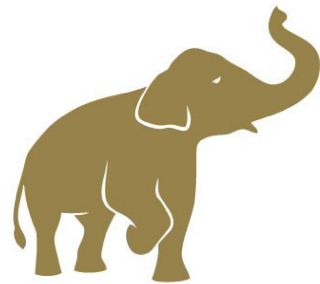


CONSOLIDATED FINANCIAL STATEMENTS



WILDLIFE
ALLIANCE

**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

WILDLIFE ALLIANCE, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Consolidated Statements of Financial Position, as of December 31, 2018 and 2017	4
EXHIBIT B - Consolidated Statements of Activities, for the Years Ended December 31, 2018 and 2017	5 - 6
EXHIBIT C - Consolidated Statements of Changes in Net Assets, for the Years Ended December 31, 2018 and 2017	7
EXHIBIT D - Consolidated Statement of Functional Expenses, for the Year Ended December 31, 2018	8 - 9
EXHIBIT E - Consolidated Statement of Functional Expenses, for the Year Ended December 31, 2017	10 - 11
EXHIBIT F - Consolidated Statements of Cash Flows, for the Years Ended December 31, 2018 and 2017	12
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	13 - 20



CPAs & ADVISORS

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 subsidiaries (collectively Wildlife Alliance), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the years 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 4% and 37%, respectively of the consolidated total assets at December 31, 2018 and 2017. The 2018 and 2017 financial statements of the Indochine Lodges 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 2018 and 2017 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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
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, 2018 and 2017, 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

October 21, 2019

WILDLIFE ALLIANCE, INC.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,380,592	\$ 905,743
Accounts and grants receivable	480,502	738,015
Prepaid expenses	6,637	3,440
Inventory	<u>408</u>	<u>11,525</u>
Total current assets	<u>1,868,139</u>	<u>1,658,723</u>
PROPERTY, EQUIPMENT AND VEHICLES, Net of Accumulated Depreciation of \$1,099,486 and \$2,049,682 for 2018 and 2017, Respectively	<u>225,789</u>	<u>932,655</u>
OTHER ASSETS	<u>42,590</u>	<u>44,181</u>
TOTAL ASSETS	<u>\$ 2,136,518</u>	<u>\$ 2,635,559</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Advance on REDD+ future net profits	\$ 423,745	\$ -
Loan payable from shareholder	68,911	-
Accounts payable and accrued liabilities	534,274	685,292
Refundable advance	<u>245,278</u>	<u>256,562</u>
Total current liabilities	<u>1,272,208</u>	<u>941,854</u>
NET ASSETS		
Without donor restriction:		
Wildlife Alliance	1,100,388	1,203,539
Cardamom Carbon Company LLC	<u>(54,300)</u>	<u>-</u>
Subtotal	<u>1,046,088</u>	<u>1,203,539</u>
Subsidiary:		
Controlling interest	(460,794)	43,101
Non-controlling interest	<u>(197,484)</u>	<u>18,471</u>
Subtotal	<u>(658,278)</u>	<u>61,572</u>
Total without donor restriction net assets	387,810	1,265,111
With donor restriction	<u>476,500</u>	<u>428,594</u>
Total net assets	<u>864,310</u>	<u>1,693,705</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,136,518</u>	<u>\$ 2,635,559</u>

See accompanying notes to consolidated financial statements.

WILDLIFE ALLIANCE, INC.

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018		
	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 2,344,571	\$ 1,401,255	\$ 3,745,826
Program income	247,478	-	247,478
Interest income	14	-	14
Other revenue	6,041	-	6,041
Net assets released from donor restrictions	<u>1,353,349</u>	<u>(1,353,349)</u>	<u>-</u>
Total revenue and support	<u>3,951,453</u>	<u>47,906</u>	<u>3,999,359</u>
EXPENSES			
Program Services:			
Counter Wildlife Trafficking	317,353	-	317,353
Environmental Education	145,642	-	145,642
Wildlife Rehabilitation	616,005	-	616,005
Southern Cardamom Protection	2,029,732	-	2,029,732
Alternative Livelihood Development	<u>311,139</u>	<u>-</u>	<u>311,139</u>
Total program services	<u>3,419,871</u>	<u>-</u>	<u>3,419,871</u>
Supporting Services:			
Management and General	556,782	-	556,782
Fundraising	<u>132,601</u>	<u>-</u>	<u>132,601</u>
Total supporting services	<u>689,383</u>	<u>-</u>	<u>689,383</u>
Total expenses	<u>4,109,254</u>	<u>-</u>	<u>4,109,254</u>
Changes in net assets before other items	<u>(157,801)</u>	<u>47,906</u>	<u>(109,895)</u>
OTHER ITEMS			
Gain on disposal of property, equipment and vehicles	350	-	350
Net loss of subsidiary	(503,895)	-	(503,895)
Net loss of subsidiary, non-controlling interest	<u>(215,955)</u>	<u>-</u>	<u>(215,955)</u>
Total other items	<u>(719,500)</u>	<u>-</u>	<u>(719,500)</u>
CHANGES IN NET ASSETS	<u>\$ (877,301)</u>	<u>\$ 47,906</u>	<u>\$ (829,395)</u>

