

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 & 2015**

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**BLACK & CONDIE, LLP**  
*Certified Public Accountants*  
**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Orangutan Foundation International  
Los Angeles, California

We have audited the accompanying statements of financial position of Orangutan Foundation International (a non-profit organization), as of December 31, 2016 and 2015, the related statements of activities, and changes in net assets, functional expenses 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 the 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 audit. 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 of 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 Orangutan Foundation International as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Black & Condie  
Torrance, California  
March 1, 2018

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**STATEMENTS OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 576,010	\$ 632,127
Investments	64,188	64,188
Inventory	26,387	25,164
Prepaid insurance	<u>3,598</u>	<u>3,598</u>
Total Current Assets	670,183	725,077
Property and equipment - net of accum. depr.	2,447,356	2,197,610
Investments, long term	82,836	72,834
Deposits	<u>2,163</u>	<u>2,163</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,202,538</u></u>	<u><u>\$ 2,997,684</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	<u>\$ 2,845</u>	<u>\$ 8,436</u>
Total Liabilities	<u>2,845</u>	<u>8,436</u>
<b>NET ASSETS</b>		
Unrestricted net assets	2,770,405	2,421,099
Temporarily restricted net assets	<u>429,288</u>	<u>568,149</u>
Total net assets	<u>3,199,693</u>	<u>2,989,248</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,202,538</u></u>	<u><u>\$ 2,997,684</u></u>

See independent auditors' report and accompanying notes.

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>
<b>Support</b>						
Individuals	\$ 1,123,367	\$ 113,660	\$ 1,237,027	\$ 889,733	\$ 47,525	\$ 937,258
Foundations	104,708		104,708	129,346		129,346
Government grants			-			-
Chapter donations	188,939	-	188,939	154,143	-	154,143
Corporations	230,576	-	230,576	271,725	-	271,725
Indirect support	38,512		38,512	22,399		22,399
<b>Total Support</b>	<u>1,686,102</u>	<u>113,660</u>	<u>1,799,762</u>	<u>1,467,346</u>	<u>47,525</u>	<u>1,514,871</u>
<b>Revenue</b>						
Investment income (loss)	8,123		8,123	1,418		1,418
Merchandise sales	5,610		5,610	5,897		5,897
<b>Total revenue</b>	<u>13,733</u>	<u>-</u>	<u>13,733</u>	<u>7,315</u>	<u>-</u>	<u>7,315</u>
<b>Net assets released from restrictions</b>	<u>252,521</u>	<u>(252,521)</u>	<u>-</u>	<u>276,049</u>	<u>(276,049)</u>	<u>-</u>
<b>Donated services, materials and equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue and reclassifications</b>	<u>1,952,356</u>	<u>(138,861)</u>	<u>1,813,495</u>	<u>1,750,710</u>	<u>(228,524)</u>	<u>1,522,186</u>
<b>Expenses</b>						
Program services						
Care and conservation	1,344,605		1,344,605	1,182,604		1,182,604
Research	36,660		36,660	36,262		36,262
Education	37,741		37,741	39,161		39,161
<b>Total program services</b>	<u>1,419,006</u>	<u>-</u>	<u>1,419,006</u>	<u>1,258,027</u>	<u>-</u>	<u>1,258,027</u>
Supporting services						
Management and general	143,854		143,854	120,442		120,442
Fundraising	40,190		40,190	38,931		38,931
<b>Total supporting services</b>	<u>184,044</u>	<u>-</u>	<u>184,044</u>	<u>159,373</u>	<u>-</u>	<u>159,373</u>
<b>Total Expenses</b>	<u>1,603,050</u>	<u>-</u>	<u>1,603,050</u>	<u>1,417,400</u>	<u>-</u>	<u>1,417,400</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 349,306</u>	<u>\$ (138,861)</u>	<u>\$ 210,445</u>	<u>\$ 333,310</u>	<u>\$ (228,524)</u>	<u>\$ 104,786</u>

See independent auditors' report and accompanying notes.

