



BIG LIFE FOUNDATION USA
Financial Statements
For the Years Ended December 31, 2016 and 2015

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Independent Auditor's Report

**To the Board of Directors
Big Life Foundation USA
Wood Village, Oregon**

We have audited the accompanying financial statements of Big Life Foundation USA (the Foundation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows 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; 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 audits 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 principles used and the reasonableness of significant 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented on pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Clark Nuber PS

Certified Public Accountants
March 30, 2017

BIG LIFE FOUNDATION USA

**Statements of Financial Position
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 1,978,797	\$ 1,513,926
Accounts receivable and other assets	86,916	70,054
Pledges receivable	<u>60,000</u>	
Total Assets	<u>\$ 2,125,713</u>	<u>\$ 1,583,980</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 4,899</u>	<u>\$ 10,954</u>
Total Liabilities	4,899	10,954
Net Assets:		
Unrestricted	1,719,248	1,406,882
Temporarily restricted	<u>401,566</u>	<u>166,144</u>
Total Net Assets	<u>2,120,814</u>	<u>1,573,026</u>
Total Liabilities and Net Assets	<u>\$ 2,125,713</u>	<u>\$ 1,583,980</u>

See accompanying notes.

BIG LIFE FOUNDATION USA

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Revenues and Support:			
Contributions	\$ 2,018,056	\$ 839,837	\$ 2,857,893
Donated art and other in-kind (Note 2)	237,086		237,086
Release of restricted contributions	604,415	(604,415)	
Sales revenue	101,299		101,299
Less cost of goods sold	(94,791)		(94,791)
Sales revenue, net of cost of goods sold	6,508		6,508
Other revenue	6,474		6,474
Total Revenues and Support	<u>2,872,539</u>	<u>235,422</u>	<u>3,107,961</u>
Expenses:			
Program	2,126,672		2,126,672
Management and general	163,637		163,637
Fundraising (Note 2)	269,864		269,864
Total Expenses	<u>2,560,173</u>		<u>2,560,173</u>
Change in Net Assets	312,366	235,422	547,788
Net assets, beginning of year	1,406,882	166,144	1,573,026
Net Assets, End of Year	<u>\$ 1,719,248</u>	<u>\$ 401,566</u>	<u>\$ 2,120,814</u>

See accompanying notes.

BIG LIFE FOUNDATION USA

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2015**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Revenues and Support:			
Contributions	\$ 1,907,845	\$ 314,989	\$ 2,222,834
Donated art and other in-kind (Note 2)	149,763		149,763
Release of restricted contributions	148,845	(148,845)	
Sales revenue	152,395		152,395
Less cost of goods sold	(148,610)		(148,610)
Sales revenue, net of cost of goods sold	3,785		3,785
Other revenue	4,950		4,950
Total Revenues and Support	<u>2,215,188</u>	<u>166,144</u>	<u>2,381,332</u>
Expenses:			
Program	1,483,376		1,483,376
Management and general	182,924		182,924
Fundraising (See Note 2)	121,872		121,872
Total Expenses	<u>1,788,172</u>		<u>1,788,172</u>
Change in Net Assets	427,016	166,144	593,160
Net assets, beginning of year	979,866		979,866
Net Assets, End of Year	<u>\$ 1,406,882</u>	<u>\$ 166,144</u>	<u>\$ 1,573,026</u>

See accompanying notes.

BIG LIFE FOUNDATION USA

**Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 547,788	\$ 593,160
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Change in operating assets and liabilities:		
Accounts receivable and other assets	(16,862)	(1,374)
Pledges receivable	(60,000)	
Grants payable		(121,705)
Accounts payable and accrued expenses	<u>(6,055)</u>	<u>(19,968)</u>
Net Cash Provided by Operating Activities and Net Change in Cash and Cash Equivalents	464,871	450,113
Cash and cash equivalents, beginning of year	<u>1,513,926</u>	<u>1,063,813</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,978,797</u>	<u>\$ 1,513,926</u>
Supplementary Cash Flow Information:		
Noncash donations of art and other in-kind contributions	\$ 237,086	\$ 149,763

See accompanying notes.

BIG LIFE FOUNDATION USA

Notes to the Financial Statements For the Years Ended December 31, 2016 and 2015

Note 1 - Organization

Organization - Using innovative conservation strategies and collaborating closely with local communities, partner NGOs, national parks and government agencies, Big Life Foundation USA (the Foundation) seeks to protect and sustain East Africa's wild lands and wildlife, including one of the greatest populations of elephants left in East Africa. The first organization in East Africa that has coordinated anti-poaching teams operating on both sides of the Kenya-Tanzania border, the Foundation recognizes that sustainable conservation can only be achieved through a community-based collaborative approach, which is at the heart of the Foundation's philosophy: conservation supports the people and people support conservation. The Foundation's vision is to establish a successful holistic conservation model in the Amboseli-Tsavo-Kilimanjaro ecosystem that can be replicated across the African continent.