2017		
Without Donor Restriction	With Donor Restriction	Total
\$ 1,310,811	\$ 1,973,510	\$ 3,284,321
225,911	-	225,911
192	-	192
2,000	-	2,000
<u>1,950,111</u>	<u>(1,950,111)</u>	<u>-</u>
<u>3,489,025</u>	<u>23,399</u>	<u>3,512,424</u>
311,356	-	311,356
154,350	-	154,350
616,468	-	616,468
1,736,603	-	1,736,603
<u>368,324</u>	<u>-</u>	<u>368,324</u>
<u>3,187,101</u>	<u>-</u>	<u>3,187,101</u>
457,517	-	457,517
<u>196,057</u>	<u>-</u>	<u>196,057</u>
<u>653,574</u>	<u>-</u>	<u>653,574</u>
<u>3,840,675</u>	<u>-</u>	<u>3,840,675</u>
<u>(351,650)</u>	<u>23,399</u>	<u>(328,251)</u>
15,388	-	15,388
(69,348)	-	(69,348)
<u>(29,721)</u>	<u>-</u>	<u>(29,721)</u>
<u>(83,681)</u>	<u>-</u>	<u>(83,681)</u>
<u>\$ (435,331)</u>	<u>\$ 23,399</u>	<u>\$ (411,932)</u>

See accompanying notes to consolidated financial statements.

WILDLIFE ALLIANCE, INC.

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Without Donor Restriction</u>	<u>Subsidiary Controlling Interest</u>	<u>Subsidiary Non- Controlling Interest</u>	<u>Total Without Donor Restrictions</u>	<u>With Donor Restriction</u>	<u>Total</u>
Net assets at December 31, 2016	\$ 1,539,801	\$ 112,449	\$ 48,192	\$ 1,700,442	\$ 405,195	\$ 2,105,637
Changes in net assets	<u>(336,262)</u>	<u>(69,348)</u>	<u>(29,721)</u>	<u>(435,331)</u>	<u>23,399</u>	<u>(411,932)</u>
Net assets at December 31, 2017	1,203,539	43,101	18,471	1,265,111	428,594	1,693,705
Changes in net assets	<u>(157,451)</u>	<u>(503,895)</u>	<u>(215,955)</u>	<u>(877,301)</u>	<u>47,906</u>	<u>(829,395)</u>
NET ASSETS AT DECEMBER 31, 2018	<u>\$ 1,046,088</u>	<u>\$ (460,794)</u>	<u>\$ (197,484)</u>	<u>\$ 387,810</u>	<u>\$ 476,500</u>	<u>\$ 864,310</u>

See accompanying notes to consolidated financial statements.

WILDLIFE ALLIANCE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services			
	Counter Wildlife Trafficking	Environmental Education	Wildlife Rehabilitation	Southern Cardamom Protection
Staff costs and consultancies	\$ 169,520	\$ 53,888	\$ 206,932	\$ 1,073,900
Equipment, construction and maintenance	16,292	4,858	71,198	152,138
Office and communications	9,018	4,916	5,752	28,674
Travel costs	82,193	20,489	28,051	107,073
Program expenses	40,330	61,491	303,492	640,755
Depreciation	-	-	580	27,192
TOTAL	\$ 317,353	\$ 145,642	\$ 616,005	\$ 2,029,732

Alternative Livelihood Development	Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
\$ 113,383	\$ 1,617,623	\$ 247,405	\$ 127,572	\$ 374,977	\$ 1,992,600
43,999	288,485	-	-	-	288,485
9,828	58,188	309,169	-	309,169	367,357
30,504	268,310	-	5,029	5,029	273,339
111,328	1,157,396	-	-	-	1,157,396
2,097	29,869	208	-	208	30,077
\$ 311,139	\$ 3,419,871	\$ 556,782	\$ 132,601	\$ 689,383	\$ 4,109,254

WILDLIFE ALLIANCE, INC.