**ORANGUTAN FOUNDATION INTERNATIONAL  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

			<b>Total</b>	
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>2016</b>	<b>2015</b>
<b>Net assets, beginning of the year</b>	\$ 2,421,099	\$ 568,149	\$ 2,989,248	\$ 2,884,462
<b>Changes in net assets</b>	349,306	(138,861)	210,445	104,786
<b>Net assets, end of the year</b>	<u>\$ 2,770,405</u>	<u>\$ 429,288</u>	<u>\$ 3,199,693</u>	<u>\$ 2,989,248</u>

See independent auditors' report and accompanying notes.

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Program Services			Supporting Services			Total	
	Care and Conservation	Research	Education	Management and General	Fund Raising	Total	2016	2015
Salaries, payroll taxes and employee benefits, US	\$ 50,379	\$ 11,129	\$ 30,669	\$ 92,177	\$ 27,952	\$ 142,738	\$ 234,915	\$ 191,202
Salaries and wages, Indonesia care center	487,768			487,768		-	487,768	438,718
Foods and medical care	229,361	-	-	229,361	-	-	229,361	291,529
Travel and lodging	88,608	10,686	2,184	101,478	-	-	101,478	99,246
Outside services	16,882			16,882		-	16,882	19,132
Supplies	16,754	3,102	177	20,033	177	530	20,563	30,677
Occupancy	43,690	1,536	768	45,994	768	2,304	48,298	51,184
Telephone	11,236	1,409	704	13,349	704	2,113	15,462	13,755
Postage and delivery	4,033	576	288	4,897	288	864	5,761	4,901
Meals & Entertainment	703	-	-	703	-	-	703	1,569
Miscellaneous	31,239	-	-	31,239	-	4,455	35,694	30,666
Printing	1,050	-	525	1,575	7,874	8,924	10,499	23,008
Depreciation	14,282	2,040	1,020	17,342	1,021	3,061	20,403	20,408
Insurance	15,867	2,267	1,133	19,267	1,133	3,400	22,667	22,745
Bank fees	-	-	-	-	-	14,836	14,836	17,655
Advertising	3,822	546	273	4,641	273	819	5,460	2,014
Website	3,828	-	-	3,828	-	-	3,828	-
Equipment	9,008	-	-	9,008	-	-	9,008	13,717
Repairs and maintenance	316,095	3,369	-	319,464	-	-	319,464	145,274
Student research	-	-	-	-	-	-	-	-
Expenses before donated services and materials	1,344,605	36,660	37,741	1,419,006	40,190	184,044	1,603,050	1,417,400
Donated services	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 1,344,605</b>	<b>\$ 36,660</b>	<b>\$ 37,741</b>	<b>\$ 1,419,006</b>	<b>\$ 40,190</b>	<b>\$ 184,044</b>	<b>\$ 1,603,050</b>	<b>\$ 1,417,400</b>

See independent auditors' report and accompanying notes.

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 210,445	\$ 104,786
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Donation of stocks	-	-
Depreciation	20,403	20,408
Unrealized/realized (gain) loss on securities	(4,927)	1,212
Changes in operating assets and liabilities:		
Increase in prepaid expenses	-	-
Decrease (increase) in inventory	(1,223)	(3,757)
Increase (decrease) in accounts payable	<u>(5,591)</u>	<u>(1,056)</u>
Net cash provided by operating activities	219,107	121,593
<b>Cash flows from investing activities</b>		
Decrease (increase) in investments	(5,075)	(5,043)
Capital expenditures	<u>(270,149)</u>	<u>(315,449)</u>
Net cash used for investing activities	(275,224)	(320,492)
<b>Net increase in cash and cash equivalents</b>	(56,117)	(198,899)
<b>Cash and cash equivalents, beginning of the year</b>	<u>632,127</u>	<u>831,026</u>
<b>Cash and cash equivalents, end of the year</b>	<u><u>\$ 576,010</u></u>	<u><u>\$ 632,127</u></u>

See independent auditors' report and accompanying notes.