The Foundation collaborates with partners operating in Africa, North America, and Europe. Big Life Kenya is a separate legal entity registered in Kenya. Big Life Canada is a separate nonprofit organization registered in Canada. Big Life United Kingdom is a separate nonprofit organization registered in the United Kingdom. Although certain of the Foundation's directors are members of the boards of Big Life Kenya, Big Life Canada and Big Life United Kingdom, the Foundation does not control these entities through this board participation. Therefore, these entities are not consolidated with the operations of the Foundation for financial reporting purposes.

Note 2 - Significant Accounting Policies

Basis of Presentation - The Foundation's financial statements have been prepared on the accrual basis of accounting. Net assets, revenues, gains, and losses of the Foundation are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or passage of time.

Permanently Restricted Net Assets - Support received in the form of endowment or sustaining funds which can never be spent. The Foundation had no permanently restricted net assets at December 31, 2016 and 2015.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Revenue Recognition - Contribution revenue is recognized in the period received or promised, including unconditional pledges. Donated art and sales revenue consists of open and limited edition artist prints that are contributed to the Foundation for sale to the public. The prints are donated by the artist at the time purchases are made and are reflected as in-kind contribution revenue. Sales revenue and cost of goods sold expense are recognized on the statements of activities and changes in net assets at the time the purchases are made. 100% of the sales proceeds are retained by the Foundation. During the year ended December 31, 2015, the Foundation began selling books published by the same artist with approximately 75% - 80% of the proceeds retained by the Foundation. Book sales were immaterial during the years ended December 31, 2016 and 2015.

Cash and Cash Equivalents - For the purposes of reporting cash flows, cash and cash equivalents consist of funds held with financial institutions. The Foundation had cash in institutions in excess of the Federal Deposit Insurance Corporation limits during the years ended December 31, 2016 and 2015. The Foundation has not experienced any losses in these accounts.

BIG LIFE FOUNDATION USA

Notes to the Financial Statements For the Years Ended December 31, 2016 and 2015

Note 2 - Continued

Accounts Receivable and Other Assets - Accounts receivable consist primarily of funds held with third party payment processors for contributions received through the Foundation's website prior to year-end but not yet deposited to the Foundation's bank accounts. An allowance for doubtful accounts is not deemed necessary by management at December 31, 2016 and 2015. Other assets consisted primarily of prepaid expenses.

Pledges Receivable - Pledges receivable, unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Grants Payable - Grants payable consist of grants that have been approved by the Foundation prior to year-end but have not yet been paid. Grant expense is recognized at the time the grant is approved by the Foundation. There were no grants payable at December 31, 2016 and 2015.

Donated Art and Other In-Kind - Donated art and other in-kind consists primarily of limited edition artwork donated to the Foundation. The Foundation also received donated web-based advertising and donated goods for its special event. Donated art and other in-kind consisted of the following for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Limited edition artwork	\$ 94,791	\$ 148,610
Web-based advertising	94,439	1,153
Donated goods for special events	46,540	
Other	<u>1,316</u>	
Total Donated Art and Other In-Kind	<u>\$ 237,086</u>	<u>\$ 149,763</u>

In accordance with U.S. GAAP, the donated web-based advertising is recognized as in-kind revenue and is considered fundraising expense in the schedules of functional expenses for the years ended December 31, 2016 and 2015.

Special Events - The Foundation held a special event during the year ended December 31, 2016. Revenue related to the event totaled \$131,141 and is included in contributions and other in-kind revenue, and the related expenses totaled approximately \$46,540, and are included in fundraising expense on the statement of activities and changes in net assets for the year ended December 31, 2016. There were no special events held during the year ended December 31, 2015.

Concentrations, Gifts From Board Members and Related Party Transactions - For the years ended December 31, 2016 and 2015, 24% and 31%, respectively, of the Foundation's total revenue was received from donors through two charitable funds.

Gifts received from its board members, including the fair value of the donated art, totaled approximately \$276,000 and \$358,500, respectively, the years ended December 31, 2016 and 2015.

Pledges receivable from one individual accounted for 100% of pledges receivable at December 31, 2016.