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

	Program Services			
	Counter Wildlife Trafficking	Environmental Education	Wildlife Rehabilitation	Southern Cardamom Protection
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
TOTAL	\$ 311,356	\$ 154,350	\$ 616,468	\$ 1,736,603

Alternative Livelihood Development	Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
		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
\$ 368,324	\$ 3,187,101	\$ 457,517	\$ 196,057	\$ 653,574	\$ 3,840,675

WILDLIFE ALLIANCE, INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (829,395)	\$ (411,932)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	122,538	200,153
Gain on disposal of property, equipment and vehicles	(350)	(15,388)
Loss on building and improvements	606,208	-
Decrease (increase) in:		
Accounts and grants receivable	257,513	(206,318)
Prepaid expenses	(3,197)	3,390
Inventory	11,117	1,590
Other assets	1,591	91,003
(Decrease) increase in:		
Advance on REDD+ future net profits	423,745	-
Accounts payable and accrued liabilities	(151,018)	59,435
Refundable advance	<u>(11,284)</u>	<u>(61,771)</u>
Net cash provided (used) by operating activities	<u>427,468</u>	<u>(339,838)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	350	16,003
Purchase of property, equipment and vehicles	<u>(21,880)</u>	<u>(60,048)</u>
Net cash used by investing activities	<u>(21,530)</u>	<u>(44,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan from shareholder	<u>68,911</u>	<u>-</u>
Net cash provided by financing activities	<u>68,911</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	474,849	(383,883)
Cash and cash equivalents at beginning of year	<u>905,743</u>	<u>1,289,626</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,380,592</u>	<u>\$ 905,743</u>

WILDLIFE ALLIANCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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, New York 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.

The Cardamom Carbon Company LLC (CCC) is a limited liability company incorporated in Delaware in 2017. CCC is a wholly owned subsidiary of Wildlife Alliance, Inc. and was established for the purpose of furthering conservation of the Southern Cardamom National Park and Tatai Wildlife Sanctuary and the biodiversity therein, the benefits of carbon dioxide emissions reduction and the use of CO2 offsets.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended December 31, 2018 and applied retrospectively.

Principles of consolidation -

The consolidated financial statements include the assets, liabilities and activities and change in net assets of Wildlife Alliance, Inc. and its subsidiaries. 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.

WILDLIFE ALLIANCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

Accounts and grants receivable (continued) -

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.

Inventory -

Inventory consists of food and bar stock and fuel (Indochine Lodges). Inventory is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

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 -

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

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

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

WILDLIFE ALLIANCE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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

Contributions and grants (continued) -

Such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Wildlife Alliance receives awards under grants and contracts from the U.S. and foreign governments, international organizations and other sources 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 awards are recorded as revenue "without donor restrictions" 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.

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.

The Cardamom Carbon Company LLC (CCC) is a limited liability company and a wholly owned subsidiary of Wildlife Alliance, Inc. and is considered a disregarded entity for tax purposes.

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, 2018 and 2017, 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, 2018 and 2017, Wildlife Alliance, Inc. and Subsidiaries 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.

WILDLIFE ALLIANCE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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

Functional allocation of expenses (continued) -

Expenses directly attributed to a specific functional area of Wildlife Alliance are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

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 Statements of Financial Position. Currency gains and losses from translation are recorded in other revenue in the accompanying Consolidated Statements of Activities.

New accounting pronouncement - not yet adopted -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. 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 June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. Wildlife Alliance has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the 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.

WILDLIFE ALLIANCE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

2. PROPERTY, EQUIPMENT AND VEHICLES

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

	2018	2017
Wildlife Alliance, Inc.:		
Land	\$ 189,200	\$ 189,200
Equipment	443,957	529,504
Furniture	7,467	7,467
Vehicles	684,651	743,610
Total Wildlife Alliance, Inc.	1,325,275	1,469,781
Less: Accumulated depreciation	(1,099,486)	(1,075,609)
Net value of Wildlife Alliance, Inc. property, equipment and vehicles	225,789	394,172
Indochine Lodges Co., Ltd:		
Buildings and improvements	-	1,512,556
Less: Accumulated depreciation	-	(974,073)
Net value of Indochine Lodges property, equipment and vehicles	-	538,483
PROPERTY, EQUIPMENT AND VEHICLES, NET	\$ 225,789	\$ 932,655

In July 2018, there was heavy flooding along the Tatai River. The strong floods destroyed Indochine Lodges (see Note 10). Included in the loss from subsidiary is the write off of the net book value of the building and improvements of Indochine Lodges.

Depreciation expense for the year ended December 31, 2018 totaled \$30,077, for Wildlife Alliance and \$92,461 for Indochine Lodges. Depreciation expense for the year ended December 31, 2017 totaled \$42,273, for Wildlife Alliance and \$157,880 for Indochine Lodges.

3. LOAN PAYABLE

Indochine Lodges -

From the cleaning, clearing and recovery of the floating lodges, Indochine Lodges struggled with cash. Indochine Lodges also had a hard time collecting the advance payments for bookings from the travel agents. A member of the Board of Director and Co-Owner lent money to Indochine Lodges for operating expenses. As of December 31, 2018, the balance on the loan was \$68,911. The lender will be the last creditor considered to be paid back, if there will be any money left from the set up contingent fund.

