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, 2014
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2013

October 6, 2015

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

We have audited the combined financial statements of The Jane Goodall Institute for Wildlife Research, Education and Conservation and Related Entity (the Institute) for the year ended December 31, 2014, and have issued our report thereon dated October 6, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 15, 2015.

Professional standards also require that we communicate to you the following information related to our audit.

- **Qualitative Aspects of Accounting Practices**

  Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Institute are described in Note 1 to the combined financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the Institute during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the combined financial statements in the proper period.

  Accounting estimates are an integral part of the combined financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the combined financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the combined financial statements was management's estimate of the allocation of expenses to programs, which is based on an allocation of the actual time spent on each program. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the combined financial statements taken as a whole.

The disclosures in the combined financial statements are neutral, consistent and clear. Certain combined financial statement disclosures are particularly sensitive because of their significance to combined financial statement users.

- **Difficulties Encountered in Performing the Audit**

  There were no difficulties encountered while performing and completing our audit.

- **Discussions Prior to Retention**

  We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Institute's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

- **Planned Scope and Timing of the Audit**

  We performed our audit according to the planned scope and timing previously communicated to you in our engagement letter.

- **Management Representations**

  We have requested certain representations from management that are included in the management representation letter dated October 6, 2015.

- **Corrected and Uncorrected Misstatements**

  Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. All other misstatements detected as a result of audit procedures and corrected by management were not material, either individually or in the aggregate, to the combined financial statements taken as a whole.

  We proposed three adjusting journal entries that increased the net assets by approximately $12,454.

- **Disagreements with Management**

  For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the combined financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

- **Management Consultations with Other Independent Accountants**

  In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Institute's combined financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

- **Independence and Non-Audit Services Provided by Audit Firm**

  In accordance with professional standards, during the fiscal year and currently, all members of our firm were independent with respect to the Institute.

  During the year under audit, we provided corporate tax preparation services (IRS Form 990) and additional tax advice. All other time and expenses incurred by us were in connection with our annual audit.

- **Supplementary Information**

  With respect to the supplementary information accompanying the combined financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the combined financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the combined financial statements or to the combined financial statements themselves.

This information is intended solely for the use of the Audit Committee, Board of Directors and management of The Jane Goodall Institute for Wildlife Research, Education and Conservation and is not intended to be, and should not be, used by anyone other than these specified parties.

Gelman Rozenberg & Freedman

October 6, 2015

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

CONTENTS

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 (the Institute), which comprise the combined statement of financial position as of December 31, 2014, 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. 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, 2014, 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.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

Report on Summarized Comparative Information

We have previously audited the Institute's 2013 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated September 15, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Gelman Rosenberg & Freedman

October 6, 2015

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

COMBINED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents:		
Funds held in United States	$ 451,442	$ 509,563
Funds held in foreign countries	703,633	581,306
Total cash and cash equivalents	1,155,075	1,090,869
Investments (Notes 2, 8 and 9)	5,246,893	5,291,201
Grants receivable	1,143,163	2,021,867
Other receivables	730,720	737,678
Prepaid expenses	122,842	96,792
Inventory	30,089	38,846
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization (Note 3)	1,573,158	1,002,509
Total current assets	10,001,940	10,279,762
OTHER ASSETS		
Security deposit	18,477	18,477
TOTAL ASSETS	**$ 10,020,417**	**$ 10,298,239**

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES		
Line of credit (Note 9)	$ -	$ 800,000
Accounts payable and accrued liabilities	457,321	680,924
Current portion of deferred rent abatement (Note 4)	6,575	208
Total current liabilities	463,896	1,481,132
LONG-TERM LIABILITIES		
Deferred rent abatement (Note 4)	149,704	156,279
Total liabilities	613,600	1,637,411
NET ASSETS		
Unrestricted	5,222,270	5,306,296
Temporarily restricted (Note 5)	3,956,769	3,136,804
Permanently restricted (Note 6)	227,778	217,728
Total net assets	9,406,817	8,660,828
TOTAL LIABILITIES AND NET ASSETS	**$ 10,020,417**	**$ 10,298,239**

