



Panthera Corporation

Consolidated Financial Statements

December 31, 2018 and 2017

Panthera Corporation

Table of Contents

December 31, 2018 and 2017

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

Independent Auditors' Report

To the Board of Directors of
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, 2018 and 2017, 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, 2018 and 2017, 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
May 17, 2019

Panthera Corporation

Consolidated Statements of Financial Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,626,709	\$ 7,054,250
Accounts receivable	150,039	133,014
Donations and pledges receivable	4,300,702	2,865,658
Marketable securities	1,502	-
Other current assets	461,536	566,241
	<u>7,540,488</u>	<u>10,619,163</u>
Total current assets		
Long-Term Assets		
Long-term pledges receivable, net	11,397,972	14,664,578
Fixed assets, net	1,869,715	1,809,176
	<u>13,267,687</u>	<u>16,473,754</u>
Total long-term assets		
Total assets	<u>\$ 20,808,175</u>	<u>\$ 27,092,917</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 351,354	\$ 416,764
Deferred rent liability	16,668	16,668
Deferred revenue	1,023,356	937,653
	<u>1,391,378</u>	<u>1,371,085</u>
Total current liabilities		
Long-Term Liabilities		
Deferred rent liability	48,615	33,335
	<u>48,615</u>	<u>33,335</u>
Total long-term liabilities		
Total liabilities	<u>1,439,993</u>	<u>1,404,420</u>
Net Assets		
Net assets without donor restrictions	1,205,800	2,149,297
Net assets with donor restrictions	18,162,382	23,539,200
	<u>19,368,182</u>	<u>25,688,497</u>
Total net assets		
Total liabilities and net assets	<u>\$ 20,808,175</u>	<u>\$ 27,092,917</u>

See notes to consolidated financial statements

Panthera Corporation

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Changes in Net Assets Without Donor Restrictions		
Operating Revenue		
Contributions	\$ 1,179,462	\$ 1,360,430
In-kind contributions	80,224	328,227
Grant income	783,317	512,056
Other	187,046	253,769
Net realized gain on marketable securities	200	1,041
Net assets released from donor restrictions	<u>10,854,396</u>	<u>11,255,813</u>
Total operating revenue	<u>13,084,645</u>	<u>13,711,336</u>
Expenses		
Program services	10,393,491	10,393,455
Management and general	2,208,023	1,351,191
Fundraising	<u>1,401,115</u>	<u>1,658,942</u>
Total expenses	<u>14,002,629</u>	<u>13,403,588</u>
Net operating (loss) income	<u>(917,984)</u>	<u>307,748</u>
Non-Operating (loss) income		
Foreign currency translation adjustments	<u>(25,513)</u>	<u>3,701</u>
Non-operating (decrease) increase	<u>(25,513)</u>	<u>3,701</u>
Changes in net assets without donor restrictions	<u>(943,497)</u>	<u>311,449</u>
Changes in Net Assets With Donor Restrictions		
Contributions	5,477,578	6,163,448
Net assets released from donor restrictions	<u>(10,854,396)</u>	<u>(11,255,813)</u>
Changes in net assets with donor restrictions	<u>(5,376,818)</u>	<u>(5,092,365)</u>
Changes in net assets	(6,320,315)	(4,780,916)
Net Assets, Beginning of Year	<u>25,688,497</u>	<u>30,469,413</u>
Net Assets, End of Year	<u>\$ 19,368,182</u>	<u>\$ 25,688,497</u>

