



**BIG LIFE FOUNDATION USA**  
Financial Statements  
For the Years Ended December 31, 2018 and 2017

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## **Independent Auditor's Report**

**To the Board of Directors  
Big Life Foundation USA  
Ridgefield, Washington**

We have audited the accompanying financial statements of Big Life Foundation USA (the Foundation), which comprise the statements of financial position as of December 31, 2018 and 2017, and 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 maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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.



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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2018 and 2017, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Effect of Adopting New Accounting Standard**

As discussed in Note 2, the Foundation adopted the Financial Accounting Standard Board's Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

*Clark Nuber P.S.*

Certified Public Accountants  
March 27, 2019

**BIG LIFE FOUNDATION USA**

**Statements of Financial Position  
December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,686,130	\$ 2,143,292
Accounts receivable and other assets	108,631	58,980
Pledges receivable	10,000	20,000
Property and equipment, net	<u>1,294</u>	<u>2,208</u>
<b>Total Assets</b>	<b><u>\$ 1,806,055</u></b>	<b><u>\$ 2,224,480</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	<u>\$ 7,425</u>	<u>\$ 5,214</u>
<b>Total Liabilities</b>	<b>7,425</b>	<b>5,214</b>
<b>Net Assets:</b>		
Without donor restrictions-		
Undesignated	659,173	1,062,118
Board designated	<u>515,295</u>	<u>510,515</u>
	1,174,468	1,572,633
With donor restrictions	<u>624,162</u>	<u>646,633</u>
<b>Total Net Assets</b>	<b><u>1,798,630</u></b>	<b><u>2,219,266</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,806,055</u></b>	<b><u>\$ 2,224,480</u></b>

See accompanying notes.

**BIG LIFE FOUNDATION USA**

**Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support:</b>			
Contributions	\$ 2,206,751	\$ 1,083,066	\$ 3,289,817
Donated art and other in-kind (Note 2)	152,450		152,450
Release of restricted contributions	1,105,537	(1,105,537)	
	3,464,738	(22,471)	3,442,267
Sales revenue	89,557		89,557
Less cost of goods sold	(79,693)		(79,693)
Sales revenue, net of cost of goods sold	9,864		9,864
Other revenue	15,596		15,596
<b>Total Revenues and Support</b>	<b>3,490,198</b>	<b>(22,471)</b>	<b>3,467,727</b>
<b>Expenses:</b>			
Program	3,432,090		3,432,090
Management and general	199,431		199,431
Fundraising (Note 2)	256,842		256,842
<b>Total Expenses</b>	<b>3,888,363</b>		<b>3,888,363</b>
<b>Change in Net Assets</b>	<b>(398,165)</b>	<b>(22,471)</b>	<b>(420,636)</b>
Net assets, beginning of year	1,572,633	646,633	2,219,266
<b>Net Assets, End of Year</b>	<b>\$ 1,174,468</b>	<b>\$ 624,162</b>	<b>\$ 1,798,630</b>

See accompanying notes.

**BIG LIFE FOUNDATION USA**

**Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support:</b>			
Contributions	\$ 1,676,788	\$ 1,339,192	\$ 3,015,980
Donated art and other in-kind (Note 2)	149,945		149,945
Release of restricted contributions	1,094,125	(1,094,125)	
	2,920,858	245,067	3,165,925
Sales revenue	48,804		48,804
Less cost of goods sold	(44,970)		(44,970)
Sales revenue, net of cost of goods sold	3,834		3,834
Other revenue	12,124		12,124
<b>Total Revenues and Support</b>	<b>2,936,816</b>	<b>245,067</b>	<b>3,181,883</b>
<b>Expenses:</b>			
Program	2,611,849		2,611,849
Management and general	201,768		201,768
Fundraising (Note 2)	269,814		269,814
<b>Total Expenses</b>	<b>3,083,431</b>		<b>3,083,431</b>
<b>Change in Net Assets</b>	<b>(146,615)</b>	<b>245,067</b>	<b>98,452</b>
Net assets, beginning of year	1,719,248	401,566	2,120,814
<b>Net Assets, End of Year</b>	<b>\$ 1,572,633</b>	<b>\$ 646,633</b>	<b>\$ 2,219,266</b>

See accompanying notes.

