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, 2019
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2018

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

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CPAs & ADVISORS

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, 2019, 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 Combined 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.

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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, 2019, 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 2018 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated July 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, 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 September 14, 2020 on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Gelman Rozenberg & Freedman

September 14, 2020

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

COMBINED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS

	2019	2018
ASSETS		
Cash and cash equivalents:		
Funds held in United States	$ 4,809,020	$ 1,104,113
Funds held in foreign countries	1,462,767	670,953
Total cash and cash equivalents	6,271,787	1,775,066
Investments	4,121,803	5,538,997
Grants receivable	575,308	740,523
Other receivables	844,336	868,600
Prepaid expenses	219,428	227,667
Inventory	19,585	-
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization	571,551	169,719
Right-of-use assets, net	2,157,110	2,261,168
Security deposit	33,541	18,477
TOTAL ASSETS	**$ 14,814,449**	**$ 11,600,217**

LIABILITIES AND NET ASSETS

	2019	2018
LIABILITIES		
Loan payable	$ -	$ 100,000
Accounts payable and accrued liabilities	2,109,009	1,335,813
Refundable advances	2,713,212	-
Deferred rent	56,315	90,067
Total liabilities	4,878,536	1,525,880
NET ASSETS		
Without donor restrictions	4,642,377	3,765,826
With donor restrictions	5,293,536	6,308,511
Total net assets	9,935,913	10,074,337
TOTAL LIABILITIES AND NET ASSETS	**$ 14,814,449**	**$ 11,600,217**

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, 2019 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions:				
Corporate and foundation grants	$ 4,244,918	$ 2,533,516	$ 6,778,434	$ 6,218,925
Individual contributions	5,441,988	-	5,441,988	4,856,408
Government grants	4,227,951	(53,784)	4,174,167	2,943,822
Bequests	908,634	-	908,634	613,730
Auction event	364,550	-	364,550	-
In-kind contributions	1,659,885	-	1,659,885	1,320,492
Net assets released from donor restrictions	3,494,707	(3,494,707)	-	-
Total contributions	20,342,633	(1,014,975)	19,327,658	15,953,377
Other Support and Revenue:				
Lecture tour and honorariums	798,925	-	798,925	439,811
Merchandise sales	198,594	-	198,594	95,649
Royalties, license fees and other income	78,637	-	78,637	466,483
Investment income	337,788	-	337,788	122,518
Total support and revenue	21,756,577	(1,014,975)	20,741,602	17,077,838
EXPENSES				
Program Services:				
Animal Welfare and Conservation	13,485,438	-	13,485,438	12,694,560
Education	1,995,582	-	1,995,582	1,529,516
Communications and Membership	822,027	-	822,027	569,490
Total program services	16,303,047	-	16,303,047	14,793,566
Supporting Services:				
Management and General	3,176,763	-	3,176,763	2,237,362
Fundraising	1,710,604	-	1,710,604	2,304,597
Total supporting services	4,887,367	-	4,887,367	4,541,959
Total expenses	21,190,414	-	21,190,414	19,335,525
Change in net assets from operating activities before other items	566,163	(1,014,975)	(448,812)	(2,257,687)
OTHER ITEMS				
Exchange rate gain	45,001	-	45,001	29,754
Unrealized gain (loss) on investments	265,387	-	265,387	(281,654)
Total other items	310,388	-	310,388	(251,900)
Change in net assets	876,551	(1,014,975)	(138,424)	(2,509,587)
Net assets at beginning of year	3,765,826	6,308,511	10,074,337	12,583,924
NET ASSETS AT END OF YEAR	$ 4,642,377	$ 5,293,536	$ 9,935,913	$ 10,074,337