See notes to consolidated financial statements

Panthera Corporation

Consolidated Statement of Functional Expenses
Year Ended December 31, 2018

	Program services							Support Services					Total Expenses	
	Tiger	Lion	Snow Leopard	Jaguar	Puma	Leopard	Cheetah	Special Projects/ Scholarships and Awards	Integrated Conservation Program	Total Program Services	Management and General	Fundraising		Total Support Services
Salaries and contracted staff	\$ 692,431	\$ 578,019	\$ 405,860	\$ 1,100,651	\$ 133,613	\$ 347,340	\$ 190,062	\$ 19,453	\$ 552,328	\$ 4,019,757	\$ 1,100,683	\$ 707,885	\$ 1,808,568	\$ 5,828,325
Benefits	136,798	50,434	78,789	295,502	31,408	32,769	18,807	6,442	96,687	747,636	254,530	179,571	434,101	1,181,737
Contracted services	774,447	234,217	149,500	36,095	9,500	-	-	-	30,000	1,233,759	-	27,278	27,278	1,261,037
Awards	-	-	-	804	-	-	5,688	752,555	-	759,047	-	-	-	759,047
Donated website advertising & legal services	-	-	-	-	-	-	-	-	-	-	29,643	50,581	80,224	80,224
Field supplies and equipment	50,473	347,258	49,466	114,579	28,926	188,736	227,949	18,809	57,832	1,084,028	79,936	7,485	87,421	1,171,449
Travel/lodging/meals	192,557	176,599	110,087	198,356	45,884	73,258	89,428	5,035	87,844	979,048	255,801	150,385	406,186	1,385,234
Occupancy	40,813	21,439	40,305	72,458	11,492	14,562	8,215	4,277	6,525	220,086	117,331	113,194	230,525	450,611
Technology/telephone	35,935	29,741	31,222	64,735	10,275	17,089	10,783	799	20,988	221,567	19,470	11,219	30,689	252,256
Office supplies	2,187	8,162	2,269	8,597	7	782	2,791	309	1,277	26,381	12,238	2,799	15,037	41,418
Professional services	158,811	82,739	74,581	129,267	57,400	73,711	99,073	-	35,491	711,073	164,450	26,330	190,780	901,853
Depreciation/amortization	5,676	2,399	11,645	61,970	1,651	2,023	1,769	291	-	87,424	13,259	7,841	21,100	108,524
Conference/meetings	5,519	100	6,407	526	400	335	-	-	-	13,287	3,361	2,490	5,851	19,138
Other	38,815	43,349	26,126	94,660	6,823	29,163	29,197	9,162	13,103	290,398	157,321	114,057	271,378	561,776
Total	\$ 2,134,462	\$ 1,574,456	\$ 986,257	\$ 2,178,200	\$ 337,379	\$ 779,768	\$ 683,762	\$ 817,132	\$ 902,075	\$ 10,393,491	\$ 2,208,023	\$ 1,401,115	\$ 3,609,138	\$ 14,002,629

Panthera Corporation

Consolidated Statement of Functional Expenses
Year Ended December 31, 2017

	Program services								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	-	523	-	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
Total	\$ 2,629,331	\$ 1,096,771	\$ 1,291,902	\$ 2,877,416	\$ 263,458	\$ 789,315	\$ 399,266	\$ 158,150	\$ 814,912	\$ 72,934	\$ 10,393,455	\$ 1,351,191	\$ 1,658,942	\$ 3,010,133	\$ 13,403,588

Panthera Corporation

Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (6,320,315)	\$ (4,780,916)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Effect of foreign currency translation adjustments	25,513	(3,701)
Depreciation/amortization expense	108,524	140,337
Amortization of discount included in long-term pledges	313,503	379,182
Change in foreign currency exchange adjustment	(25,513)	3,701
Provision for deferred rent	15,280	17,762
Realized gain on sale of fixed assets	-	(3,333)
Realized gain on sale of marketable securities	(200)	(1,041)
Changes in operating assets and liabilities:		
Accounts receivable	(17,025)	(71,823)
Donations and pledges receivable	(1,435,044)	3,478,962
Other current assets	104,705	(161,569)
Other long-term assets	-	8,122
Long-term pledges receivable	2,953,103	3,667,342
Accounts payable and accrued expenses	(65,410)	52,899
Deferred revenue	85,703	621,312
Total adjustments	<u>2,063,139</u>	<u>8,128,152</u>
Net cash (used in) provided by operating activities	<u>(4,257,176)</u>	<u>3,347,236</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(169,063)	(74,342)
Proceeds from sales of fixed assets	-	8,000
Proceeds from marketable securities	200	30,315
Purchases of marketable securities	(1,502)	-
Net cash used in investing activities	<u>(170,365)</u>	<u>(36,027)</u>
(Decrease) increase in cash and cash equivalents	(4,427,541)	3,311,209
Cash and Cash Equivalents, Beginning of Year	<u>7,054,250</u>	<u>3,743,041</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,626,709</u>	<u>\$ 7,054,250</u>

See notes to consolidated financial statements

Panthera Corporation

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

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 percent 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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

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 developed 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. Beginning in 2018, these activities are included under the Integrated Conservation Program.