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, 2014 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE					
Contributions and grants	$ 3,919,093	$ 5,688,083	$ 10,050	$ 9,617,226	$ 10,229,858
Bequests	1,296,691	-	-	1,296,691	811,385
Lecture tour and honorariums	382,155	-	-	382,155	776,388
Merchandise sales	32,320	-	-	32,320	4,608
Royalties, license fees and other income	194,625	-	-	194,625	549,466
Investment income (Note 2)	262,287	-	-	262,287	497,367
Special events, net of direct costs of $21,055	137,650	-	-	137,650	199,085
Net assets released from restriction - satisfaction of donor restrictions (Note 5)	4,868,118	(4,868,118)	-	-	-
Total revenue	11,092,939	819,965	10,050	11,922,954	13,068,157
EXPENSES					
Program Services:					
Animal Welfare and Conservation	7,016,035	-	-	7,016,035	8,589,796
Education	1,798,803	-	-	1,798,803	1,817,151
Communications and Membership	282,412	-	-	282,412	486,039
Total program services	9,097,250	-	-	9,097,250	10,892,986
Supporting Services:					
Fundraising	1,064,268	-	-	1,064,268	1,168,435
Management and General	993,626	-	-	993,626	939,136
Total supporting services	2,057,894	-	-	2,057,894	2,107,571
Total expenses	11,155,144	-	-	11,155,144	13,000,557
Change in net assets from operating activities before other items	(62,205)	819,965	10,050	767,810	67,600
OTHER ITEMS					
Exchange rate gain (loss)	9,265	-	-	9,265	(29,958)
Unrealized loss on investments (Note 2)	(31,086)	-	-	(31,086)	(8,025)
Total other items	(21,821)	-	-	(21,821)	(37,983)
Change in net assets	(84,026)	819,965	10,050	745,989	29,617
Net assets at beginning of year	5,306,296	3,136,804	217,728	8,660,828	8,631,211
NET ASSETS AT END OF YEAR	**$ 5,222,270**	**$ 3,956,769**	**$ 227,778**	**$ 9,406,817**	**$ 8,660,828**

See accompanying notes to combined financial statements.

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2014 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	2014			
	Program Services			
	Animal Welfare and Conservation	Education	Communications and Membership	Total Program Services
Salaries	$ 1,774,005	$ 630,471	$ 143,511	$ 2,547,987
Taxes and benefits (Note 7)	749,226	173,545	32,251	955,022
Other personnel costs	1,085,427	67,459	93	1,152,979
Professional services	51,317	71,829	12,221	135,367
Telephone and fax	83,963	21,265	1,887	107,115
Postage and delivery	12,822	7,263	681	20,766
Printing and photocopying	31,853	7,988	1,143	40,984
Equipment, depreciation, repairs and maintenance	326,042	11,452	7,249	344,743
Travel	424,491	209,822	4,404	638,717
Bank fees, insurance and registration fees	81,894	54,531	11,770	148,195
Direct mail	26,449	47,605	10,586	84,640
Supplies	49,296	10,974	1,417	61,687
Dues, fees, and subscriptions	4,284	2,412	654	7,350
Field expense	1,708,131	204,619	-	1,912,750
Occupancy costs (Note 4)	223,632	173,472	40,822	437,926
Event expense	39,179	6,029	148	45,356
Database management and fulfillment	7,945	10,877	40	18,862
Subtotal	6,679,956	1,711,613	268,877	8,660,446
Allocation of joint costs (Note 10)	336,079	87,190	13,535	436,804
TOTAL	**$ 7,016,035**	**$ 1,798,803**	**$ 282,412**	**$ 9,097,250**

Supporting Services				2013
Fundraising	**Management and General**	**Total Supporting Services**	**Total**	**Total**
$ 293,241	$ 763,770	$ 1,057,011	$ 3,604,998	$ 3,790,475
53,717	151,122	204,839	1,159,861	1,218,453
584	372	956	1,153,935	1,250,260
50,800	21,868	72,668	208,035	280,519
6,478	6,267	12,745	119,860	122,201
26,644	509	27,153	47,919	26,691
246	3,103	3,349	44,333	71,196
5,283	8,042	13,325	358,068	502,718
18,536	6,039	24,575	663,292	847,791
67,160	10,062	77,222	225,417	231,181
840,007	8,327	848,334	932,974	1,283,918
2,340	4,369	6,709	68,396	108,905
1,234	1,974	3,208	10,558	3,770
63	-	63	1,912,813	2,607,906
64,812	1,046	65,858	503,784	465,779
35,122	590	35,712	81,068	140,789
34,805	6,166	40,971	59,833	48,005
1,501,072	993,626	2,494,698	11,155,144	13,000,557
(436,804)	-	(436,804)	-	-
$ 1,064,268	**$ 993,626**	**$ 2,057,894**	**$ 11,155,144**	**$ 13,000,557**

