

# **Panthera Corporation**

Consolidated Financial Statements

December 31, 2017 and 2016



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# Panthera Corporation

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## **Independent Auditors' Report**

Board of Directors  
Panthera Corporation

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Panthera Corporation which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 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 auditors' 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.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Panthera Corporation as of December 31, 2017 and 2016, 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.

*Baker Tilly Virchow Krause, LLP*

New York, New York  
July 23, 2018

# Panthera Corporation

## Consolidated Statements of Financial Position

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 7,054,250	\$ 3,743,041
Accounts receivable	133,014	61,191
Donations and pledges receivable	2,865,658	6,344,620
Marketable securities	-	29,274
Other current assets	566,241	404,672
	<u>10,619,163</u>	<u>10,582,798</u>
<b>Long-Term Assets</b>		
Long-term pledges, net	14,664,578	18,711,102
Fixed assets, net	1,809,176	1,879,838
Other long-term assets	-	8,122
	<u>16,473,754</u>	<u>20,599,062</u>
Total long-term assets	<u>16,473,754</u>	<u>20,599,062</u>
Total assets	<u>\$ 27,092,917</u>	<u>\$ 31,181,860</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 416,764	\$ 363,865
Deferred rent liability	16,668	294
Deferred revenue	937,653	316,341
	<u>1,371,085</u>	<u>680,500</u>
Total current liabilities	<u>1,371,085</u>	<u>680,500</u>
<b>Long-Term Liabilities</b>		
Deferred rent liability	33,335	31,947
	<u>33,335</u>	<u>31,947</u>
Total long-term liabilities	<u>33,335</u>	<u>31,947</u>
Total liabilities	<u>1,404,420</u>	<u>712,447</u>
<b>Net Assets</b>		
Unrestricted	2,149,297	1,837,849
Temporarily restricted	23,539,200	28,631,564
	<u>25,688,497</u>	<u>30,469,413</u>
Total net assets	<u>25,688,497</u>	<u>30,469,413</u>
Total liabilities and net assets	<u>\$ 27,092,917</u>	<u>\$ 31,181,860</u>

See notes to consolidated financial statements

## Panthera Corporation

Consolidated Statements of Activities and Changes in Net Assets  
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Changes in Unrestricted Net Assets</b>		
<b>Operating Revenue</b>		
Contributions	\$ 1,360,430	\$ 1,373,351
In-kind contributions	328,227	\$ 549,590
Grant income	512,056	344,806
Other	253,769	41,206
Net realized gain on marketable securities	1,041	375
Net assets released from restrictions	<u>11,255,813</u>	<u>11,212,180</u>
Total operating revenue	<u>13,711,336</u>	<u>13,521,508</u>
<b>Expenses</b>		
Programs	10,393,455	9,954,395
Management and general	1,351,191	1,836,758
Fundraising	<u>1,658,942</u>	<u>1,533,399</u>
Total expenses	<u>13,403,588</u>	<u>13,324,552</u>
Net operating income	<u>307,748</u>	<u>196,956</u>
<b>Non-Operating Item</b>		
Foreign currency translation adjustments	<u>3,701</u>	<u>23,542</u>
Non-operating increase	<u>3,701</u>	<u>23,542</u>
Increase in unrestricted net assets	<u>311,449</u>	<u>220,498</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	6,163,448	5,581,212
Change in board's pledge acceptance conditions	-	(14,865,006)
Net assets released from restrictions	<u>(11,255,813)</u>	<u>(11,212,180)</u>
Decrease in temporarily restricted net assets	<u>(5,092,365)</u>	<u>(20,495,974)</u>
Decrease in net assets	(4,780,916)	(20,275,476)
Net Assets, Beginning of Year	<u>30,469,413</u>	<u>50,744,889</u>
Net Assets, End of Year	<u>\$ 25,688,497</u>	<u>\$ 30,469,413</u>