BIG LIFE FOUNDATION USA

Notes to the Financial Statements For the Years Ended December 31, 2016 and 2015

Note 2 - Continued

For the years ended December 31, 2016 and 2015, 100% and 97%, respectively, of the Foundation's total grant-making expenses consisted of grants awarded to two organizations. Grants awarded to Big Life Kenya, a related party (Note 1), totaled \$1,687,689 and \$892,081, respectively, and grants awarded to an organization in Tanzania totaled \$353,037 and \$445,015, respectively, for the years ended December 31, 2016 and 2015.

Federal Income Tax - The Internal Revenue Service has determined the Foundation to be a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made in these financial statements.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets based on the benefits derived by program, and management and general, and fundraising activities.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Financial Statement Reclassifications - Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications have no effect on the change in net assets or net asset balances as previously reported.

Subsequent Events - The Foundation has evaluated subsequent events through March 30, 2017, the date on which the financial statements were available to be issued.

Note 3 - Pledges Receivable

At December 31, 2016, pledges receivable consisted of a pledge that is to be paid in equal installments of \$30,000 for each of the years ending December 31, 2017 and 2018. A present value discount was deemed immaterial at December 31, 2016. Management considers the pledge fully collectible; therefore, an allowance for doubtful accounts was not deemed necessary at December 31, 2016. There were no pledges receivable at December 31, 2015.

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**Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2016</u>	<u>2015</u>
Rangers	\$ 183,600	\$ 74,476
Vehicles, land Kenya	61,500	
Time restricted pledges	60,000	
Predator compensation fund	27,500	32,500
Wildlife security	25,581	23,465
Education and scholarships	18,747	
Kenya farm	11,671	
Maasai Olympics	11,367	30,000
Human wildlife conflict: fence Kenya	1,100	2,100
Tanzania	500	
Elephants		3,603
Total Temporarily Restricted Net Assets	<u>\$ 401,566</u>	<u>\$ 166,144</u>

Purpose restricted net assets released from restrictions totaled \$604,415 and \$148,845 during the years ended December 31, 2016 and 2015, respectively.

Note 5 - Retirement Plan

In December 2016, the Foundation approved the establishment of a Simple IRA Plan (the Plan). The Plan went into effect in 2017. Eligible employees may contribute to the Plan after the completion of 90 days of employment. Employer contributions are permitted by the Plan. No employer contributions were made during the year ended December 31, 2016.

SUPPLEMENTARY INFORMATION

BIG LIFE FOUNDATION USA

**Schedule of Functional Expenses
For the Year Ended December 31, 2016**

	Program	Management and General	Fundraising	Total
Salaries	\$ 63,143	\$ 69,817	\$ 75,723	\$ 208,683
Taxes and benefits	6,436	5,477	6,004	17,917
Total Salaries, Taxes and Benefits	69,579	75,294	81,727	226,600
Grants	2,033,287			2,033,287
Professional services		64,373	3,181	67,554
Other services	587	2,905	15,620	19,112
Promotion and advertising	2,200	173	61,520	63,893
Office	12,196	3,951	7,032	23,179
Technology	1,314	5,620	2,623	9,557
Travel	7,509	7,799	3,722	19,030
Insurance		3,522		3,522
Total Expenses Before Donated Web-Based Advertising	2,126,672	163,637	175,425	2,465,734
Donated web-based advertising			94,439	94,439
Total Expenses	\$ 2,126,672	\$ 163,637	\$ 269,864	\$ 2,560,173

See independent auditor's report.

BIG LIFE FOUNDATION USA

**Schedule of Functional Expenses
For the Year Ended December 31, 2015**

	Program	Management and General	Fundraising	Total
Salaries	\$ 68,325	\$ 92,681	\$ 63,599	\$ 224,605
Taxes and benefits	6,177	8,080	4,860	19,117
Total Salaries, Taxes and Benefits	74,502	100,761	68,459	243,722
Grants	1,373,801			1,373,801
Professional services	5,991	62,216	(53)	68,154
Other services		1,198	16,762	17,960
Conferences and meetings	628	355	739	1,722
Promotion and advertising	296	100	15,927	16,323
Office	19,090	8,864	9,503	37,457
Technology	3,037	4,284	3,520	10,841
Travel	6,031	3,500	5,862	15,393
Insurance		1,646		1,646
Total Expenses Before Donated Web-Based Advertising	1,483,376	182,924	120,719	1,787,019
Donated web-based advertising			1,153	1,153
Total Expenses	\$ 1,483,376	\$ 182,924	\$ 121,872	\$ 1,788,172

See independent auditor's report.