**ORANGUTAN FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Orangutan Foundation International (the Organization) is a non-profit corporation incorporated in 1986 under the California Non-profit Public Benefit Corporation Law. The Organization's purpose is to further people's knowledge, conservation and appreciation of orangutans and their tropical rain forest habitat. The Organization operates the following programs:

Care and Conservation

The Organization provides rescue, repatriation and rehabilitation of orangutans in the wild and in captivity, as well as conservation of orangutan habitat.

Research

The Organization conducts research, the results of which are intended to increase scientific information about orangutans, their behavior and habitat requirements.

Education

The Organization sponsors the development of educational materials about orangutans, both for the public at large and academic audiences.

Support for these activities comes primarily from donations from individuals, foundations, and corporations.

The following summarizes significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Basis of Accounting**

The financial statements of the Organization have been prepared using the accrual basis of accounting.

**Basis of Presentation**

The accompanying financial statements have been prepared on the basis of Statement of Financial Accounting Standards (SFAS) No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The organization currently has no permanently restricted net assets.

**Cash and Cash Equivalents**

For financial statement purposes, the Organization considers all liquid investment purchased with a maturity date of three months or less to be cash equivalents. The organization's cash balance in a single United States financial institution at December 31, 2016 was \$219,791 greater than the Federal Depository Insurance Corporation (FDIC) limit of \$250,000. At December 31, 2015 the cash balances at this financial institution exceeded the FDIC insured limit by \$315,350.

See Independent auditor's report.

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted and Unrestricted Revenue and Support**

The Organization accounts for grants and contributions in accordance with SFAS No 116, *Accounting for Contributions Received and Contributions Made*. Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Investments**

The Organization has adopted SFAS No 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Under SFAS No 124, investments in marketable securities with readily determinable fair market values and all investments in debt securities are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the Statements of Changes in Net Assets.

**Inventory**

Inventory, consisting of books and other orangutan-related items, is stated at the lower of cost or market value.

**Tax Status**

The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, and is exempt from California Franchise Tax under Section 23701(d) of the State Revenue and Taxation Code. In addition, the Organization qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2)

**Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Expenses Allocation**

The costs of providing the programs and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Certain costs have been allocated among the programs and the supporting services bases on ratios determined by management.

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Foreign Operations**

The Organization helps operate and maintain an Orangutan preserve in Tanjung Puting Reserve in Central Borneo in Indonesia. To help fund this activity, the Organization maintains bank accounts in Indonesia which are used to fund operating expenses and is funded on as needed basis to cover expenses as incurred. Minimal cash balances are held which minimizes any foreign currency risk.

**Donated Services, Materials and Equipment**

Donated services are recognized as contributions in accordance with SFAS No 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, and would otherwise be purchased by the Organization.

Donated materials are recorded as contributions and expenses at their estimated fair value at the date of donation.

Donations of equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

**New Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*, which amends the requirements for financial statements and notes in Topic 958, Not-for-Profit Entities. Provisions include: the reduction in the number of new asset classes presented from three to two classes (with donor restrictions and without donor restrictions); the requirement to present expenses by their functional and their natural classifications in one location in the financial statements; the requirement to present quantitative and qualitative information about management of liquid resources and availability of financial assets to meet cash needs within one year of the balance sheet date; and the retention of the option to present operating cash flows in the statement of cash flows using either the direct or indirect method. The pronouncement is effective for annual periods in fiscal years beginning after December 15, 2017. The Organization will adopt this guidance for the fiscal year ended December 31, 2018.

**NOTE 2 – INVESTMENT INCOME**

Current assets include certificates of deposits with terms greater than three months but less than one year of \$64,188 and \$64,188 at December 31, 2016 and 2015, respectively.

See Independent auditor's report.

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 2 – INVESTMENT INCOME (continued)**

Long – term investments are presented in the financial statements at fair market value and consist of the following:

Corporate Stock:	Fair Market Value	Prior Year Value	Unrealized Gain (Loss)
December 31, 2016	\$82,836	\$77,909	\$ 4,927
December 31, 2015	\$72,834	\$74,046	\$(1,212)

Investment return is summarized as follows:

Investment Income:

	<b>2016</b>	<b>2015</b>
Interest and dividends	\$ 3,196	\$ 2,630
Unrealized gain/(loss) on investments	7,927	(1,212)
Total	<u>\$ 8,123</u>	<u>\$ 1,418</u>

**NOTE 3 – PROPERTY AND EQUIPMENT**

All acquisition of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Property and equipment are carried at cost and are depreciated using the straight-line method over the estimated useful life of the asset.