See notes to consolidated financial statements

**Panthera Corporation**

Consolidated Statement of Functional Expenses

Year Ended December 31, 2017

	Programs								Support Services				Total Expenses		
	Tiger	Lion	Snow Leopard	Jaguar	Puma	Leopard	Cheetah	Tech	Special Projects/Scholarships and Awards	Integrated Conservation Program	Total Program Services	Management and General		Fundraising	Total Support Services
Salaries and contracted staff	\$ 894,550	\$ 340,701	\$ 424,318	\$ 1,361,534	\$ 119,871	\$ 332,896	\$ 213,951	\$ 112,022	\$ 33,703	\$ 45,694	\$ 3,879,240	\$ 715,803	\$ 717,251	\$ 1,433,054	\$ 5,312,294
Benefits	178,253	28,301	73,021	434,471	24,827	113,600	21,135	19,286	6,440	7,698	907,032	160,992	158,809	319,801	1,226,833
Contracted services	756,019	284,363	191,814	21,248	-	46,373	7,204	-	-	-	1,307,021	-	-	-	1,307,021
Awards	-	-	-	-	-	-	-	-	752,049	-	752,049	-	1,747	1,747	753,796
Donated website advertising	-	-	-	-	-	-	-	-	-	-	-	-	328,227	328,227	328,227
Field supplies and equipment	188,051	220,817	78,522	140,227	5,149	135,128	65,877	22,751	4,322	4,889	865,733	3,261	8,599	11,860	877,593
Travel/lodging/meals	158,270	96,218	195,904	296,595	18,765	59,586	26,394	1,959	4,269	13,602	871,562	53,088	182,226	235,314	1,106,876
Occupancy	48,540	22,108	43,608	90,493	21,229	13,165	9,386	-	8,086	-	256,615	116,599	114,495	231,094	487,709
Technology/telephone	58,933	28,980	40,635	98,239	13,655	21,905	11,153	1,273	1,266	576	276,615	21,436	27,773	49,209	325,824
Office supplies	2,309	2,173	2,269	8,059	175	5,448	10,273	327	17	21	31,071	15,402	2,367	17,769	48,840
Professional services	282,051	51,765	201,027	269,560	47,185	28,194	26,913	-	-	163	906,858	149,385	37,301	186,686	1,093,544
Depreciation/amortization	5,796	2,138	11,755	93,639	6,006	1,701	984	-	-	-	122,542	10,477	7,318	17,795	140,337
Conference/meetings	-	560	13,509	348	-	-	-	-	-	-	14,417	-	2,840	2,840	17,257
Other	56,559	18,647	15,520	63,003	6,596	31,319	5,996	532	4,237	291	202,700	104,748	69,989	174,737	377,437
<b>Total</b>	<b>\$ 2,629,331</b>	<b>\$ 1,096,771</b>	<b>\$ 1,291,902</b>	<b>\$ 2,877,416</b>	<b>\$ 263,458</b>	<b>\$ 789,315</b>	<b>\$ 399,266</b>	<b>\$ 158,150</b>	<b>\$ 814,912</b>	<b>\$ 72,934</b>	<b>\$ 10,393,455</b>	<b>\$ 1,351,191</b>	<b>\$ 1,658,942</b>	<b>\$ 3,010,133</b>	<b>\$ 13,403,588</b>

