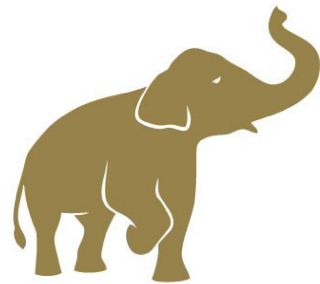


**CONSOLIDATED FINANCIAL STATEMENTS**



**WILDLIFE**  
ALLIANCE

**FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016**

**WILDLIFE ALLIANCE, INC.**

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# GELMAN, ROSENBERG

## & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Wildlife Alliance, Inc.  
New York, New York

We have audited the accompanying consolidated financial statements of the Wildlife Alliance, Inc. and its subsidiary Indochine Lodges Co., LTD (collectively Wildlife Alliance), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the year ended, and the related notes to the consolidated financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of Wildlife Alliance's subsidiary, Indochine Lodges Co., LTD, which statements reflect total assets constituting approximately 37% and 34%, respectively of the consolidated total assets at December 31, 2017 and 2016. The 2017 and 2016 financial statements of the subsidiary were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Indochine Lodges Co., LTD for 2017 and 2016 is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wildlife Alliance as of December 31, 2017 and 2016, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

July 26, 2018

## WILDLIFE ALLIANCE, INC.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2017 AND 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 905,743	\$ 1,289,626
Accounts and grants receivable	738,015	531,697
Prepaid expenses	3,440	6,830
Inventory	<u>11,525</u>	<u>13,115</u>
Total current assets	<u>1,658,723</u>	<u>1,841,268</u>
<b>PROPERTY, EQUIPMENT AND VEHICLES, Net of Accumulated Depreciation of \$2,049,682 and \$1,918,154 for 2017 and 2016, Respectively</b>	<u>932,655</u>	<u>1,073,375</u>
<b>OTHER ASSETS</b>	<u>44,181</u>	<u>135,184</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,635,559</u></b>	<b><u>\$ 3,049,827</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 685,292	\$ 625,857
Refundable advance	<u>256,562</u>	<u>318,333</u>
Total current liabilities	<u>941,854</u>	<u>944,190</u>
<b>NET ASSETS</b>		
Unrestricted:		
Wildlife Alliance	1,203,539	1,539,801
Subsidiary:		
Controlling interest	43,101	112,449
Non-controlling interest	<u>18,471</u>	<u>48,192</u>
Total unrestricted net assets	1,265,111	1,700,442
Temporarily restricted	<u>428,594</u>	<u>405,195</u>
Total net assets	<u>1,693,705</u>	<u>2,105,637</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,635,559</u></b>	<b><u>\$ 3,049,827</u></b>

**WILDLIFE ALLIANCE, INC.**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Contributions and grants	\$ 1,310,811	\$ 1,973,510	\$ 3,284,321
Program income	225,911	-	225,911
Interest income	192	-	192
Other revenue	2,000	-	2,000
Net assets released from donor restrictions	<u>1,950,111</u>	<u>(1,950,111)</u>	<u>-</u>
Total revenue and support	<u>3,489,025</u>	<u>23,399</u>	<u>3,512,424</u>
<b>EXPENSES</b>			
Program Services:			
Counter Wildlife Trafficking	311,356	-	311,356
Environmental Education	154,350	-	154,350
Wildlife Rehabilitation	616,468	-	616,468
Southern Cardamom Protection	1,736,603	-	1,736,603
Alternative Livelihood Development	<u>368,324</u>	<u>-</u>	<u>368,324</u>
Total program services	<u>3,187,101</u>	<u>-</u>	<u>3,187,101</u>
Supporting Services:			
Management and General	457,517	-	457,517
Fundraising	<u>196,057</u>	<u>-</u>	<u>196,057</u>
Total supporting services	<u>653,574</u>	<u>-</u>	<u>653,574</u>
Total expenses	<u>3,840,675</u>	<u>-</u>	<u>3,840,675</u>
Changes in net assets before other items	<u>(351,650)</u>	<u>23,399</u>	<u>(328,251)</u>
<b>OTHER ITEMS</b>			
Gain on disposal of property, equipment and vehicles	15,388	-	15,388
Write off of idle facility	-	-	-
Net loss from operations of subsidiary	(69,348)	-	(69,348)
Net loss from operations of subsidiary, Non-controlling interest	<u>(29,721)</u>	<u>-</u>	<u>(29,721)</u>
Total other items	<u>(83,681)</u>	<u>-</u>	<u>(83,681)</u>
<b>CHANGES IN NET ASSETS</b>	<b><u>\$ (435,331)</u></b>	<b><u>\$ 23,399</u></b>	<b><u>\$ (411,932)</u></b>