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, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 745,989	$ 29,617
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	46,616	53,646
Realized gain on sale of investments	(48,611)	(233,041)
Unrealized loss on investments	31,086	8,025
(Increase) decrease in:		
Grants receivable	878,704	(825,530)
Other receivables	6,958	4,087
Prepaid expenses	(26,050)	(46,937)
Inventory	8,757	2,595
(Decrease) increase in:		
Accounts payable and accrued liabilities	(223,603)	(145,479)
Deferred rent abatement	(208)	70,679
Net cash provided (used) by operating activities	1,419,638	(1,082,338)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(617,265)	(258,011)
Net sales of investments	61,833	503,854
Net cash (used) provided by investing activities	(555,432)	245,843
CASH FLOWS FROM FINANCING ACTIVITIES		
(Payments) borrowings on line of credit	(800,000)	129,416
Net cash (used) provided by financing activities	(800,000)	129,416
Net increase (decrease) in cash and cash equivalents	64,206	(707,079)
Cash and cash equivalents at beginning of year	1,090,869	1,797,948
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,155,075**	**$ 1,090,869**
SUPPLEMENTAL INFORMATION		
Interest Paid	**$ 13,844**	**$ 18,288**

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, 2013, 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.

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, 2014, the Institute maintained cash and cash equivalents of $703,633 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.

Management considers all amounts to be collectible. Accordingly, an allowance for doubtful accounts has not been established.

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

Property, equipment and leasehold improvements -

Furniture and equipment costing in excess of $2,500 are capitalized and depreciated over the life of the asset ranging from three to seven years. Leasehold improvements are capitalized and amortized over the life of the lease and buildings are amortized over the life of the building. All costs (direct and indirect) associated with self-construction of fixed assets are capitalized.

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, 2014, 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, 2014, the Organizations did not record any in-kind contributions.

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.

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

Investment risks and uncertainties (continued) -

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

Fair value measurement -

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

Reclassification -

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

2. INVESTMENTS

Investments are recorded at their readily determinable fair value. Investments at December 31, 2014 are as follows:

Money market funds	$ 529,254
Mutual funds	1,272,369
Stocks	901,945
Bonds	2,543,325
TOTAL INVESTMENTS	**$ 5,246,893**

An unrealized loss of $31,086 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, 2014 consisted of the following:

Interest and dividends	$ 213,676
Realized gain	48,611
TOTAL INVESTMENT INCOME	**$ 262,287**

3. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at December 31, 2014 are comprised of the following:

Furniture	$ 41,328
Software	236,216
Computer hardware	99,703
Equipment	79,341
Leasehold improvements and buildings	203,864
Construction in progress-chimpanzee reserve	1,344,515
Vehicles	141,546
	2,146,513
Less: Accumulated depreciation and amortization	(573,355)
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET	**$ 1,573,158**

4. 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, 2014 totaled $308,231.

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.

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

Year Ending December 31,	
2015	$ 236,338
2016	242,877
2017	249,586
2018	256,465
2019	263,515
Thereafter	362,667
	$ 1,611,448

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, 2014:

Animal Welfare and Conservation	**$ 3,956,769**

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	**$ 4,868,118**

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.

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 $227,778 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, 2014, amounted to $103,431.

8. 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.

8. FAIR VALUE MEASUREMENT (Continued)

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, 2014.

- *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* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, by level within the fair value hierarchy, the Institute's investments as of December 31, 2014:

	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	$ 529,254	$ -	$ -	$ 529,254
Mutual funds	1,272,369	-	-	1,272,369
Stocks	901,945	-	-	901,945
Bonds	-	2,543,325	-	2,543,325
TOTAL	**$ 2,703,568**	**$ 2,543,325**	**$ -**	**$ 5,246,893**

9. 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, 2014) minus 1.00%. There were no outstanding borrowings on the line of credit at December 31, 2014.

10. ALLOCATION OF JOINT COSTS

The Institute conducts direct mail campaigns and special events that have a programmatic and fundraising content.

10. ALLOCATION OF JOINT COSTS (Continued)

Accordingly, costs totaling $436,804 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 joint costs were allocated as follows:

Animal Welfare and Conservation	$ 336,079
Education	87,190
Communications and Membership	13,535
	$ 436,804

11. 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 2014. 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.

12. SUBSEQUENT EVENTS

In preparing these combined financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through October 6, 2015, the date the combined financial statements were issued.