**BIG LIFE FOUNDATION USA**

**Statement of Functional Expenses  
For the Year Ended December 31, 2018**

	Program	Management and General	Fundraising	Total
Salaries	\$ 78,675	\$ 92,855	\$ 113,069	\$ 284,599
Taxes and benefits	7,904	16,272	7,904	32,080
<b>Total Salaries, Taxes and Benefits</b>	<b>86,579</b>	<b>109,127</b>	<b>120,973</b>	<b>316,679</b>
Grants	3,336,117			3,336,117
Professional services	500	54,718	17,835	73,053
Travel	2,048	11,122	4,958	18,128
Office	3,908	19,543	18,240	41,691
Promotion and advertising	2,011	324	32,761	35,096
Technology	927	1,247	3,953	6,127
Insurance		2,436		2,436
Depreciation		914		914
<b>Total Expenses Before Donated Web-Based Advertising</b>	<b>3,432,090</b>	<b>199,431</b>	<b>198,720</b>	<b>3,830,241</b>
Donated web-based advertising			58,122	58,122
<b>Total Expenses</b>	<b>\$ 3,432,090</b>	<b>\$ 199,431</b>	<b>\$ 256,842</b>	<b>\$ 3,888,363</b>

See accompanying notes.



**BIG LIFE FOUNDATION USA**

**Statement of Functional Expenses  
For the Year Ended December 31, 2017**

	Program	Management and General	Fundraising	Total
Salaries	\$ 68,559	\$ 86,516	\$ 81,519	\$ 236,594
Taxes and benefits	6,461	11,712	6,461	24,634
<b>Total Salaries, Taxes and Benefits</b>	<b>75,020</b>	<b>98,228</b>	<b>87,980</b>	<b>261,228</b>
Grants	2,518,140			2,518,140
Professional services		56,328	24,585	80,913
Promotion and advertising	7,778	712	16,396	24,886
Office	3,896	7,946	10,035	21,877
Travel	2,644	28,380	21,555	52,579
Technology	4,371	5,554	1,784	11,709
Insurance		4,087		4,087
Depreciation		533		533
<b>Total Expenses Before Donated Web-Based Advertising</b>	<b>2,611,849</b>	<b>201,768</b>	<b>162,335</b>	<b>2,975,952</b>
Donated web-based advertising			107,479	107,479
<b>Total Expenses</b>	<b>\$ 2,611,849</b>	<b>\$ 201,768</b>	<b>\$ 269,814</b>	<b>\$ 3,083,431</b>

See accompanying notes.

**BIG LIFE FOUNDATION USA**

**Statements of Cash Flows  
For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (420,636)	\$ 98,452
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities-		
Depreciation	914	533
Change in operating assets and liabilities:		
Accounts receivable and other assets	(49,651)	27,936
Pledges receivable	10,000	40,000
Accounts payable and accrued expenses	<u>2,211</u>	<u>315</u>
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(457,162)</b>	<b>167,236</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment		<u>(2,741)</u>
<b>Net Cash Used in Investing Activities</b>		<b>(2,741)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(457,162)</b>	<b>164,495</b>
Cash and cash equivalents, beginning of year	<u>2,143,292</u>	<u>1,978,797</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 1,686,130</u></b>	<b><u>\$ 2,143,292</u></b>
<b>Supplementary Cash Flow Information:</b>		
Noncash donations of art and other in-kind contributions	\$ 152,450	\$ 149,945

See accompanying notes.

## BIG LIFE FOUNDATION USA

### Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

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#### Note 1 - Organization

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

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

#### Note 2 - Significant Accounting Policies

**Basis of Presentation** - The Foundation's financial statements have been prepared on the accrual basis of accounting. The Foundation has presented an unclassified statement of financial position which sequences assets according to their nearness of conversion to cash and sequences liabilities according to the nearness of their maturity and resulting use of cash.

