

**THE INTERNATIONAL
ELEPHANT FOUNDATION**

FINANCIAL STATEMENTS

**Years Ended December 31, 2020 and 2019
with Report of Independent Auditors**

**THE INTERNATIONAL
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FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

Table of Contents

Report of Independent Auditors	1
Audited Financial Statements:	
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Cash Flows.....	4
Statements of Functional Expenses	5
Notes to Financial Statements	7

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
The International Elephant Foundation

We have audited the accompanying financial statements of The International Elephant Foundation, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"); 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

Our responsibility is to express an opinion on these financial statements based on our audits. 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 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 risks 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, 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The International Elephant Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with GAAP.



Fort Worth, Texas
August 19, 2021

THE INTERNATIONAL ELEPHANT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 164,916	\$ 271,491
Contributions receivable, net	870,364	954,414
Investments	<u>1,597,269</u>	<u>1,436,137</u>
Total assets	<u>\$ 2,632,549</u>	<u>\$ 2,662,042</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 66,422	\$ 3,643
Grants payable	<u>284,597</u>	<u>45,900</u>
Total liabilities	<u>351,019</u>	<u>49,543</u>
Net assets:		
Without donor restrictions	1,447,366	1,679,759
With donor restrictions	<u>834,164</u>	<u>932,740</u>
Total net assets	<u>2,281,530</u>	<u>2,612,499</u>
Total liabilities and net assets	<u>\$ 2,632,549</u>	<u>\$ 2,662,042</u>

See accompanying notes to financial statements.

THE INTERNATIONAL ELEPHANT FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2020 and 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains, and other support:						
Contributions, net	\$ 389,784	\$ 298,662	\$ 688,446	\$ 456,830	\$ 1,219,313	\$ 1,676,143
Grant - Paycheck Protection Program	-	6,200	6,200	-	-	-
Investment income, net	183,219	-	183,219	191,159	-	191,159
Net assets released from restrictions	403,438	(403,438)	-	355,627	(355,627)	-
Total revenue, gains, and other support	<u>976,441</u>	<u>(98,576)</u>	<u>877,865</u>	<u>1,003,616</u>	<u>863,686</u>	<u>1,867,302</u>
Expenses:						
Program service expenses:						
Conservation, education, and research	1,072,859	-	1,072,859	630,882	-	630,882
Supporting services:						
Management and general	92,158	-	92,158	71,262	-	71,262
Fundraising	43,817	-	43,817	21,571	-	21,571
Total expenses	<u>1,208,834</u>	<u>-</u>	<u>1,208,834</u>	<u>723,715</u>	<u>-</u>	<u>723,715</u>
Change in net assets	(232,393)	(98,576)	(330,969)	279,901	863,686	1,143,587
Net assets at beginning of year	<u>1,679,759</u>	<u>932,740</u>	<u>2,612,499</u>	<u>1,399,858</u>	<u>69,054</u>	<u>1,468,912</u>
Net assets at end of year	<u>\$ 1,447,366</u>	<u>\$ 834,164</u>	<u>\$ 2,281,530</u>	<u>\$ 1,679,759</u>	<u>\$ 932,740</u>	<u>\$ 2,612,499</u>

See accompanying notes to financial statements.

THE INTERNATIONAL ELEPHANT FOUNDATION

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (330,969)	\$ 1,143,587
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Discount on contributions receivable	(9,691)	42,416
Net unrealized and realized gain on investments	(144,486)	(134,151)
Depreciation expense	-	1,298
Changes in operating assets and liabilities:		
Contributions receivable	93,741	(992,179)
Accounts payable and accrued liabilities	62,779	(11,891)
Grants payable	238,697	(28,100)
Net cash provided by (used in) operating activities	(89,929)	20,980
Cash flows from investing activities:		
Proceeds from sale of investments	73,554	-
Purchases of investments	(90,200)	(56,269)
Net cash used in investing activities	(16,646)	(56,269)
Net decrease in cash and cash equivalents	(106,575)	(35,289)
Cash and cash equivalents at beginning of year	271,491	306,780
Cash and cash equivalents at end of year	\$ 164,916	\$ 271,491

See accompanying notes to financial statements.

