increase diligence in making sure that executed and current contracts are maintained for all contractors used.

Management Response: Management agrees and is working to improve this control.

Asset and Liability Schedules and Reconciliations

2012 Comment: During the current year audit, we noted instances where certain asset and liability accounts (e.g. schedules) required investigation and adjustments to properly reconcile the accounts at December 31, 2012. Following is a summary of some of the accounts that required adjustments and the issues noted:

- A formal schedule of gift annuities was not maintained during the year. As a result, we noted two cases where people were overpaid for their annuity this year. We recommend that the gift annuities schedule be updated every month.
- Accrued expenses include $58,000 which dates back to 2009 and 2011. We recommend that the Institute resolve these outstanding liabilities.
- Noted staff receivable and accounts payable clearing accounts which required write-offs of stale/outdated items. Entries have been made during the current year and none of these balances were material to the combined financial statements. We recommend that in the future all accounts be reconciled monthly.
- We noted that the temporarily restricted schedule includes numerous reclasses between categories with no support as to the reason for the change (indicating that the categories are being used as budgeting tools vs. based on actual donor restrictions). We also noted that many additions are based on receipts during the year, and no support is available to document what restriction was imposed by the donor. In addition, we noted one instance where a grant passed through to the Institute by the federal government was not indicated as such. We recommend that the Institute clean up this schedule during the current year.

Based upon the aforementioned items, we recommend that all asset and liability account reconciliations at the end of each month be properly reviewed and approved. The review process should ensure that all items on the schedule are current in nature and that the schedule agrees to the general ledger balance at the end of the month.

Management Response: Management agrees and is working to improve this control.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

Gelman Rosenberg & Freedman

October 2, 2013

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
Arlington, Virginia

We have audited the accompanying combined financial statements of The Jane Goodall Institute for Wildlife Research, Education and Conservation and Related Entity (the Institute), which comprise the combined statement of financial position as of December 31, 2012, 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 the 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.

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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, 2012, 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.

Report on Summarized Comparative Information

We have previously audited the Institute's 2011 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated July 18, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

October 2, 2013

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

COMBINED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011

ASSETS

	2012	2011
CURRENT ASSETS		
Cash and cash equivalents:		
Funds held in United States	$ 369,035	$ 609,334
Funds held in foreign countries	1,428,913	618,709
Total cash and cash equivalents	1,797,948	1,228,043
Investments (Notes 2, 9 and 10)	5,570,039	5,117,636
Grants receivable	1,196,337	2,416,006
Other receivables	741,765	784,528
Prepaid expenses	68,332	203,751
Inventory	41,441	25,081
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization (Note 3)	798,144	702,042
TOTAL ASSETS	**$ 10,214,006**	**$ 10,477,087**

LIABILITIES AND NET ASSETS

	2012	2011
LIABILITIES		
Line of credit (Note 10)	$ 670,584	$ 900,000
Accounts payable and accrued liabilities	912,211	1,041,433
Refundable advance	-	67,000
Total liabilities	1,582,795	2,008,433
NET ASSETS		
Unrestricted	5,032,476	4,498,588
Temporarily restricted (Note 5)	3,381,007	3,752,338
Permanently restricted (Note 6)	217,728	217,728
Total net assets	8,631,211	8,468,654
TOTAL LIABILITIES AND NET ASSETS	**$ 10,214,006**	**$ 10,477,087**

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, 2012 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011