<b>2016</b>		
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
\$ 2,123,032	\$ 1,793,392	\$ 3,916,424
258,904	-	258,904
313	-	313
29,968	-	29,968
<u>1,721,028</u>	<u>(1,721,028)</u>	<u>-</u>
<u>4,133,245</u>	<u>72,364</u>	<u>4,205,609</u>
274,140	-	274,140
202,014	-	202,014
813,756	-	813,756
1,529,038	-	1,529,038
<u>539,229</u>	<u>-</u>	<u>539,229</u>
<u>3,358,177</u>	<u>-</u>	<u>3,358,177</u>
420,260	-	420,260
<u>249,474</u>	<u>-</u>	<u>249,474</u>
<u>669,734</u>	<u>-</u>	<u>669,734</u>
<u>4,027,911</u>	<u>-</u>	<u>4,027,911</u>
<u>105,334</u>	<u>72,364</u>	<u>177,698</u>
22,718	-	22,718
(472,517)	-	(472,517)
(76,286)	-	(76,286)
<u>(32,694)</u>	<u>-</u>	<u>(32,694)</u>
<u>(558,779)</u>	<u>-</u>	<u>(558,779)</u>
<u>\$ (453,445)</u>	<u>\$ 72,364</u>	<u>\$ (381,081)</u>

See accompanying notes to consolidated financial statements.

## WILDLIFE ALLIANCE, INC.

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>Unrestricted</u>	<u>Subsidiary Controlling Interest</u>	<u>Subsidiary Non- Controlling Interest</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets at December 31, 2015	\$ 1,884,266	\$ 188,735	\$ 80,886	\$ 332,831	\$ 2,486,718
Changes in net assets	<u>(344,465)</u>	<u>(76,286)</u>	<u>(32,694)</u>	<u>72,364</u>	<u>(381,081)</u>
Net assets at December 31, 2016	1,539,801	112,449	48,192	405,195	2,105,637
Changes in net assets	<u>(336,262)</u>	<u>(69,348)</u>	<u>(29,721)</u>	<u>23,399</u>	<u>(411,932)</u>
<b>NET ASSETS AT DECEMBER 31, 2017</b>	<b><u>\$ 1,203,539</u></b>	<b><u>\$ 43,101</u></b>	<b><u>\$ 18,471</u></b>	<b><u>\$ 428,594</u></b>	<b><u>\$ 1,693,705</u></b>



WILDLIFE ALLIANCE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<b>Program Services</b>			
	<b>Counter Wildlife Trafficking</b>	<b>Environmental Education</b>	<b>Wildlife Rehabilitation</b>	<b>Southern Cardamom Protection</b>
Staff costs and consultancies	\$ 188,938	\$ 70,396	\$ 222,260	\$ 977,046
Equipment, construction and maintenance	16,168	27,355	39,415	163,338
Office and communications	4,210	12,836	2,287	16,531
Travel costs	55,943	13,127	53,404	115,802
Program expenses	46,097	30,636	296,168	432,475
Depreciation	-	-	2,934	31,411
<b>TOTAL</b>	<b>\$ 311,356</b>	<b>\$ 154,350</b>	<b>\$ 616,468</b>	<b>\$ 1,736,603</b>