THE INTERNATIONAL ELEPHANT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	Conservation, Education, and Research	Management and General	Fundraising	Total
Accounting and legal fees	\$ -	\$ 19,842	\$ -	\$ 19,842
Bank fees	-	10,959	-	10,959
Development and marketing	-	1,720	-	1,720
Fundraising	-	430	2,930	3,360
Licenses and membership dues	-	4,208	-	4,208
Miscellaneous	-	3,681	-	3,681
Office supplies	-	823	-	823
Postage and printing	2,862	1,227	-	4,089
Post doctoral project	67,500	-	-	67,500
Research and support	909,793	-	-	909,793
Salaries and benefits	88,668	45,519	40,887	175,074
Telephone	-	2,217	-	2,217
Travel	459	-	-	459
Website management	3,576	1,533	-	5,109
Total expenses	\$ 1,072,859	\$ 92,158	\$ 43,817	\$ 1,208,834

See accompanying notes to financial statements.

THE INTERNATIONAL ELEPHANT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	Conservation, Education, and Research	Management and General	Fundraising	Total
Accounting and legal fees	\$ -	\$ 18,035	\$ -	\$ 18,035
Bank fees	-	10,252	-	10,252
Fundraising	-	300	3,332	3,632
Licenses and membership dues	-	2,404	-	2,404
Miscellaneous	-	5,899	-	5,899
Office supplies	-	588	-	588
Postage and printing	1,099	471	-	1,570
Post doctoral project	11	-	-	11
Research and support	542,409	-	-	542,409
Salaries and benefits	79,369	28,805	18,239	126,413
Telephone	-	2,893	-	2,893
Travel	4,227	-	-	4,227
Website management	3,767	1,615	-	5,382
Total expenses	<u>\$ 630,882</u>	<u>\$ 71,262</u>	<u>\$ 21,571</u>	<u>\$ 723,715</u>

See accompanying notes to financial statements.

THE INTERNATIONAL ELEPHANT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

A. Nature of Business

The International Elephant Foundation (the “Foundation”) is a not-for-profit organization incorporated under the laws of the state of Texas. The primary mission of the Foundation is to support and operate elephant conservation and education programs, both in managed facilities and in the wild, with an emphasis on management, protection, and scientific research. The Foundation’s corporate office is located in Fort Worth, Texas.

B. Summary of Significant Accounting Policies

A summary of the Foundation’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with GAAP.

Net assets of the Foundation and changes therein are classified according to the existence or absence of donor-imposed restrictions and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time, or that are maintained in perpetuity by the Foundation. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Foundation does not have any net assets with donor restrictions that must be held in perpetuity.

THE INTERNATIONAL ELEPHANT FOUNDATION

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Contribution Revenue

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered to be available for use unless specifically restricted by the donor.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Donated Services

Donated services are recognized as contributions if the services: (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation pays for most services requiring specialized skills. However, a number of individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific program functions and various other activities that are not recognized as contributions in the accompanying financial statements, because the recognition criteria under GAAP was not met.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2020 and 2019, the Foundation had no such investments. The Foundation maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Foundation has not experienced any losses related to amounts in excess of FDIC limits.

Contributions Receivable

Contributions receivable are recorded as revenue in the year made. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using discount rates ranging from 0.93% to 1.69%. The discount on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. At December 31, 2020 and 2019, the unamortized discount is approximately \$33,000 and \$42,000, respectively. Amortization of the discount is included in contribution revenue in the accompanying statements of activities. Management evaluates the adequacy of an allowance for doubtful accounts based on a review of individual accounts.

THE INTERNATIONAL ELEPHANT FOUNDATION

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Contributions Receivable – continued

The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts, and other specific information known to management that may affect collectability. No allowance for doubtful accounts was considered necessary at December 31, 2020 and 2019.

Investments

GAAP requires investments with readily determinable fair values to be stated at fair value with unrealized gains and losses from fluctuations in market value included in the statement of activities.

The Foundation maintains investments in several financial institutions that are covered members of the Securities Investor Protection Corporation (“SIPC”), which may at times exceed amounts covered by insurance provided by the SIPC. The Foundation has not experienced any losses related to amounts in excess of SIPC limits.

GAAP establishes a framework for measuring fair value, which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

THE INTERNATIONAL ELEPHANT FOUNDATION

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Investments – continued

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

At December 31, 2020 and 2019, the Foundation's investments consisted of actively traded money market and mutual funds, including equity, fixed income, and other mutual funds, which have daily quoted net asset values for identical assets that the Foundation can access. These securities are classified within Level 1 of the fair value hierarchy.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs, including postage and printing, salaries and benefits, and website management have been allocated among program and supporting services. Such allocations, specifically for salaries and benefits are determined by management based on estimates of time and effort. Generally, the Foundation records its expenses based on direct allocation by assigning each expense to a functional category based on direct usage.