Net assets, revenues, gains, and losses of the Foundation are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed restrictions that will be met either by actions of the Foundation or passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

**Revenue Recognition** - Contribution revenue is recognized in the period received or promised, including unconditional pledges. Donated art and sales revenue consist of open and limited-edition artist prints that are contributed to the Foundation for sale to the public. The prints are donated by the artist at the time purchases are made and are reflected as in-kind contribution revenue. Sales revenue and cost of goods sold expense are recognized on the statements of activities and changes in net assets at the time the purchases are made. During the years ended December 31, 2018 and 2017, 100% of the sales proceeds related to open edition prints and 80% of sales proceeds related to limited edition were retained by the Foundation. The Foundation also sells books published by the same artist with approximately 75% - 80% of the proceeds retained by the Foundation. Book sales were immaterial during the years ended December 31, 2018 and 2017. In November 2018, the Foundation launched a new e-store that sells merchandise such as apparel, mugs and stickers. Revenue is recognized when a sale is made, and e-store sales were immaterial during the year ended December 31, 2018.

## BIG LIFE FOUNDATION USA

### Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

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#### Note 2 - Continued

**Cash and Cash Equivalents** - For the purposes of reporting cash flows, cash and cash equivalents consist of funds held with financial institutions. The Foundation had cash in institutions in excess of the Federal Deposit Insurance Corporation limits during the years ended December 31, 2018 and 2017. The Foundation has not experienced any losses in these accounts.

**Accounts Receivable and Other Assets** - Accounts receivable consist primarily of funds held with third party payment processors for contributions received through the Foundation's website prior to year end but not yet deposited to the Foundation's bank accounts. An allowance for doubtful accounts is not deemed necessary by management at December 31, 2018 and 2017. Other assets consisted primarily of prepaid expenses.

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

**Property and Equipment** - Property and equipment are recorded at cost or, if donated, at fair value as of the date of the gift. The Foundation capitalizes property and equipment with costs greater than \$2,500. Property and equipment consisted of laptop computers with historical costs totaling \$2,741 at December 31, 2018 and 2017, respectively. Depreciation is recognized using the straight-line method based on estimated useful lives of three years for computers to five years for office equipment. Depreciation expense totaled \$914 and \$533 for the years ended December 31, 2018 and 2017, respectively. Accumulated depreciation totaled \$1,447 and \$533 at December 31, 2018 and 2017, respectively.

**Grants Payable** - Grants payable consist of grants that have been approved by the Foundation prior to year end but have not yet been paid. Grant expense is recognized at the time the grant is approved by the Foundation. There were no grants payable at December 31, 2018 and 2017.

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

	<u>2018</u>	<u>2017</u>
Open and limited edition artwork	\$ 71,124	\$ 39,751
Web-based advertising	58,122	107,479
Other	<u>23,204</u>	<u>2,715</u>
<b>Total Donated Art and Other In-Kind</b>	<b><u>\$ 152,450</u></b>	<b><u>\$ 149,945</u></b>

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the donated web-based advertising is recognized as in-kind revenue and is considered fundraising expense in the statements of functional expenses for the years ended December 31, 2018 and 2017.

**Concentrations, Gifts From Board Members and Related Party Transactions** - For the years ended December 31, 2018 and 2017, 14% and 11%, respectively, of the Foundation's total revenue was received from donors through one charitable fund.

## BIG LIFE FOUNDATION USA

### Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

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#### Note 2 - Continued

Gifts received from board members, including the fair value of donated art, totaled approximately \$286,000 and \$393,000, respectively, the years ended December 31, 2018 and 2017.

Pledges receivable from one individual accounted for 100% of pledges receivable at December 31, 2018 and 2017.

For the years ended December 31, 2018 and 2017, 100% of the Foundation's total grant-making expenses consisted of grants awarded to two and three organizations, respectively. Grants awarded to Big Life Kenya, a related party, (Note 1), totaled \$3,265,157 and \$2,452,418, for the years ended December 31, 2018 and 2017, respectively. Grants awarded to Big Life UK, a related party (Note 1) totaled \$70,000 and \$50,000 for the years ended December 31, 2018 and 2017, respectively. Grants awarded to an organization in Tanzania totaled \$0 and \$11,848, respectively, for the years ended December 31, 2018 and 2017.

