INTERNATIONAL CONSERVATION CAUCUS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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October 19, 2017

REPORT OF INDEPENDENT AUDITOR

To the Board of Directors of
International Conservation Caucus Foundation
Washington, DC

Report of the Financial Statements

I have audited the accompanying financial statements of International Conservation Caucus Foundation, which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risk of material misstatement of the 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 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, I 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 financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Conservation Caucus Foundation as of December 31, 2016 and the changes in its net assets (deficit) and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Foundation restated its net assets at December 31, 2015 as is more fully described in Note 9.

[Signature]

Joseph J. Schmelze,  
Certified Public Accountant
INTERNATIONAL CONSERVATION CAUCUS FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

ASSETS

Current assets:
Cash and equivalents $ 6,935
Grants receivable 10,000
Cash surrender value of insurance contracts 64,132
Advances to other organizations 7,738
Prepaid expenses 56,737
Total current assets 145,542

Fixed assets (Note 2b):
Furniture and fixtures 16,241
Machinery, equipment and software 23,466
39,707
Less: Accumulated depreciation 38,221
Net fixed assets 1,486

Other assets:
Security deposit 6,780

Total assets $153,808

LIABILITIES AND NET ASSETS(DEFICIT)

Current liabilities:
Accounts payable $115,667
Notes payable (Note 5) 50,783
Accrued payroll 115,082
Deferred rent 3,990
Total current liabilities 285,522

Long term liabilities:
Deferred rent 8,020
Total long term liabilities 8,020

Total liabilities 293,542

Net assets(deficit):
Unrestricted (deficit) (226,461)
Restricted (Note 7) 86,727
Total net assets (deficit) (139,734)

Total liabilities and net assets(deficit) $153,808

See accompanying notes to financial statements.
## INTERNATIONAL CONSERVATION CAUCUS FOUNDATION

### STATEMENT OF ACTIVITIES

**YEAR ENDED DECEMBER 31, 2016**

<table>
<thead>
<tr>
<th>Revenue and support:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions net of returns of $27,481 for temporary restricted activities (Note 2d)</td>
<td>883,079</td>
<td>203,322</td>
<td>1,086,401</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7,538</td>
<td>-</td>
<td>7,538</td>
</tr>
<tr>
<td>Net assets released due to satisfaction of program restrictions (Note 4)</td>
<td>316,595</td>
<td>(316,595)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue and support</strong></td>
<td><strong>1,207,217</strong></td>
<td><strong>(113,273)</strong></td>
<td><strong>1,093,939</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses (Note 2e):</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program activity</td>
<td>1,209,955</td>
<td>-</td>
<td>1,209,955</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supporting activities:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and general</td>
<td>113,544</td>
<td>-</td>
<td>113,544</td>
</tr>
<tr>
<td>Development</td>
<td>77,710</td>
<td>-</td>
<td>77,710</td>
</tr>
<tr>
<td><strong>Total supporting activities</strong></td>
<td><strong>191,254</strong></td>
<td><strong>-</strong></td>
<td><strong>191,254</strong></td>
</tr>
</tbody>
</table>

| **Total expenses** | **1,401,209** | **-** | **1,401,209** |

Change in net assets | (193,997) | (113,273) | (307,270)

Net assets(deficit) at January 1: | Unrestricted | Temporarily Restricted | Total |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>As previously reported</td>
<td>(57,464)</td>
<td>200,000</td>
<td>142,536</td>
</tr>
<tr>
<td>Adjustment (Note 9)</td>
<td>25,000</td>
<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td>As restated</td>
<td>(32,464)</td>
<td>200,000</td>
<td>167,536</td>
</tr>
</tbody>
</table>

Net assets(deficit) at December 31 $ | (226,461) | $86,727 | $(139,734)

See accompanying notes to financial statements.
## INTERNATIONAL CONSERVATION CAUCUS FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED DECEMBER 31, 2016**