Federal Income Taxes

The Foundation is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, as an organization other than a private foundation.

GAAP requires management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

THE INTERNATIONAL ELEPHANT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

C. Availability and Liquidity

The following represents the Foundation's financial assets at December 31:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 164,916	\$ 271,491
Contributions receivable to be collected in less than one year	257,089	246,830
Investments	1,597,269	1,436,137
Total financial assets	2,019,274	1,954,458
 Less: Net assets with donor restrictions with specific purpose restrictions	 (220,889)	 (225,156)
 Financial assets available to meet general expenditures over the next twelve months	 \$ 1,798,385	 \$ 1,729,302

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2020 and 2019, the Foundation has approximately \$1,798,000 and \$1,729,000, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash and cash equivalents, contributions receivable to be collected in less than one year, and investments. Other than the net assets with donor restrictions, none of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position dates. As part of its liquidity plan, excess cash is invested in the Foundation's investment portfolio, including money market accounts and mutual funds. The Foundation could draw upon the investment balance to meet liquidity needs, if necessary.

D. Contributions Receivable

Contributions receivable are due as follows at December 31:

	2020	2019
Less than 1 year	\$ 257,089	\$ 246,830
1-5 years	646,000	750,000
Total contributions receivable	903,089	996,830
Unamortized discount to adjust pledges to net present value	(32,725)	(42,416)
Total contributions receivable, net	\$ 870,364	\$ 954,414

THE INTERNATIONAL ELEPHANT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

E. Investments

The cost and fair value of investments held at December 31, are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value (Level 1)</u>	<u>Cost</u>	<u>Fair Value (Level 1)</u>
Cash equivalents	\$ 285,365	\$ 285,365	\$ 306,249	\$ 306,249
Equity mutual funds	523,415	681,190	512,721	581,031
Fixed income mutual funds	354,685	366,923	322,042	325,178
Other mutual funds	234,257	263,791	215,422	223,679
Total investments	<u>\$ 1,397,722</u>	<u>\$ 1,597,269</u>	<u>\$ 1,356,434</u>	<u>\$ 1,436,137</u>

F. Net Assets with Donor Restrictions

Net assets with donor restrictions represent contributions for which donors have imposed purpose and/or time restrictions. As of December 31, 2020 and 2019, the Foundation's net assets with donor restrictions were comprised of amounts restricted for various programs for conservation, education, and research, which are within the scope of the Foundation's charitable purpose (see Note A). Donor-restricted amounts are held in contributions receivable and investments at December 31, 2020 and 2019.

G. Concentrations

At December 31, 2020, approximately \$858,000, or 99%, of the total contributions receivable, net was comprised of amounts due from two donors. At December 31, 2019, approximately \$908,000, or 95%, of the total contributions receivable, net was comprised of amounts due from one donor.

During the year ended December 31, 2020, the Foundation had a contribution from two donors which accounted for approximately 32% of total contributions. During the year ended December 31, 2019, the Foundation had a contribution from one donor which accounted for approximately 60% of total contributions.

THE INTERNATIONAL ELEPHANT FOUNDATION

NOTES TO FINANCIAL STATEMENTS *(continued)*

H. Commitments and Contingencies

Paycheck Protection Program

During 2020, the Foundation entered into a loan agreement issued by the Small Business Administration (“SBA”) under the Paycheck Protection Program that consists of a forgivable loan that incurs interest at 1.0%. The total loan amount was \$6,200. The Foundation would not be liable for repayment of the loan provided that all SBA loan proceeds are used only for qualified expenditures as specified in the loan application.

During 2020, management applied for loan forgiveness under the SBA loan agreement and the loan was forgiven on January 27, 2021. Accordingly, management recognized the loan as a conditional contribution during the year ended December 31, 2020, on the accompanying statement of activities.

I. Related-Party Transaction

The Foundation received a contribution of \$120,000 from a related party during 2020, of which \$108,000 is included in contributions receivable in the accompany statement of financial position. There were no such contributions during 2019.

J. Subsequent Events

In preparing the financial statements, the Foundation has evaluated all subsequent events and transactions for potential recognition or disclosure through August 19, 2021, the date the financial statements were available for issuance.