	2012				2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE					
Contributions and grants	$ 5,149,565	$ 4,749,719	$ -	$ 9,899,284	$ 9,682,752
Bequests	288,846	-	-	288,846	201,844
Lecture tour and honorariums	437,501	-	-	437,501	901,881
Merchandise sales	18,426	-	-	18,426	58,391
Royalties, license fees and other income	606,559	-	-	606,559	227,091
Investment income (Note 2)	280,458	-	-	280,458	321,907
Special events, net of direct costs of $69,147	215,376	-	-	215,376	111,959
In-kind contributions (Note 8)	68,281	-	-	68,281	39,128
Net assets released from restriction - satisfaction of donor restrictions (Note 5)	5,121,050	(5,121,050)	-	-	-
Total revenue	12,186,062	(371,331)	-	11,814,731	11,544,953
EXPENSES					
Program Services:					
Animal Welfare and Conservation	7,370,053	-	-	7,370,053	6,904,159
Education	1,935,006	-	-	1,935,006	2,973,097
Communications and Membership	554,607	-	-	554,607	990,302
Total program services	9,859,666	-	-	9,859,666	10,867,558
Supporting Services:					
Fundraising	1,513,530	-	-	1,513,530	1,873,314
Management and General	514,747	-	-	514,747	368,671
Total supporting services	2,028,277	-	-	2,028,277	2,241,985
Total expenses	11,887,943	-	-	11,887,943	13,109,543
Change in net assets from operating activities before other items	298,119	(371,331)	-	(73,212)	(1,564,590)

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, 2012 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011

	2012				2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
OTHER ITEMS					
Exchange rate gain (loss)	$ 36,561	$ -	$ -	$ 36,561	$ (47,217)
Unrealized gain (loss) on investments (Note 2)	199,208	-	-	199,208	(224,064)
Total other items	235,769	-	-	235,769	(271,281)
Change in net assets	533,888	(371,331)	-	162,557	(1,835,871)
Net assets at beginning of year	4,498,588	3,752,338	217,728	8,468,654	10,304,525
NET ASSETS AT END OF YEAR	**$ 5,032,476**	**$ 3,381,007**	**$ 217,728**	**$ 8,631,211**	**$ 8,468,654**

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011

	2012			
	Program Services			
	Animal Welfare and Conservation	Education	Communications and Membership	Total Program Services
Salaries	$ 1,953,024	$ 613,373	$ 201,911	$ 2,768,308
Taxes and benefits (Note 7)	783,975	147,252	41,943	973,170
Other personnel costs	604,667	53,164	4,482	662,313
Professional services	177,433	50,823	39,906	268,162
Telephone and fax	92,758	34,779	4,959	132,496
Postage and delivery	5,317	5,233	862	11,412
Printing and photocopying	60,015	4,905	7,124	72,044
Equipment and repairs and maintenance	246,957	3,390	2,443	252,790
Depreciation and amortization	41,635	28,973	3,799	74,407
Travel	383,416	244,751	11,936	640,103
Bank fees, insurance and registration fees	45,756	22,312	14,373	82,441
Direct mail	23,173	13,892	9,274	46,339
Supplies	60,277	5,890	841	67,008
Dues, fees and subscriptions	2,674	2,193	1,253	6,120
Field expense (Note 8)	1,792,283	-	-	1,792,283
Occupancy costs (Note 4)	317,447	106,160	33,184	456,791
Event expense	45,103	32,671	579	78,353
Database management and fulfillment	2,056	3,978	4,918	10,952
Bad debt expense	-	-	-	-
Subtotal	6,637,966	1,373,739	383,787	8,395,492
Allocation of management and general	348,331	267,054	81,277	696,662
Allocation of joint costs (Note 11)	383,756	294,213	89,543	767,512
TOTAL	**$ 7,370,053**	**$ 1,935,006**	**$ 554,607**	**$ 9,859,666**