**Panthera Corporation**

Consolidated Statement of Functional Expenses  
Year Ended December 31, 2016

	Programs								Support Services					
	Tiger	Lion	Snow Leopard	Jaguar	Puma	Leopard	Cheetah	Tech	Special Projects/Scholarships and Awards	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries and contracted staff	\$ 902,645	\$ 493,502	\$ 473,537	\$ 1,141,308	\$ 194,188	\$ 292,474	\$ 163,013	\$ 113,815	\$ 32,141	\$ 3,806,623	\$ 1,020,669	\$ 683,015	\$ 1,703,684	\$ 5,510,307
Benefits	183,888	60,284	90,292	361,949	64,537	87,950	21,368	24,873	6,952	902,093	238,052	157,626	395,678	1,297,771
Contracted services	806,420	181,104	385,572	82,245	338	48,214	100,147	-	-	1,604,040	-	300	300	1,604,340
Awards	-	-	-	-	-	-	-	-	1,139,068	1,139,068	-	-	-	1,139,068
Donated website advertising and legal services	-	-	-	-	-	-	-	-	-	-	75,590	474,000	549,590	549,590
Field supplies and equipment	146,317	86,268	37,691	171,738	28,115	129,888	26,601	25,869	6,444	658,931	1,085	206	1,291	660,222
Travel/lodging/meals	159,977	87,947	82,798	214,740	24,818	54,267	26,649	7,604	5,624	664,424	62,613	68,409	131,022	795,446
Occupancy	67,032	21,790	33,672	69,251	22,171	12,894	8,995	-	5,850	241,655	160,468	76,058	236,526	478,181
Technology/telephone	43,881	30,889	32,770	77,520	11,340	17,802	10,524	2,849	877	228,452	15,352	12,988	28,340	256,792
Office supplies	5,035	2,442	3,572	13,306	1,470	2,892	1,380	446	48	30,591	22,297	2,271	24,568	55,159
Professional services	61,771	33,466	46,004	96,055	21,036	55,893	22,624	-	1,369	338,218	164,328	28,432	192,760	530,978
Depreciation/amortization	5,908	3,071	9,573	111,686	7,853	1,926	1,015	-	448	141,480	10,272	6,375	16,647	158,127
Conference/meetings	-	-	4,783	-	-	1,801	5,000	-	-	11,584	1,289	390	1,679	13,263
Other	35,349	22,136	12,290	84,815	3,619	21,304	4,626	1,172	1,925	187,236	64,743	23,329	88,072	275,308
<b>Total</b>	<b>\$ 2,418,223</b>	<b>\$ 1,022,899</b>	<b>\$ 1,212,554</b>	<b>\$ 2,424,613</b>	<b>\$ 379,485</b>	<b>\$ 727,305</b>	<b>\$ 391,942</b>	<b>\$ 176,628</b>	<b>\$ 1,200,746</b>	<b>\$ 9,954,395</b>	<b>\$ 1,836,758</b>	<b>\$ 1,533,399</b>	<b>\$ 3,370,157</b>	<b>\$ 13,324,552</b>

See notes to consolidated financial statements



## Panthera Corporation

### Consolidated Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Decrease in net assets	\$ (4,780,916)	\$ (20,275,476)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities		
Effect of foreign currency translation adjustments	(3,701)	23,542
Depreciation/amortization expense	140,337	158,127
Amortization of discount included in long-term pledges	379,182	(943,761)
Change in foreign currency exchange adjustment	3,701	(23,542)
Provision for deferred rent	17,762	24,643
Realized gain on sale of fixed assets	(3,333)	(10,820)
Realized gain on sale of marketable securities	(1,041)	(375)
Changes in operating assets and liabilities:		
Accounts receivable	(71,823)	29,165
Donations and pledges receivable	3,478,962	(188,093)
Other current assets	(161,569)	93,127
Other long-term assets	8,122	-
Long-term pledges	3,667,342	20,839,287
Accounts payable and accrued expenses	52,899	(387,776)
Deferred revenue	621,312	162,500
Total adjustments	<u>8,128,152</u>	<u>19,776,024</u>
Net cash provided by (used in) operating activities	<u>3,347,236</u>	<u>(499,452)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(74,342)	(173,283)
Proceeds from sales of fixed assets	8,000	16,369
Net proceeds (purchases) of marketable securities	<u>30,315</u>	<u>(23,564)</u>
Net cash used in investing activities	<u>(36,027)</u>	<u>(180,478)</u>
Increase (decrease) in cash and cash equivalents	3,311,209	(679,930)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,743,041</u>	<u>4,422,971</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 7,054,250</u>	<u>\$ 3,743,041</u>