<table>
<thead>
<tr>
<th>Program Activities</th>
<th>Supporting Activities</th>
<th>Management and General</th>
<th>Development</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and allocations</td>
<td>$30,951</td>
<td>$ -</td>
<td>$ -</td>
<td>$30,951</td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>159,500</td>
<td>712</td>
<td>-</td>
<td>160,212</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>5,489</td>
<td>-</td>
<td>-</td>
<td>5,489</td>
</tr>
<tr>
<td>Printing</td>
<td>19,098</td>
<td>-</td>
<td>-</td>
<td>19,098</td>
</tr>
<tr>
<td>Office expenses</td>
<td>16,375</td>
<td>633</td>
<td>1,281</td>
<td>18,289</td>
</tr>
<tr>
<td>Advertising</td>
<td>-</td>
<td>3,813</td>
<td>-</td>
<td>3,813</td>
</tr>
<tr>
<td>Conferences and meetings</td>
<td>91,016</td>
<td>-</td>
<td>-</td>
<td>91,016</td>
</tr>
<tr>
<td>Salaries</td>
<td>455,050</td>
<td>17,600</td>
<td>35,600</td>
<td>508,250</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>32,656</td>
<td>1,263</td>
<td>2,555</td>
<td>36,474</td>
</tr>
<tr>
<td>Employee benefits (Note 6)</td>
<td>88,166</td>
<td>3,410</td>
<td>6,897</td>
<td>98,473</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>4,819</td>
<td>-</td>
<td>-</td>
<td>4,819</td>
</tr>
<tr>
<td>Bank fees</td>
<td>-</td>
<td>6,968</td>
<td>-</td>
<td>6,968</td>
</tr>
<tr>
<td>Contract fees and consultants</td>
<td>135,850</td>
<td>-</td>
<td>18,000</td>
<td>153,850</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>14,456</td>
<td>-</td>
<td>14,456</td>
</tr>
<tr>
<td>Accounting</td>
<td>79,003</td>
<td>25,131</td>
<td>6,181</td>
<td>110,315</td>
</tr>
<tr>
<td>Depreciation</td>
<td>887</td>
<td>-</td>
<td>69</td>
<td>990</td>
</tr>
<tr>
<td>Recruiting</td>
<td>-</td>
<td>36,000</td>
<td>-</td>
<td>36,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>8,497</td>
<td>329</td>
<td>665</td>
<td>9,491</td>
</tr>
<tr>
<td>Office Rent</td>
<td>71,456</td>
<td>2,764</td>
<td>5,590</td>
<td>79,810</td>
</tr>
<tr>
<td>Utilities</td>
<td>11,142</td>
<td>431</td>
<td>872</td>
<td>12,445</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,209,955</strong></td>
<td><strong>$113,544</strong></td>
<td><strong>$77,710</strong></td>
<td><strong>$1,401,209</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
Cash flow from operating activities:
Reconciliation of changes in net assets to net cash provided by operating activities:
Change in net assets $(307,270)
Non-cash revenue and expenses included in operations:
  Depreciation and amortization 990
  Decrease in grants receivable 215,000
  Decrease in advances to other organizations 99,104
  Increase in prepaid expenses & deferred charges (49,407)
  Increase of cash surrender value of insurance contracts (25,155)
  Increase in deferred rent 12,010
  Decrease in accounts payable (20,618)
  Decrease in accrued payroll (13,881)
  Net cash used for operating activities (89,227)

Cash flows from financing activities:
  Loan advances on line of credit 8,485
  Loan repayments on line of credit (7,228)
  Net cash provided by financing activities 1,257

Net change in cash and equivalents (87,970)

Cash and equivalents (Note 2c):
  Beginning of year 94,905
  End of year $ 6,935

See accompanying notes to financial statements.
INTERNATIONAL CONSERVATION CAUCUS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Note 1. The Organization's Background

International Conservation Caucus Foundation (the Foundation) is a nonprofit organization that was formed to promote U.S. leadership in public/private international partnerships which support the responsible management of natural resources for habitat and biodiversity protection, poverty reduction, economic development and regional security. Resources for the Foundation’s activity are primarily provided by contributions from corporations, foundations and individuals.