				2011
Supporting Services				
Fundraising	Management and General	Total Supporting Services	Total Expenses	Total Expenses
$ 340,617	$ 872,371	$ 1,212,988	$ 3,981,296	$ 4,599,446
75,874	192,173	268,047	1,241,217	1,331,309
12,543	14,629	27,172	689,485	718,604
72,866	81,932	154,798	422,960	425,947
14,718	7,924	22,642	155,138	172,852
7,979	1,178	9,157	20,569	34,317
11,494	3,978	15,472	87,516	144,620
4,333	2,834	7,167	259,957	243,240
6,864	2,718	9,582	83,989	129,321
48,289	12,522	60,811	700,914	987,691
76,282	50,050	126,332	208,773	298,959
1,279,186	92,453	1,371,639	1,417,978	1,578,393
2,032	2,370	4,402	71,410	95,366
3,209	3,743	6,952	13,072	16,072
-	-	-	1,792,283	1,430,685
43,299	61,887	105,186	561,977	605,540
9,789	2,027	11,816	90,169	146,461
39,445	3,259	42,704	53,656	150,720
-	35,584	35,584	35,584	-
2,048,819	1,443,632	3,492,451	11,887,943	13,109,543
232,223	(928,885)	(696,662)	-	-
(767,512)	-	(767,512)	-	-
$ 1,513,530	**$ 514,747**	**$ 2,028,277**	**$ 11,887,943**	**$ 13,109,543**

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

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 162,557	$ (1,835,871)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	83,989	129,321
Realized gain on sale of investments	(3,278)	(43,857)
Unrealized (gain) loss on investments	(199,208)	224,064
Loss on disposal of assets	8,194	-
Bad debt expense	35,584	-
(Increase) decrease in:		
Grants receivable	1,213,060	159,146
Other receivables	4,512	(68,409)
Prepaid expenses	130,758	21,378
Inventory	(16,360)	12,875
Increase (decrease) in:		
Accounts payable and accrued liabilities	(115,285)	(123,067)
Refundable advance	(67,000)	37,000
Net cash provided (used) by operating activities	1,237,523	(1,487,420)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(188,285)	(232,175)
Net (purchases) or sales of investments	(249,917)	1,090,658
Net cash (used) provided by investing activities	(438,202)	858,483
CASH FLOWS FROM FINANCING ACTIVITIES		
(Payments on) borrowings on line of credit	(229,416)	500,000
Net cash (used) provided by financing activities	(229,416)	500,000
Net increase (decrease) in cash and cash equivalents	569,905	(128,937)
Cash and cash equivalents at beginning of year	1,228,043	1,356,980
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,797,948**	**$ 1,228,043**
SUPPLEMENTAL INFORMATION		
Interest Paid	**$ 26,599**	**$ 23,110**
Donated Securities	**$ 7,906**	**$ 57,725**

See accompanying notes to combined financial statements.

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, 2011, from which the summarized information was derived.

Cash and cash equivalents -

Cash and cash equivalents include cash on hand and other highly liquid instruments with maturities of less than three months.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) provided temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) insured depository institutions (the “Dodd-Frank Deposit Insurance Provision”). The Institute maintained a portion of its cash balance at a financial institution in a non-interest bearing account; thereby, all of this cash balance was protected by the FDIC under this Act. Beginning January 1, 2013, funds deposited in non-interest bearing accounts will no longer receive unlimited deposit insurance coverage. Bank deposit accounts at one institution will be insured by the FDIC up to a limit of $250,000. Management believes the risk in these situations to be minimal.

At December 31, 2012, the Institute maintained cash and cash equivalents of $1,428,913 in foreign countries. The majority of these funds are uninsured.

Foreign operations -

The combined financial statements include activity of The Jane Goodall Institute, Inc. - Tanzania. The accounting records are maintained in the functional currency of the foreign country, the Tanzanian Shilling. In addition, the Institute maintains offices in Uganda, the Republic of Congo, the Democratic Republic of Congo and Guinea.

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 general trade receivables, travel advances, accrued interest and other miscellaneous receivables that are stated at their net realizable value.

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

Other receivables (continued) -

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.

Inventory -

Inventory, consisting of books, videotapes, brochures and other resource materials held for resale, is stated at the lower of cost or net realized value. Cost is determined on the first-in, first-out basis.

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.

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.

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

Uncertain tax positions -

For the year ended December 31, 2012, 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 financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

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 at their fair market value. 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.

For the year ended December 31, 2012, the Organizations received in-kind contributions of pro-bono legal services, donated supplies and airfare in the amount of $68,281 (Note 8).