See notes to consolidated financial statements

## 1. Description of Organization and Summary of Significant Accounting Policies

### Organization

Panthera Corporation is a not-for-profit wildlife conservation organization incorporated in the State of Delaware. Panthera Corporation has a controlling and economic interest in a number of foreign not-for-profit entities, together known as "Panthera." Panthera's mission is the conservation of the world's 38 wild cat species, many of which are endangered or threatened. Panthera develops, implements, and oversees wild cat conservation strategies on a global scale. Panthera's large scale initiatives with tigers, lions, snow leopards, jaguars, pumas, leopards, cheetahs and other species currently span four continents. Panthera conducts critical research, enacts effective conservation measures, works closely with the world's top cat biologists, various governments and related agencies, local and international non-governmental organizations, assists and trains felid biologists and educates the local and international populations as to felid conservation. Field work is performed in North America, South America, Africa and Asia in numerous individual countries.

A brief summary of Panthera's major programs follows:

**Tiger** - Panthera, through various individual programs, seeks to increase wild tiger populations by at least 50% across key sites over the next decade. In addition, Panthera identifies and creates safe corridors for the species to move between core populations.

**Lion** - Panthera combines an understanding of lion ecology in human dominated landscapes with techniques that provide local communities with the ability and incentive to avoid conflict with lions. In addition, Panthera also works to curtail widespread wire-snare poaching which is pervasive in many key lion landscapes, including Kafue NP (Zambia), Limpopo NP (Mozambique) and Niokolo-Koba NP (Senegal).

**Snow Leopard** - Panthera developed a state-of-the-art global range map and database of snow leopard habitats and helps delineate critical conservation units and identify prevailing threats. Using the database to target populations that require conservation, Panthera's efforts are geared towards a range-wide approach in conserving the snow leopards.

**Jaguar** - Panthera utilizes a range-wide approach focusing on the entire spectrum including prey, key populations, mitigating threats, education and building genetic corridors in which jaguars can move safely. Panthera works closely with ranchers to develop methods and models to demonstrate that cattle ranching and jaguar conservation can co-exist.

**Puma** - Panthera is working to better understand and protect pumas in: the Western US (northwest Wyoming and the San Francisco Bay Area and the region of Torres del Paine National Park in the Chilean Patagonia. Panthera's work includes studying the effects of wolf reintroduction and human hunting on puma populations, utilizing innovative camera technology to observe the secret social lives of pumas, and mitigating human-puma conflict.

## **Panthera Corporation**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

**Leopard** - Panthera seeks to reduce the widespread traditional use of leopard skins by the Shembe Nazareth Baptist Church in southern Africa. In addition, Panthera has established a network of surveillance sites across South Africa and neighboring countries to monitor changes in key leopard populations.

**Cheetah** - Panthera aims to protect cheetahs by addressing direct threats to them, their prey base, and their habitats. To do this, Panthera gathers critical ecological data by surveying and monitoring populations and their prey, collaborating with local law enforcement officials and partners, and working with local communities to mitigate conflict and create cheetah-positive landscapes within communities. Panthera's approach to protecting cheetahs focuses on: developing a program in Zambia that can eventually be expanded across the cheetah's African range.

**Tech** – Panthera's Technology Program develops devices and software supporting species programs, including camera traps and Poachercams. Panthera integrates third party private GSM (global system for mobile) wireless equipment as well as systems to monitor Poachercam deployments.

**Integrated Conservation Program** - The Integrated Conservation Program (ICP) works in support of Panthera's flagship species conservation initiatives, improving communication and coordination among the organization's staff operating around the world. Currently, the ICP team is primarily focused on, (i) the development and dissemination of conservation technologies, such as wildlife camera traps, (ii) site security and related anti-poaching initiatives in Asia and Africa, and (iii) advanced geospatial analyses that serve to quantify Panthera's collective conservation impacts around the world.

**Scholarships and Awards** - Panthera provides scholarship, research and project funding awards to post-graduate students in advanced degree programs, and research and conservation awards to individuals and organizations implementing conservation projects on wild cats. Panthera, in conjunction with the American Museum of Natural History, developed a global felid genetic database to understand the impact of large scale genetic issues impacting felids.