Scholarships and Awards - Panthera provides scholarships, 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.

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.

Summary of Significant Accounting Policies

Basis of Consolidated 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 Panthera Colombia ("Panthera Colombia"); Panthera Wildlife Trust Ltd. ("Panthera UK"); Corporación 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"), Representative Office in Tajikistan ("Panthera Tajikistan"), Panthera Foundation in Kyrgyz Republic ("Panthera Kyrgyzstan"), Panthera Belize, Association Panthera France ("Panthera France"), and Panthera Canada. All significant intercompany balances and transactions have been eliminated in consolidation.

Panthera Corporation

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

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 operating revenue and expenses without donor restrictions to be part of its normal operations and considers net operating income as its operating indicator.

Non-Operating Item

Non-operating item includes foreign currency translation adjustments. 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.

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.

Panthera Corporation

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

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 net assets without donor restrictions 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 contributions with donor restrictions are reported in the first instance as an increase in net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the revenue section of the consolidated statements of activities and changes in net assets as net assets released from donor restrictions.

Panthera reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as additions to net assets with donor restrictions. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

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, if any, applicable to the year in which the promises are received. Amortization of the discounts is included in contribution revenue or as contributions with donor restrictions, 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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

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, 2018 and 2017 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 Panthera. The estimated vacation liability, where required by law, is accrued as earned and aggregated approximately \$27,000 and \$47,000 at December 31, 2018 and 2017, respectively, and is included in the consolidated statements of financial position caption "Accounts payable and accrued expenses."

Panthera Corporation

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

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, 2018 and 2017, Panthera received in-kind contributions of services amounting to approximately \$80,000 and \$328,000, 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 services and depreciation and amortization, have been allocated based on estimated usage, based upon each program's direct expenses as a percentage of total program costs. Salaries and benefits expenses are allocated based upon estimated time spent by the respective individuals on each program area.

Reclassifications

Certain reclassifications were made to the 2017 consolidated statement of functional expenses to conform to the 2018 presentation. These reclassifications had no impact on the changes in net assets previously reported.

Recent Accounting Pronouncements

In 2018, Panthera adopted Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Panthera has applied the changes retrospectively to all periods presented. The following summarizes the applicable financial reporting items reflected in Panthera's consolidated financial statements as required by ASU 2016-14:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The consolidated financial statements include a disclosure about liquidity and availability of resources (Note 4).
- The expenses are reported by both nature and function; as well as the disclosure of specific methodologies used to allocate costs among program and support functions.

Panthera Corporation

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

In May 2014, the FASB issued 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 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 Panthera's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for Panthera for the fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2018-08 on Panthera's consolidated financial statements.

2. Fair Value Measurements

Panthera had marketable securities at December 31, 2018, 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, 2018 or 2017.

Fair Value of Other Financial Instruments

At December 31, 2018 and 2017, 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.

Panthera Corporation

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

3. Donations and Pledges Receivable

Included in donations and pledges receivable at December 31, 2018 and 2017 are the following unconditional promises:

	<u>2018</u>	<u>2017</u>
Without donor restrictions	\$ 190,854	\$ 71,731
With donor restrictions - purpose	541,362	805,550
With donor restrictions - time	<u>15,600,000</u>	<u>17,600,000</u>
Total	16,332,216	18,477,281
Less unamortized discount	<u>(633,542)</u>	<u>(947,045)</u>
Net unconditional promises	<u>\$ 15,698,674</u>	<u>\$ 17,530,236</u>
Amounts due in		
Less than one year	\$ 4,332,216	\$ 2,877,281
One to five years	12,000,000	13,600,000
More than five years	<u>-</u>	<u>2,000,000</u>
Total	<u>\$ 16,332,216</u>	<u>\$ 18,477,281</u>

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

4. Liquidity and Availability of Resources

The following table reflects Panthera's financial assets at December 31, 2018 and 2017 reduced by net assets with donor restrictions which are not available for general expenditures within one year of the balance sheet date. Panthera defines general expenditures as expenses related to program and support services as well as fixed asset purchases.