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, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019								2018
	Program Services				Supporting Services				
	Animal Welfare and Conservation	Education	Communications and Membership	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and wages	$ 3,160,041	$ 666,711	$ 354,036	$ 4,180,788	$ 1,392,242	$ 561,037	$ 1,953,279	$ 6,134,067	$ 5,638,645
Benefits	852,935	193,117	78,105	1,124,157	298,783	150,569	449,352	1,573,509	1,594,171
Consultants	1,039,433	41,731	42,834	1,123,998	24,471	959	25,430	1,149,428	969,426
Other personnel costs	21,456	-	-	21,456	277,622	-	277,622	299,078	120,080
Occupancy costs	208,412	-	224	208,636	268,341	-	268,341	476,977	546,328
Professional fees	88,626	72,099	77,809	238,534	269,322	46,649	315,971	554,505	501,053
Office expenses	135,676	7,656	51,868	195,200	27,687	99,979	127,666	322,866	172,412
Postage and delivery	10,807	3,761	17,598	32,166	4,518	30,029	34,547	66,713	18,723
Printing and photocopying	14,935	2,031	18,148	35,114	-	43	43	35,157	63,052
Subscriptions	3,261	74	46,089	49,424	6,686	620	7,306	56,730	34,966
Conferences, workshops and events	93,945	24,377	13,571	131,893	17,091	30,898	47,989	179,882	67,579
Database and website management	-	156,201	11,894	168,095	73,821	216,811	290,632	458,727	483,343
Computer hardware, software and equipment	702,454	8,020	20,559	731,033	175,090	10,815	185,905	916,938	238,143
Telephone and cable	105,837	3,142	2,762	111,741	30,272	817	31,089	142,830	168,672
Travel	827,644	259,299	55,548	1,142,491	157,676	79,369	237,045	1,379,536	1,350,826
Corporate expense and registration	76,257	652	5,584	82,493	63,709	61,805	125,514	208,007	342,745
Direct mail	-	-	2,953	2,953	5,213	1,739,622	1,744,835	1,747,788	1,473,856
Miscellaneous expense	1,096	6,650	(1,519)	6,227	(55,230)	-	(55,230)	(49,003)	68,148
Depreciation expense	12,392	-	-	12,392	107,436	225	107,661	120,053	122,413
Amortization expense	-	-	-	-	30,330	-	30,330	30,330	35,394
Field expenses	1,965,483	322,625	364	2,288,472	1,683	-	1,683	2,290,155	3,376,963
Sub-awards	1,376,552	59,704	-	1,436,256	-	-	-	1,436,256	628,095
In-kind contribution	1,659,885	-	-	1,659,885	-	-	-	1,659,885	1,320,492
Subtotal	12,357,127	1,827,850	798,427	14,983,404	3,176,763	3,030,247	6,207,010	21,190,414	19,335,525
Joint cost allocation	1,128,311	167,732	23,600	1,319,643	-	(1,319,643)	(1,319,643)	-	-
TOTAL	**$ 13,485,438**	**$ 1,995,582**	**$ 822,027**	**$ 16,303,047**	**$ 3,176,763**	**$ 1,710,604**	**$ 4,887,367**	**$ 21,190,414**	**$ 19,335,525**

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

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (138,424)	$ (2,509,587)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	148,730	152,049
Realized gain on sale of investments	(222,178)	(60,964)
Unrealized (gain) loss on investments	(265,387)	281,654
Decrease (increase) in:		
Grants receivable	165,215	824,967
Other receivables	24,264	683,104
Prepaid expenses	8,239	124,891
Inventory	(19,585)	-
Security deposit	(15,064)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	773,196	63,030
Refundable advances	2,713,212	-
Deferred rent	(33,752)	(26,701)
Net cash provided (used) by operating activities	3,138,466	(467,557)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and right-of-use assets	(446,504)	(896)
Net sales (purchases) of investments	1,904,759	(1,562,412)
Net cash provided (used) by investing activities	1,458,255	(1,563,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	-	100,000
Payments on loan payable	(100,000)	-
Net cash (used) provided by financing activities	(100,000)	100,000
Net increase (decrease) in cash and cash equivalents	4,496,721	(1,930,865)
Cash and cash equivalents at beginning of year	1,775,066	3,705,931
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 6,271,787	$ 1,775,066

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor 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.

- **Net Assets With Donor Restrictions -** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Combined Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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, 2018, from which the summarized information was derived.

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.

New accounting pronouncements adopted -

During 2019, the Institute adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Institute recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Institute has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

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

New accounting pronouncements adopted (continued) -

Also during 2019, the Institute adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. The Institute adopted the ASU using a modified prospective basis.

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 $226,773 at December 31, 2019.

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, 2019, the Institute maintained cash and cash equivalents of $1,462,767 in foreign countries. The majority of these funds are uninsured.

Foreign operations -

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

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

Grants receivable -

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

Other receivables -

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

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.

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

Property, equipment and leasehold improvements (continued) -

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.

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, 2019, 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.

Revenue -

The Institute analyzes each transaction to determine if it is non-reciprocal (contribution) or reciprocal (exchange).

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

Contributions -

Contributions are recognized in the appropriate category of net assets in the period received. For contributions that are determined to be non-reciprocal transactions under the contribution rules, revenue is recognized upon notification of the gift or award. Conditional promises to give are recognized when the contributions on which they depend are substantially met. Contributions that are unconditional but that have donor restrictions are recognized as "with donor restrictions" and then reclassified to "without donor restrictions" upon satisfaction of the donor-imposed restrictions. Funds received for which restrictions have not been met are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions that contain a right of return and a barrier are determined to be conditional in nature. Revenue is recognized when the conditions are satisfied.

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, 2019, the Institute received donated software licenses valued at $1,659,885. 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, has a volunteer Board of Directors, and does not attempt to place a dollar value on these donated services. These contributions benefited the animal welfare and conservation program.