Alternative Livelihood Development	Supporting Services				Total Supporting Services	Total Expenses
	Total Program Services	Management and General	Fundraising			
\$ 165,691	\$ 1,624,331	\$ 169,509	\$ 192,105	\$ 361,614	\$ 1,985,945	
25,911	272,187	11,885	-	11,885	284,072	
4,547	40,411	202,572	-	202,572	242,983	
26,043	264,319	-	3,952	3,952	268,271	
139,005	944,381	72,750	-	72,750	1,017,131	
7,127	41,472	801	-	801	42,273	
<b>\$ 368,324</b>	<b>\$ 3,187,101</b>	<b>\$ 457,517</b>	<b>\$ 196,057</b>	<b>\$ 653,574</b>	<b>\$ 3,840,675</b>	

**WILDLIFE ALLIANCE, INC.**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Program Services</b>			
	<b>Counter Wildlife Trafficking</b>	<b>Environmental Education</b>	<b>Wildlife Rehabilitation</b>	<b>Southern Cardamom Protection</b>
Staff costs and consultancies	\$ 174,477	\$ 69,510	\$ 232,667	\$ 821,567
Equipment, construction and maintenance	11,269	68,655	58,172	261,590
Office and communications	6,383	2,015	2,588	10,904
Travel costs	27,270	21,649	55,993	61,877
Program expenses	54,652	40,185	460,615	332,571
Depreciation	89	-	3,721	40,529
<b>TOTAL</b>	<b>\$ 274,140</b>	<b>\$ 202,014</b>	<b>\$ 813,756</b>	<b>\$ 1,529,038</b>

Alternative Livelihood Development	Supporting Services				Total Supporting Services	Total Expenses
	Total Program Services	Management and General	Fundraising			
\$ 203,110	\$ 1,501,331	\$ 164,191	\$ 174,644	\$ 338,835	\$ 1,837,220	
30,012	429,698	5,251	-	5,251	434,950	
6,410	28,300	183,512	1,369	184,881	136,452	
36,498	203,287	-	20,813	20,813	225,966	
255,057	1,143,080	66,452	52,648	119,100	1,339,988	
8,142	52,481	854	-	854	53,335	
<b>\$ 539,229</b>	<b>\$ 3,358,177</b>	<b>\$ 420,260</b>	<b>\$ 249,474</b>	<b>\$ 669,734</b>	<b>\$ 4,027,911</b>	

## WILDLIFE ALLIANCE, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (411,932)	\$ (381,081)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation	200,153	184,403
Gain on disposal of property, equipment and vehicles	(15,388)	(22,718)
Write off of idle facility	-	472,517
(Increase) decrease in:		
Accounts and grants receivable	(206,318)	6,365
Prepaid expenses	3,390	3,847
Inventory	1,590	1,881
Other assets	91,003	(88,313)
Increase (decrease) in:		
Accounts payable and accrued liabilities	59,435	19,931
Refundable advance	<u>(61,771)</u>	<u>318,333</u>
Net cash (used) provided by operating activities	<u>(339,838)</u>	<u>515,165</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of assets	16,003	22,718
Purchase of property, equipment and vehicles	<u>(60,048)</u>	<u>(29,539)</u>
Net cash used by investing activities	<u>(44,045)</u>	<u>(6,821)</u>
Net (decrease) increase in cash and cash equivalents	(383,883)	508,344
Cash and cash equivalents at beginning of year	<u>1,289,626</u>	<u>781,282</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 905,743</u></b>	<b><u>\$ 1,289,626</u></b>

**WILDLIFE ALLIANCE, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

Wildlife Alliance, Inc., is a non-profit organization, located in Phnom Penh, Cambodia and New York, NY and incorporated in Delaware in 1994. Wildlife Alliance, Inc.'s mission is to provide direct protection to wildlife in danger, and protect and preserve wildlife and forests for future generations. Wildlife Alliance, Inc.'s field operations train and equip park rangers to fight crimes against nature, and prevent poaching and illegal habitat destruction in Southeast Asia through collaboration with governments and communities. Wildlife Alliance, Inc. works to improve the management of protected areas, support sustainable development initiatives, and empower countries to enforce transboundary wildlife regulations.