Note 2. Summary of Significant Accounting Policies

a. Method of Accounting - The Financial Statements have been prepared using the accrual basis of accounting which requires estimates and assumptions by management that may differ from actual results.

b. Fixed Assets - Fixed assets are included in the balance sheet at cost, and depreciation is computed on the double declining basis using estimated useful lives of five to seven years.

c. Statement of Cash Flows - The Foundation treats all highly liquid investments with a maturity of three months or less as cash equivalents.

d. Grants - Grants are reported as revenue in the year unconditionally promised. Grants received for restricted purposes are reported as temporarily restricted until the restriction expires. When the restriction expires, these net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released due to satisfaction of program restrictions. The Foundation received gifts from its three largest donors totaling $400,000 for the year ended December 31, 2016.

e. Expenses - Expenses are generally either directly charged to one or more program or support activity or allocated to all program or support activities based principally on the value of labor employed on behalf of each program or support activity during the period the expense was incurred.
Subsequent events have been evaluated through October 19, 2017.

Note 3. Income Tax Status

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 4. Satisfaction of Restricted Activities

Net assets were released from donor restrictions during the year ended December 31, 2016 by incurring program expenses of $316,595 satisfying the restricted purposes of the following program activities:

- Ocean’s program $255,770
- Mozambique 10,000
- Haiti Program 24,343
- USFW Costa Rica 12,822
- Bahamas Program 13,660

   $316,595

Note 5. Notes Payable

The Foundation maintains a $50,000 line of credit with a bank that matures in April 2027. The line is unsecured and has been converted to a term loan in April 2017 with minimum monthly payments equal to the greater of $100 or 1.5% of the loan balance until paid in full. Interest on the line accrues at the prime rate of interest published by the Wall Street Journal plus 2.5% (6% at December 31, 2016). Principal outstanding on the line at December 31, 2016 was $50,783.

Note 6. Commitments

The Foundation maintains a lease agreement for lease of space in Washington, DC which is accounted for as an operating lease and provides for future minimum lease payments as follows:

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>83,801</td>
</tr>
<tr>
<td>2018</td>
<td>86,315</td>
</tr>
<tr>
<td>2019</td>
<td>14,817</td>
</tr>
</tbody>
</table>

The Foundation has additionally committed to funding monthly loan obligations of a certain officer for past educational expenses incurred by the officer. The Foundation has committed to funding the obligations as long as officer remains under its employment. The officer’s obligations carry variable interest rates, and are scheduled to be paid in full in March 2036. Funding of the commitment, which is reported with employee benefits, totaled
$16,266 for the year ended December 31, 2016.

Note 7. Temporary Restricted Net Assets

The Foundation maintains restricted net assets, which will be used when program expenses are incurred in connection with these activities. At December 31, 2016 the Foundation maintained temporarily restricted net assets for the following programs:

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ocean’s Program</td>
<td>$44,230</td>
</tr>
<tr>
<td>Bahamas Program</td>
<td>33,840</td>
</tr>
<tr>
<td>Haiti Program</td>
<td>8,657</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$86,727</strong></td>
</tr>
</tbody>
</table>

In connection with its operating needs, the Foundation cumulatively borrowed all of these restricted funds to fund unrestricted activities at December 31, 2016.

Note 8. Retirement Plan

The Foundation maintains a defined contribution plan pursuant Section 401k of the Internal Revenue Code. The plan covers all employees who meet minimum age and are service requirements. The Foundation has elected to make matching contributions to the plan which are up to 4% of wages that each employee elects to contribute to the plan, and totaled $6,435 for the year ended December 31, 2016.

Note 9. Restatement of Net Assets

The Foundation restated its net assets at December 31, 2015 to report additional contribution revenue of $25,000. The effect of this restatement on operations for the year ended December 31, 2015 has not been determined.