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.

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.

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

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.

2. INVESTMENTS

The investments are recorded at readily determinable fair value. Investments at December 31, 2012 are as follows:

Money market funds	$ 396,960
Mutual funds	1,196,897
Stocks	716,070
Bonds	3,260,112
TOTAL INVESTMENTS	**$ 5,570,039**

An unrealized gain of $199,208 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, 2012 consisted of the following:

Interest and dividends	$ 277,180
Realized gain	3,278
TOTAL INVESTMENT INCOME	**$ 280,458**

3. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at December 31, 2012 are comprised of the following:

Furniture	$ 41,551
Software	218,045
Computer hardware	75,902
Equipment	75,264
Leasehold improvements and buildings	745,118
Vehicles	146,387
	1,302,267
Less: Accumulated depreciation and amortization	(504,123)
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET	**$ 798,144**

4. LEASE COMMITMENTS

The Institute was obligated under a non-cancelable operating lease for office space in Arlington, Virginia, which expired at the end of August 2012. Beginning September 1, 2012, the Institute signed 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 8 months. Total rent expense (and operating expenses and real estate taxes) under these agreements for the year ended December 31, 2012 totaled $421,933.

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 liability (included in accounts payable and accrued liabilities on the combined statement of financial position).

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

Year Ending December 31,	
2013	$ 149,865
2014	229,972
2015	236,339
2016	242,877
2017	249,586
Thereafter	882,648
	$ 1,991,287

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

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2012:

Animal Welfare and Conservation	**$ 3,381,007**

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	**$ 5,121,050**

6. 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.

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Permanently restricted net assets represent $217,728 of contributions restricted by the donors to be invested in-perpetuity. Interest earned on the invested balance is to be used to support the general operations of the Institute.

7. 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, 2012, amounted to $114,952.

8. IN-KIND CONTRIBUTIONS

The Institute received contributions of donated supplies, pro-bono legal services and airfare during the year ended December 31, 2012. The value of the donated items ($68,281) is included as in-kind contributions in the Combined Statement of Activities and Change in Net Assets, and as legal fees ($31,482) and field expenses ($36,799) in the Combined Statement of Functional Expenses. The value of these donations was determined by the fair market value as determined by the donor.

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.

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

9. FAIR VALUE MEASUREMENT (Continued)

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, 2012.

- *Money market funds* - Fair value is equal to the reported net asset value of the fund.
- *Mutual funds* - Fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Bonds* - Valued at the closing price reported on the active market in which the individual securities are traded.

The table below summarizes, by level within the fair value hierarchy, the Institute's investments as of December 31, 2012:

	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	$ 396,960	$ -	$ -	$ 396,960
Mutual funds	1,196,897	-	-	1,196,897
Stocks	716,070	-	-	716,070
Bonds	-	3,260,112	-	3,260,112
TOTAL	**$ 2,309,927**	**$ 3,260,112**	**$ -**	**$ 5,570,039**

10. LINE OF CREDIT

The Institute has a 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 prime rate (3.25% at December 31, 2012) minus 1.00%. The outstanding borrowings on the line of credit at December 31, 2012 totaled $670,584.

11. ALLOCATION OF JOINT COSTS

The Institute conducts direct mail campaigns and special events that have a programmatic and fundraising content. Accordingly, certain costs associated with the direct mail campaigns and the special events have been allocated among the programs and supporting services benefited.

The method of allocating costs was based primarily on the programmatic and fundraising content of the activities. The total amount of the costs incurred as of December 31, 2012 totaled $1,279,186.

11. ALLOCATION OF JOINT COSTS (Continued)

The joint costs were allocated as follows:

Education	$ 294,213
Communications and Membership	89,543
Animal Welfare and Conservation	383,756
	$ 767,512

12. CONTINGENCY

The Institute receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of OMB Circular A-133. 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 provisions of OMB Circular A-133 have been completed for all required fiscal years through 2012. 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 October 2, 2013, the date the combined financial statements were issued.