In order to provide a source of sustainable financing to Wildlife Alliance, Inc. for forest protection activities, Indochine Lodges Co., LTD (Indochine Lodges) was developed in Koh Kong Province, Cambodia. Wildlife Alliance, Inc. is the majority stakeholder (70%) in Indochine Lodges. Indochine Lodges is a Limited Company formed under the laws of the Kingdom of Cambodia.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*.

Principles of consolidation -

The consolidated financial statements include the assets, liabilities and activities and change in net assets of Wildlife Alliance, Inc. and its subsidiary Indochine Lodges, which are majority owned (collectively Wildlife Alliance). All material intercompany accounts and transactions are eliminated in consolidation.

Cash and cash equivalents -

Wildlife Alliance considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

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

Wildlife Alliance maintains cash balances at financial institutions in foreign countries. The majority of funds invested in foreign countries are uninsured.

Accounts and grants receivable -

Accounts and grants receivable are recorded at their net realizable value, which approximates fair value. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows.

All accounts and grants receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

WILDLIFE ALLIANCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

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

Inventory -

Inventory consists of food and bar stock and fuel (Indochine Lodges). For the year ended December 31, 2017, Wildlife Alliance adopted FASB ASU 2015-11 *Simplifying the Measurement of Inventory*, and as such, inventory is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory. The ASU is applied prospectively.

Property, equipment and vehicles -

Property, equipment and vehicles purchased in excess of \$1,000 are capitalized and recorded at cost.

Property, equipment and vehicles are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Net asset classification -

The net assets are reported in two 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 Wildlife Alliance. Unrestricted net assets also includes the equity of Indochine Lodges.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of Wildlife Alliance and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted 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. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying consolidated financial statements.

Wildlife Alliance receives funding under grants and contracts from the U.S. Government, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

**WILDLIFE ALLIANCE, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

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

Income taxes -

Wildlife Alliance, Inc. 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 consolidated financial statements. Wildlife Alliance, Inc. is not a private foundation.

Indochine Lodges, a majority owned subsidiary formed under the laws of the Kingdom of Cambodia, prepares its annual income tax return in accordance with the tax regulations of the Kingdom of Cambodia. For the years ended December 31, 2017 and 2016, Indochine Lodges incurred a loss from operations; accordingly, no provision for estimated tax liability has been recorded in the accompanying consolidated financial statements.

Uncertain tax positions -

For the years ended December 31, 2017 and 2016, Wildlife Alliance, Inc. and Indochine Lodges have documented their consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Use of estimates -

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

Foreign currency translation -

The U.S. Dollar ("Dollars") is the functional currency for Wildlife Alliance's operations worldwide. Transactions in currencies other than U.S. Dollars are translated into Dollars at the rates of exchange in effect during the month of the transaction.

Assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the Consolidated Consolidated Statements of Financial Position. Currency gains and losses from translation are recorded in other revenue in the accompanying Consolidated Statements of Activities.

New accounting pronouncements -

In 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. The ASU requires the inventory to be measured at the lower of cost and net realizable value. Net realizable value includes the estimated selling prices in ordinary course business less reasonably predictive costs of completion, disposal and transportation. The ASU becomes effective for years beginning after December 15, 2016. The ASU should be applied on a prospective basis in the year the ASU is first applied.



**WILDLIFE ALLIANCE, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

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

New accounting pronouncement - Not yet adopted -

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

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. Wildlife Alliance has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its consolidated financial statements.

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

Wildlife Alliance plans to adopt the new ASUs at the required implementation date.