	<b>Method</b>	<b>Estimated Useful lives (Years)</b>	<b>2016</b>	<b>2015</b>
Office Equipment	Straight-line	5-7	\$ 104,058	\$ 104,058
Software	Straight-line	5	20,551	20,551
Building	Straight-line	20	32,160	20,718
Vehicle	Straight-line	5	124,016	117,829
			280,785	263,156
Less accumulated depreciation			(172,494)	(152,090)
			108,291	111,066
Land			2,325,565	2,073,044
Art Collection			13,500	13,500
			<u>\$ 2,447,356</u>	<u>\$ 2,197,610</u>

See Independent auditor's report.

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 – PROPERTY AND EQUIPMENT (continued)**

Depreciation expense for the years ended December 31, 2016 and 2015 was \$20,403 and \$20,408, respectively.

The organization has funded land purchases, consisting of several parcels in close proximity to the care center and quarantine supported by the organization, is located on the island of Kalimantan, Indonesia. Because Indonesian law will allow only Indonesian citizens to own land there, Mr. Pak Bohap, a member of the board, holds title to five of the parcels. Dr. Birute Galdikas, President of the board, holds title to the other parcels. A memorandum of understanding exists between Mr. Bohap and the Organization and between Dr. Galdikas and the Organization that they and their heirs are holding land in trust for Orangutan Foundation International until such time as Indonesian law will allow foreign organizations to hold title. During 2008 through 2016, the Organization has been funding purchases of land adjacent to the care center to protect the current land usage from being converted to palm oil plantations or rubber plantations. In 2016 and 2015, the organization expended \$252,521 and \$276,049, respectively, for such purchases.

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets of the Organization are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Purpose restrictions		
Land purchases	<u>\$429,288</u>	<u>\$568,149</u>
Total	<u>\$429,288</u>	<u>\$568,149</u>

**NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors.

	<u>2016</u>	<u>2015</u>
Land purchase	<u>\$252,521</u>	<u>\$276,049</u>
Total	<u>\$252,521</u>	<u>\$276,049</u>

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 6 – COMMITMENTS**

On June 1, 2010, the organization entered into an open-ended lease for its administrative offices. Rental payments under this lease were \$1,280 per month. This lease is subject to a two month notice of termination.

**NOTE 7 - SUBSEQUENT EVENTS**

The Organization did not have any subsequent events through March 1, 2018, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the years ended December 31, 2016 and 2015.

**NOTE 8 – FAIR VALUE MEASUREMENTS**

The Accounting Standard Codification requirement of Fair Value Measurements and Disclosures, applies to all financial instruments and all nonfinancial assets and liabilities that are being measured and reported on a fair value basis. It establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

Level 2 inputs consists of observable inputs other than quoted prices for identical assets, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**ORANGUTAN FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 8 – FAIR VALUE MEASUREMENTS (continued)**

The following table represents assets and liabilities reported on the statement of financial position at their fair value as of December 31, 2015 and 2014 by level within the fair value measurement hierarchy.

<u>Description</u>	<u>Amount</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets</u>	<u>Significant Other Observable Inputs</u>	<u>Significant Unobservable inputs</u>
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<b>2016</b>				
Certificates of Deposit	\$ 64,188	-	64,188	-
Corporate Stock	82,836	82,836	-	-
Total	<u>\$ 147,024</u>			
<b>2015</b>				
Certificates of Deposit	\$ 64,188	-	64,188	-
Corporate Stock	72,834	72,834	-	-
Total	<u>\$ 137,022</u>			

For the remaining current assets and current liabilities, the carrying amounts approximate fair value because of the short maturity of these instruments.