### **Summary of Significant Accounting Policies**

#### **Basis of Financial Statement Presentation**

Panthera's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and include the accounts of Panthera and the not-for-profit entities in which Panthera has a controlling and economic interest. These entities consist of: Fundación Pantera Colombia ("Panthera Colombia"); Panthera Wildlife Trust Ltd. ("Panthera UK"); Corporacion Panthera ("Panthera Costa Rica"); Panthera Brasil ("Panthera Brazil"); Panthera Wild Cat Conservation SA ("Panthera South Africa"); Panthera Wild Cat Conservation Zambia Ltd. ("Panthera Zambia"), Conservación Panthera Mexico AC ("Panthera Mexico"), PF Panthera Foundation in Kyrgyz Republic ("Panthera Kyrgyzstan"), Representative Office in Tajikistan ("Panthera Tajikistan"), Panthera Belize, Association Panthera France ("Panthera France"), and Panthera Canada. All significant intercompany balances and transactions have been eliminated in consolidation.

## **Panthera Corporation**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Revenue**

Panthera's primary source of financial support consists of donations from the general public.

### **Deferred Revenue**

Primarily consists of advances received on conditional grants.

### **Operating Indicator**

Panthera considers all unrestricted operating revenue and expenses to be part of its normal operations and considers net operating income as its operating indicator.

### **Non-Operating Items**

Non-operating items include foreign currency exchange amounts. This item is not included as part of the operating indicator and is reported separately in the consolidated statements of activities and changes in net assets.

### **Consolidated Statements of Cash Flows**

For purposes of the consolidated statements of cash flows, Panthera considers all highly liquid debt instruments with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

### **Fair Value Measurements**

Panthera establishes a framework for measuring the fair value of financial assets and liabilities and nonfinancial assets and liabilities which are measured at fair value on a recurring (annual) basis in the form of a fair value hierarchy that prioritizes the inputs into valuation techniques used to measure fair value into three broad levels. This hierarchy gives the highest priority to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. Further, financial assets and liabilities are classified by level in their entirety based upon the lowest level of input that was significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 - Quoted prices in inactive markets for identical assets or liabilities, quoted prices for similar assets or liabilities in active or inactive markets, or other observable inputs either directly related to the asset or liability or derived principally from corroborated observable market data.

## **Panthera Corporation**

Notes to Consolidated Financial Statements  
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Level 3 - Unobservable inputs due to the fact that there is little or no market activity and/or data. This entails using assumptions in models which estimate what market participants would use in pricing the asset or liability.

### **Marketable Securities**

Panthera's marketable securities are valued as level 1 investments and are recorded at fair value. Unrealized holding gains and losses on marketable securities are excluded from the operating indicator and are reported as a separate component of unrestricted net assets as non-operating items until realized. Realized gains and losses from the sale of securities are determined on a first-in, first-out basis and recognized in operating income. A decline in the market value of any securities below cost deemed to be other than temporary results in an impairment to reduce the carrying amount to fair value and is treated as a realized loss at time of other than temporary impairment. To determine if an impairment is other than temporary, Panthera considers all available information relevant to the collectability of the security, including past events, current conditions, and reasonable and supportable forecasts when developing estimates of cash flows expected to be collected.

### **Donor-Imposed Restrictions**

Panthera reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. All donor-restricted contributions are reported in the first instance as an increase in temporarily restricted net assets. When a donor 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 revenue section of the consolidated statements of activities and changes in net assets as net assets released from restrictions.

### **Unconditional Promises to Give (Donations Receivable)**

When Panthera receives unconditional promises to give that are expected to be collected by Panthera within one year, they are recorded as contributions 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. The discounts on those amounts are computed using average risk-free interest rates adjusted by risk premium, applicable to the year in which the promises are received. Amortization of the discounts is included in contribution revenue or as temporarily restricted contributions, as appropriate.

### **Unconditional Promises to Give to Others**

When Panthera makes unconditional promises to give to others, a liability and expense is recorded at the time of such promise.