**2. TEMPORARILY RESTRICTED NET ASSETS**

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

	<b>2017</b>	<b>2016</b>
Counter Wildlife Trafficking	\$ 86,030	\$ 122,270
Environmental Education	13,340	25,395
Wildlife Rehabilitation	72,920	45,004
Southern Cardamom Protection	202,412	192,526
Alternative Livelihood Development	53,892	20,000
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ 428,594</b>	<b>\$ 405,195</b>

**WILDLIFE ALLIANCE, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**3. NET ASSETS RELEASED FROM RESTRICTIONS**

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

	<b>2017</b>	<b>2016</b>
Counter Wildlife Trafficking	\$ 182,831	\$ 209,930
Environmental Education	37,755	61,804
Wildlife Rehabilitation	302,365	230,657
Southern Cardamom Protection	1,062,349	810,550
Alternative Livelihood Development	364,811	408,087
 <b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	 <b>\$ 1,950,111</b>	 <b>\$ 1,721,028</b>

**4. LEASE COMMITMENT**

During 2012, Wildlife Alliance entered into an operating lease for office space in New York, New York. Wildlife Alliance has since amended the lease at various times, extending the current lease through September 30, 2018.

Wildlife Alliance also leases office space in Cambodia under a lease agreement which was set to expire in 2018. In March of 2018, Wildlife Alliance extended the agreement for an additional five years, with a termination date of February 28, 2023. The agreement contains a monthly base rent of \$2,500, which will remain unchanged over the life of the lease.

The following is a summary of future minimum lease payments:

**Year Ending December 31,**

2018	\$ 77,600
2019	30,000
2020	30,000
2021	30,000
2022	30,000
2023	5,000
	<b>\$ 202,600</b>

Rent expense and other operating costs for the years ended December 31, 2017 and 2016 totaled \$86,100 and \$93,275, respectively, and is included in Office and communications on the Consolidated Statement of Functional Expenses.

**WILDLIFE ALLIANCE, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**5. PROPERTY, EQUIPMENT AND VEHICLES**

The following is a summary of property, equipment and vehicles at December 31:

	<b>2017</b>	<b>2016</b>
<b>Wildlife Alliance, Inc.:</b>		
Land	\$ 189,200	\$ 189,200
Equipment	529,504	529,504
Furniture	7,467	7,467
Vehicles	743,610	812,850
<b>Total Wildlife Alliance, Inc.</b>	1,469,781	1,539,021
Less: Accumulated depreciation	(1,075,609)	(1,099,911)
Net value of Wildlife Alliance, Inc. property, equipment and vehicles	394,172	439,110
<b>Indochine Lodges:</b>		
Buildings and improvements	1,512,556	1,452,508
Less: Accumulated depreciation	(974,073)	(818,243)
Net value of Indochine property, equipment and vehicles	538,483	634,265
<b>PROPERTY, EQUIPMENT AND VEHICLES, NET</b>	<b>\$ 932,655</b>	<b>\$ 1,073,375</b>

Depreciation expense for the year ended December 31, 2017 totaled \$42,273, for Wildlife Alliance and \$157,880 for Indochine Lodges. Depreciation expense for the year ended December 31, 2016 totaled \$53,335, for Wildlife Alliance and \$131,068 for Indochine Lodges.

**6. CONCENTRATION OF REVENUE**

Approximately 53% and 60% of Wildlife Alliance's revenue for the years ended December 31, 2017 and 2016, respectively, was derived from operating grants awarded by two donors. Management of Wildlife Alliance has no reason to believe that the relationships with these two donors will be discontinued in the foreseeable future; however, management has been advised by one of the donors that their 2018 support will be significantly reduced. Accordingly, management of Wildlife Alliance is monitoring the situation and has adopted plans to reduce operating expenses to account for the significant decrease in support from the one donor. Any other interruption of the relationships with these two donors would adversely affect Wildlife Alliance's ability to finance ongoing operations.

**WILDLIFE ALLIANCE, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**7. OTHER ITEMS**

The accompanying consolidated financial statements include the following other items within the consolidated financial statements:

- For the years ended December 31, 2017 and 2016, Wildlife Alliance sold certain equipment, resulting in a gain of \$15,388 and \$22,718, respectively.
- As of December 31, 2016, Wildlife Alliance wrote off the value of an idle facility (Tatai Visitor Center), which was previously valued at \$472,517.
- For the years ended December 31, 2017 and 2016, Indochine Lodges incurred net losses from operations of \$99,069 and \$108,980, respectively.

**8. SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, Wildlife Alliance has evaluated events and transactions for potential recognition or disclosure through July 26, 2018, the date the consolidated financial statements were issued.