4. CARDAMOM CARBON COMPANY LLC COMMITMENT

During 2018, CCC entered into a ten year partnership agreement with Wildlife Works Carbon LLC for the Wildlife Alliance South Cardamom REDD+ project. As part of the agreement and to mitigate cash outlays at the start of the project, Wildlife Works Carbon LLC (investor) will provide to CCC financing totaling \$743,263, which includes payment to a third party auditors totaling \$54,300. The remaining \$688,963 will be provided in installments to be received through January 30, 2019.

WILDLIFE ALLIANCE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

4. CARDAMOM CARBON COMPANY LLC COMMITMENT (Continued)

The investor will provide ongoing technical and administrative support to the project to ensure successful verifications on a periodic basis no more than annually for the life of the Legal Partnering Agreement. The investor shall be entitled to 8% of the net profits of the project, or 20% of CCC's share of the profits, for the 10-year life of the agreement. As part of the agreement, CCC agreed to pay the investor no more than \$160,000 per year, adjusted for inflation, out of sales proceeds beginning from June 2019 as part of the annual work plan between CCC and the Ministry of Environment, to cover the Investor's direct costs of supporting the project. Additionally, the Investor shall have the right but not the obligation to purchase up to one million verified emission reductions (VERs) from the Royal Government of Cambodia for \$4.50 per VER at Investor's sole discretion at any time over the ten year life of the agreement, subject to approval by the RGC Focal point.

During the year ended December 31, 2018, Wildlife Alliance, Inc., on behalf of CCC, received total financing of \$423,745 under the aforementioned agreement. If, at the end of the term of this agreement, the aggregate amount paid to the investor is less than the amount advanced, the unpaid amount will be reflected as an unsecured promissory note from CCC with an interest rate equal to 5% and a payment term of 3 years. Interest will begin to accrue the first day following the termination of this agreement.

5. NET ASSETS WITH DONOR RESTRICTIONS

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

	2018	2017
Counter Wildlife Trafficking	\$ 55,947	\$ 86,030
Environmental Education	12,310	13,340
Wildlife Rehabilitation	185,892	72,920
Southern Cardamom Protection	120,720	202,412
Alternative Livelihood Development	101,631	53,892
NET ASSETS WITH DONOR RESTRICTIONS	\$ 476,500	\$ 428,594

6. NET ASSETS RELEASED FROM RESTRICTIONS

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:

	2018	2017
Counter Wildlife Trafficking	\$ 191,509	\$ 182,831
Environmental Education	50,502	37,755
Wildlife Rehabilitation	255,259	302,365
Southern Cardamom Protection	561,221	1,062,349
Alternative Livelihood Development	294,858	364,811
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 1,353,349	\$ 1,950,111

WILDLIFE ALLIANCE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following as of December 31, 2018 and 2017:

	2018	2017
Cash and cash equivalents	\$ 1,380,592	\$ 905,743
Accounts and grants receivable	480,502	738,015
Subtotal financial assets	1,861,094	1,643,758
Less: Donor restricted funds	(476,500)	(428,594)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 1,384,594	\$ 1,215,164

Wildlife Alliance has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2018, Wildlife Alliance has financial assets equal to approximately four months of operating expenses.

8. 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, 2019.

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,

2019	\$ 62,400
2020	30,000
2021	30,000
2022	30,000
2023	5,000
	\$ 157,400

Rent expense and other operating costs for the years ended December 31, 2018 and 2017 totaled \$89,609 and \$86,100, respectively, and is included in Office and communications on the Consolidated Statements of Functional Expenses.

9. CONCENTRATION OF REVENUE

Approximately 49% and 53% of Wildlife Alliance's revenue for the years ended December 31, 2018 and 2017, respectively, was derived from operating grants awarded by two donors.

WILDLIFE ALLIANCE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

9. CONCENTRATION OF REVENUE (Continued)

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 2019 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.

10. OTHER ITEMS

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

- For the years ended December 31, 2018 and 2017, Wildlife Alliance sold certain equipment, resulting in a gain of \$350 and \$15,388, respectively.
- For the years ended December 31, 2018 and 2017, Indochine Lodges incurred net losses from operations of \$719,850 and \$99,069, respectively. In July 2018, there was heavy flooding along Tatai River. The strong floods destroyed Indochine Lodges. The disastrous event resulted in the board's decision to close the company due to bankruptcy.

11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Wildlife Alliance has evaluated events and transactions for potential recognition or disclosure through October 21, 2019, the date the consolidated financial statements were issued.