### **Conditional Promises to Give by Others**

When Panthera receives conditional promises to give, they are not included as contributions by Panthera until the conditions have been substantially met.

### **Conditional Promises to Give to Others**

When Panthera makes conditional promises to give to others, no liability or expense is recorded by Panthera until the conditions have been substantially met.

## **Panthera Corporation**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **Allowance for Doubtful Accounts**

Periodically, the individual accounts, donations receivable and long-term pledge balances are reviewed and evaluated as to their collectability, and a provision for doubtful accounts is estimated based on the amounts Panthera expects to collect on the receivable balance. Receivables are charged against the allowance for doubtful accounts when management has determined that further collection efforts are not warranted.

### **Inventories**

Inventories, which are not significant and consist mainly of field cameras, are included in the consolidated statements of financial position caption "other current assets," and are valued at the lower of cost or market utilizing the weighted average cost method.

### **Fixed Assets**

Fixed assets are carried at cost or, if donated, at fair value on date of donation. Leasehold improvements, furniture and fixtures and equipment in excess of \$5,000 or lower amounts in certain foreign countries as required by regulation, that are under the direct control of Panthera are capitalized and amortized/depreciated over their estimated useful lives using the straight-line method starting the month in which they are put into service. Leasehold improvements are amortized over the lesser of the estimated useful life of the improvement or remaining life of the lease; furniture and fixtures are depreciated over five (5) years; and, equipment is depreciated over three (3) to five (5) years. Equipment purchased for use in the field by non-Panthera employees for the various programs and projects is expensed when acquired. The carrying amounts of assets and the related accumulated depreciation or amortization are removed from the accounts when such assets are disposed of and any resulting gain or loss is included in operations in the year of disposal.

### **Impairment of Long-Lived Assets**

Panthera assesses the recoverability of its long-lived assets, such as property and equipment, whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No such events or circumstances occurred during the years ended December 31, 2017 and 2016 and, accordingly, Panthera has not recognized any asset impairment.

### **Vacation Liability**

Panthera's vacation policy was updated as of January 1, 2017. Unless required by state or country specific laws, unused vacation days are not carried over to the next year nor are they paid out upon departure from the organization. The estimated vacation liability, where required by law, is accrued as earned and aggregated approximately \$47,000 and \$62,000 at December 31, 2017 and 2016, respectively, and is included in the consolidated statements of financial position caption "Accounts payable and accrued expenses."

## **Panthera Corporation**

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### **Income Taxes**

Panthera Corporation qualifies as a U.S. tax-exempt organization under the existing provisions of Internal Revenue Code Section 501(c)(3) and donations to Panthera Corporation are tax deductible to the donor subject to legal limitations. Panthera's foreign entities are all incorporated as not-for-profit organizations and are generally exempt from income taxes. Panthera recognizes the effect of income tax positions only when the tax positions are more likely than not of being sustained. Management is not aware of any violations of Panthera Corporation's or related entities' not-for-profit status, nor of any exposure to unrelated business income tax.

### **In-Kind Contributions**

During the years ended December 31, 2017 and 2016, Panthera received in-kind contributions of services amounting to approximately \$338,000 and \$550,000, respectively, at fair value. In-kind contributions relate mainly to website advertising and legal services.

### **Allocated Expenses**

Panthera's expenses have been summarized on a functional basis in accordance with U.S. GAAP. Most expenses may be identified to their related program or supporting service and are recorded accordingly. Certain other expenses, consisting mainly of occupancy, technology, professional fees and depreciation and amortization, have been allocated based on estimated usage, each program's direct expenses as a percentage of total program costs or other bases considered appropriate given the nature of the expense.

### **Reclassifications**

Certain reclassifications were made to the 2016 consolidated statement of functional expenses to conform to the 2017 presentation. These reclassifications had no impact on the changes in net assets previously reported.

### **Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for Panthera for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is currently evaluating the impact of ASU 2014-09 on the Panthera's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for Panthera for fiscal years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the impact of ASU 2016-02 on the Panthera's consolidated financial statements.