	<u>2018</u>	<u>2017</u>
Financial assets	\$ 7,481,908	\$ 10,052,922
Less net assets with donor restrictions	<u>(3,196,924)</u>	<u>(4,486,245)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,284,984</u>	<u>\$ 5,566,677</u>

Panthera has \$4,284,984 of financial assets without donor restrictions available within one year of the balance sheet date to meet cash needs for operating expenditures. As part of Panthera'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. Panthera invests cash in excess of daily requirements in short-term investments with minimal risk, and has full access to all of these amounts immediately at any time. Panthera's financial assets without donor restrictions as of December 31, 2018 represent approximately three to four months of operating expenses.

Panthera Corporation

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

5. Fixed Assets, Net

Fixed assets consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,267,648	\$ 1,267,648
Buildings	186,011	186,011
Leasehold improvements	1,004,828	1,004,828
Furniture and fixtures	257,988	243,862
Equipment	950,326	792,277
	<hr/>	<hr/>
Total	3,666,801	3,494,626
Less accumulated depreciation and amortization	(1,797,086)	(1,685,450)
	<hr/>	<hr/>
Net fixed assets	<u>\$ 1,869,715</u>	<u>\$ 1,809,176</u>

6. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017 are comprised of contributions restricted by the donors for the following:

	<u>2018</u>	<u>2017</u>
Future new programs	\$ 586,263	\$ 1,886,262
Tiger Program	425,209	1,188,345
Lion Program	710,797	188,576
Jaguar Program	471,162	438,956
Snow Leopard Program	69,369	6,572
Other programs	934,124	777,534
Time restriction	14,965,458	19,052,955
	<hr/>	<hr/>
Total net assets with donor restrictions	<u>\$ 18,162,382</u>	<u>\$ 23,539,200</u>

Net assets released from donor restrictions for the years ended December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Future new programs	\$ 1,300,000	\$ -
Tiger Program	2,205,546	2,069,557
Lion Program	583,819	562,434
Jaguar Program	797,231	1,390,823
Leopard Program	154,450	42,638
Other programs	1,413,350	1,190,361
Time restriction	4,400,000	6,000,000
	<hr/>	<hr/>
Total	<u>\$ 10,854,396</u>	<u>\$ 11,255,813</u>

Panthera Corporation

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

7. Related Party Transactions

During the years ended December 31, 2018 and 2017, 16 percent and 11 percent, respectively, of the total contributions revenue 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, 2018 and 2017 amounted to approximately \$15,600,000 and \$17,600,000, 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 percent of salary deferrals up to three percent of the employee's gross pay plus 50 percent of salary deferrals in excess of three percent but none for salary deferrals in excess of five percent 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, 2018 and 2017 aggregated approximately \$5,000 and \$20,000, respectively. At December 31, 2017, Panthera's future contingent obligation under the 457(f) plan approximated \$5,000 through 2018. The 457(f) plan was terminated effective January 28, 2019.

During the year ended December 31, 2015, Panthera UK instituted a defined contribution plan. During the years ended December 31, 2018 and 2017, the employer contributions aggregate 4 percent of gross pre-tax salaries.

Total pension expense under all retirement plans for the years ended December 31, 2018 and 2017 aggregated approximately \$143,000 and \$135,000, respectively.

Panthera Corporation

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

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 renewable lease for office space in Costa Rica for three (3) years on November 1, 2018.

At December 31, 2018, minimum future lease payments under these leases consist of the following:

2019	\$	342,000
2020		342,000
2021		341,000
2022		337,000
2023		337,000
Thereafter		<u>365,000</u>
Total	\$	<u>2,064,000</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, 2018 and 2017 aggregated approximately \$387,000 and \$418,000, 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, 2018, is collateralized by Panthera's deposit accounts with the bank.

Conditional Promises to Give to Panthera

At December 31, 2018, conditional pledges aggregated \$288,592 for tiger, leopard and snow leopard programs and will be due and payable as follows:

Less than one year	\$	288,592
One to five years		<u>132,904</u>
Total	\$	<u>421,496</u>

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

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, 2018, included within donations receivable and long-term pledges are approximately \$15,600,000 of pledges from two donors.

Subsequent Events

Transactions and events subsequent to December 31, 2018 through May 17, 2019 were reviewed by management and no items were noted that require additional consideration or disclosure in the accompanying consolidated financial statements.