Functional allocation of expenses -

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

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.

Reclassification -

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncements (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by requiring the recognition of 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 non public entities beginning after December 15, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Institute plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying combined financial statements.

2. INVESTMENTS

Investments are recorded at their readily determinable fair value. Investments at December 31, 2019 are as follows:

	Fair Value
Money market funds	$ 226,773
Mutual funds	3,053,716
Stocks	30,753
Bonds	271,614
Exchange traded funds	538,947
TOTAL INVESTMENTS	**$ 4,121,803**

An unrealized gain of $265,387 is reported as an other item in the Combined Statement of Activities and Change in Net Assets.

2. INVESTMENTS (Continued)

Investment income for the year ended December 31, 2019 consisted of the following:

Interest and dividends	$ 115,610
Realized gain	222,178
TOTAL INVESTMENT INCOME	**$ 337,788**

3. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements at December 31, 2019 are comprised of the following:

Furniture	$ 39,744
Software	370,458
Computer hardware	47,880
Equipment	60,910
Buildings	561,782
Vehicles	184,142
	1,264,916
Less: Accumulated depreciation and amortization	(693,365)
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET	**$ 571,551**

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, 2019:

Buildings, structures and improvements	$ 2,583,688
Less: Accumulated depreciation and amortization	(426,578)
NET VALUE, RIGHT-OF-USE ASSETS	**$ 2,157,110**

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, 2019 totaled $310,399, and is included in occupancy expense on the statement of functional expense.

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. The deferred rent liability was $56,315 as of December 31, 2019.

5. LEASE COMMITMENTS (Continued)

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

Year Ending December 31,	
2020	$ 270,764
2021	91,903
	$ 362,667

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, 2019:

Subject to expenditure for specified purpose:	
Animal Welfare and Conservation	$ 4,065,758
Endowment to be invested in perpetuity	1,227,778
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 5,293,536**

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	**$ 3,494,707**

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. 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.

7. ENDOWMENT (Continued)

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 appropriated 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, 2019:

	With Donor Restrictions
Donor-Restricted Endowment Funds	**$ 1,227,778**

Changes in endowment net assets for the year ended December 31, 2019:

	With Donor Restrictions
Endowment net assets, beginning of year and end of year	$ 1,227,778
Investment income	133,154
Appropriation of endowment assets for expenditure	(133,154)
ENDOWMENT NET ASSETS, END OF YEAR	**$ 1,227,778**

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Institute to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature in net assets with donor restrictions as of December 31, 2019.

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). 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.

7. ENDOWMENT (Continued)

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 Combined Statement of Financial Position date comprise the following:

Cash and cash equivalents:	
Funds held in United States	$ 4,809,020
Funds held in foreign countries	1,462,767
Total cash and cash equivalents	6,271,787
Investments	4,121,803
Grants receivable	575,308
Other receivables	844,336
Subtotal financial assets available within one year	11,813,234
Less: Donor restricted funds	(5,293,536)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES	**$ 6,519,698**

The Institute has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2019, the Institute has financial assets equal to approximately four months of average expenses. In addition, the Institute has a line of credit agreement (as further discussed in Note 11) which allows for additional available borrowings up to $2,399,615.

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, 2019, amounted to $128,265.

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, 2019.There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2019. 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 fund 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.

10. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the Institute's investments as of December 31, 2019:

	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	$ 226,773	$ -	$ -	$ 226,773
Mutual funds	3,053,716	-	-	3,053,716
Stocks	30,753	-	-	30,753
Exchange traded funds	538,947	-	-	538,947
Bonds	-	271,614	-	271,614
TOTAL	**$ 3,850,189**	**$ 271,614**	**$ -**	**$ 4,121,803**

11. 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, 2019) plus 2.75%. As of December 31, 2019, there were no outstanding borrowings on the line of credit.

12. ALLOCATION OF JOINT COSTS

The Institute conducts direct mail campaigns and special events that have a programmatic and fundraising content. Accordingly, $1,319,643 of the fundraising costs associated with the direct mail campaigns and the special events have been allocated among the programs and supporting services benefited. $419,979 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	$ 1,128,311
Education	167,732
Communications and Membership	23,600
Fundraising	419,979
TOTAL	**$ 1,739,622**

13. 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.

13. CONTINGENCY (Continued)

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2019. 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.

14. SUBSEQUENT EVENTS

In preparing these combined financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through September 14, 2020, the date the combined financial statements were issued.

On March 11, 2020, the World Health Organization (WHO) declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen. The potential financial or operational impacts from COVID-19 are unknown at this time.

On April 16, 2020, the Institute opened a $3.2 million line of credit, which bears interest at 2% plus daily libor and is collateralized by the Institute's investment accounts.

On April 21, 2020, the Institute received a loan amounting to $793,400 under the Paycheck Protection Program.