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In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for Panthera for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. Management is currently evaluating the impact of ASU 2016-14 on the Panthera's consolidated financial statements.

## 2. Fair Value Measurements

Panthera had marketable securities at December 31, 2017, whose cost approximated fair value. Panthera's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, Level 2, or Level 3 for the years ended December 31, 2017 or 2016.

### Fair Value of Other Financial Instruments

At December 31, 2017 and 2016, Panthera's other financial instruments consist of cash and cash equivalents, receivables, accounts payable, and other current liabilities. The carrying amounts of these financial instruments approximate fair value due to their short-term maturities.

## 3. Donations and Pledges Receivable

Included in donations and pledges receivable at December 31, 2017 and 2016 are the following unconditional promises:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 71,731	\$ 142,970
Restricted as to purpose	805,550	238,979
Restricted as to time	<u>17,600,000</u>	<u>26,000,000</u>
Total	18,477,281	26,381,949
Less unamortized discount	<u>(947,045)</u>	<u>(1,326,227)</u>
Net unconditional promises	<u>\$ 17,530,236</u>	<u>\$ 25,055,722</u>
Amounts due in		
Less than one year	\$ 2,877,281	\$ 6,381,949
One to five years	13,600,000	16,000,000
More than five years	<u>2,000,000</u>	<u>4,000,000</u>
Total	<u>\$ 18,477,281</u>	<u>\$ 26,381,949</u>



## Panthera Corporation

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During the year ended December 31, 2014, Panthera received an unconditional pledge in the amount of \$20,000,000 payable over ten (10) years. In 2016, certain matters arose that resulted in Panthera's decision not to accept any payments of the remaining undiscounted balance of \$16,000,000 (\$14,865,006 discounted). Accordingly, the previously recorded pledge receivable was adjusted during the year ended December 31, 2016.

The risk adjusted discount rate utilized for determining the amount of unamortized discount was 1.56%.

### 4. Availability of Resources

The following table reflects Panthera's financial assets at December 31, 2017 and 2016 reduced by donor-imposed temporarily restricted net assets which are not available for general expenditures within one year of the balance sheet date.

	<u>2017</u>	<u>2016</u>
Current assets, excluding non-financial assets	\$ 10,619,163	\$ 10,582,798
Less donor-restricted temporarily restricted assets	<u>(4,486,245)</u>	<u>(3,957,791)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,132,918</u>	<u>\$ 6,625,007</u>

### 5. Fixed Assets, Net

Fixed assets consist of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,267,648	\$ 1,267,648
Construction in progress	186,011	186,011
Leasehold improvements	1,004,828	1,004,828
Furniture and fixtures	243,862	243,564
Equipment	<u>792,277</u>	<u>726,390</u>
Total	3,494,626	3,428,441
Less accumulated depreciation and amortization	<u>(1,685,450)</u>	<u>(1,548,603)</u>
Net fixed assets	<u>\$ 1,809,176</u>	<u>\$ 1,879,838</u>

## Panthera Corporation

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### 6. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2017 and 2016 are comprised of contributions restricted by the donors for the following:

	<u>2017</u>	<u>2016</u>
Future new programs	\$ 1,886,262	\$ 1,946,191
Tiger Program	1,188,345	612,287
Lion Program	188,576	223,039
Jaguar Program	438,956	404,560
Snow Leopard Program	6,572	90,729
Other programs	777,534	680,985
Time restriction	<u>19,052,955</u>	<u>24,673,773</u>
Total temporarily restricted net assets	<u>\$ 23,539,200</u>	<u>\$ 28,631,564</u>

### 7. Related Party Transactions

During the years ended December 31, 2017 and 2016, 11% and 30%, respectively, of the unrestricted and temporarily restricted contributions were received from members of Panthera's Board of Directors or their related associations. Donations receivable and long-term pledges from Directors or their related associations at December 31, 2017 and 2016 amounted to approximately \$17,600,000 and \$26,000,000, respectively.

### 8. Retirement Plans

Under the Panthera Corporation 401(k) Retirement Plan (the "Plan") provisions, all employees may make elective contributions of amounts up to the federal limitations. Panthera makes employee elective contribution matching contributions to the Plan on, at a minimum, an annual plan year basis. The Plan contains "safe harbor provisions" whereby Panthera's matching employee elective contribution is 100% of salary deferrals up to 3% of the employee's gross pay plus 50% of salary deferrals in excess of 3% but none for salary deferrals in excess of 5% of compensation. Panthera's matching employee elective contributions vest immediately.

Panthera is the sponsor of a nonqualified deferred compensation plan ("457(f)") and a related salary reduction contributions plan ("457(b)" and together, the "457 Plans"). Under the 457 Plans, Panthera is required to only fund the nonqualified 457(f) deferred compensation plan annually, based on a specified funding schedule. The funding of the 457(b) salary reduction contributions plan is solely the responsibility of the participant. Pension expense under the 457(f) plan for the years ended December 31, 2017 and 2016 aggregated approximately \$20,000 and \$22,000, respectively. At December 31, 2017, Panthera's future contingent obligation under the 457(f) plan approximates \$5,000 through 2018.

During the year ended December 31, 2015, Panthera UK instituted a defined contribution plan. During the years ended December 31, 2017 and 2016, the employer contributions aggregate 4% and 2%, respectively of gross pre-tax salaries.

Total pension expense under all retirement plans for the years ended December 31, 2017 and 2016 aggregated approximately \$135,000 and \$146,000, respectively.

## Panthera Corporation

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### 9. Commitments and Contingencies

#### Office Leases

Panthera entered into a non-cancelable operating lease for New York office space, effective February 1, 2015, that expires on January 31, 2025. In addition, Panthera entered into a non-cancelable lease for office space in London, effective January 23, 2014 for a term of three (3) years that expired in 2017 and was not renewed, two non-cancelable renewable leases for office space in Colombia for a term of one (1) year and a non-cancelable lease for office space in Costa Rica for three (3) years on November 1, 2015.

At December 31, 2017, minimum future lease payments under these leases consist of the following:

2018	\$	356,000
2019		337,000
2020		337,000
2021		337,000
2022		337,000
Thereafter		<u>701,000</u>
Total	\$	<u>2,405,000</u>

Rent expense, including month-to-month cancelable leases, real estate taxes and other specified operating expenses required by lease provisions, for the years ended December 31, 2017 and 2016 aggregated approximately \$419,000 and \$373,000, respectively.

#### Letter of Credit

In conjunction with an office lease, Panthera obtained a \$213,350 irrevocable renewable standby letter of credit from a bank for the benefit of the landlord. The letter of credit, which was renewed for a period of one year on October 31, 2017, is collateralized by Panthera's deposit accounts with the bank.

#### Conditional Promises to Give to Panthera

At December 31, 2017, conditional pledges aggregated \$1,588,862 for tiger, leopard and snow leopard programs and will be due and payable as follows:

Less than one year	\$	1,488,862
One to five years		<u>100,000</u>
Total	\$	<u>1,588,862</u>

Each annual payment from the donors is conditional upon, among other things, the donor's approval of the annual goals and priorities and submission of milestone reports by Panthera.

## **Panthera Corporation**

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### **Concentration of Credit Risk**

Financial instruments which potentially subject Panthera to concentrations of credit risk consist principally of temporary cash investments and receivables. Panthera places its temporary cash investments with high credit quality financial institutions; however, in the event of the financial institution's insolvency, recovery of Panthera's amounts on deposit may be limited to account insurance by the Federal Deposit Insurance Corporation or other protection afforded such deposits. At December 31, 2017, included within donations receivable and long-term pledges are approximately \$17,600,000 of pledges from two donors.

### **Subsequent Events**

Transactions and events subsequent to December 31, 2017 through July 23, 2018 were reviewed by management and no items were noted that require additional consideration or disclosure in the accompanying consolidated financial statements.