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

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

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Foundation. Those expenses include employee salaries, the allocations for which are provided monthly based on estimates of how each employee's time was spent that month. All other expenses are directly allocated.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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

**New Accounting Pronouncement** - For the year ended December 31, 2018, the Foundation adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions.

**Subsequent Events** - The Foundation has evaluated subsequent events through March 27, 2019, the date on which the financial statements were available to be issued.

## BIG LIFE FOUNDATION USA

### Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

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#### Note 3 - Pledges Receivable

Pledges receivable consisted of a single pledge at both December 31, 2018 and 2017, respectively. The pledge totaled \$20,000 and will be paid in equal payments of \$10,000 in 2018 and 2019, respectively. A present value discount was deemed immaterial at December 31, 2018 and 2017. Management considers the pledge fully collectible; therefore, an allowance for doubtful accounts was not deemed necessary at December 31, 2018 and 2017, respectively.

#### Note 4 - Board Designated Net Assets Without Donor Restrictions

At December 31, 2018 and 2017, the board had designated net assets without donor restrictions totaling \$515,295 and \$510,515, respectively, as a reserve for future U.S. operating expenses.

#### Note 5 - Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Education + Scholarship: Kenya	\$ 121,337	\$ 27,023
Rangers: Kenya	117,914	40,000
Segera Conservation Fund	107,922	462
Maasai Olympics	97,822	77
Wildlife Security	46,283	
General Administration	45,425	45,400
Human Predator Conflict	28,100	
Predator Compensation Fund	18,925	51,000
Kenya Permaculture	11,671	11,671
Pledges	10,000	20,000
Tanzania	9,338	
Kimana Sanctuary	5,000	100,000
Eselengei Group Ranch	3,075	
Elephants	1,350	1,350
Cross-border: Enduimet		203,675
Human Wildlife Conflict: Fence Kenya		100,000
Human Wildlife Conflict		20,000
Vehicles, Kenya		15,000
Tracker Dogs		10,975
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 624,162</u></b>	<b><u>\$ 646,633</u></b>

Net assets with donor restrictions released from purpose restrictions totaled \$1,095,537 and \$1,034,125 during the years ended December 31, 2018 and 2017, respectively. Net assets with donor restrictions released from time restrictions totaled \$10,000 and \$60,000 during the years ended December 31, 2018 and 2017, respectively.

#### Note 6 - Retirement Plan

In December 2016, the Foundation approved the establishment of a Simple IRA Plan (the Plan). The Plan went into effect in 2017. Eligible employees may contribute to the Plan after the completion of 90 days of employment. Employer contributions are permitted by the Plan. Employer contributions totaled \$8,293 and \$5,010 during the years ended December 31, 2018 and 2017, respectively.

**BIG LIFE FOUNDATION USA**

**Notes to Financial Statements**

**For the Years Ended December 31, 2018 and 2017**

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**Note 7 - Liquidity and Availability of Financial Assets**

**Liquidity** - The Foundation has an operating reserve with a balance of \$515,295 and \$510,515 at December 31, 2018 and 2017, respectively. This is a governing Board-designated reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside typical operations of the organization. The Foundation's target for this reserve is to maintain a total of one year's operating expenses, which was determined based on management's judgment about the appropriate amount of funds to have set aside in addition to working capital. Its grantmaking is limited to Board discretion based upon the availability of funds. The operating reserve funds are held as cash, which is liquid and available for use.

**Availability** - The following reflects the Foundation's financial assets at December 31, 2018 and 2017, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed restrictions or internal designations. Amounts not available include those set aside by the Board for an operating reserve that could be drawn upon if the Board approves that action. The Foundation is supported in part by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors.

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,686,130	\$ 2,143,292
Accounts receivable	108,631	58,980
Pledges receivable	<u>10,000</u>	<u>20,000</u>
Total financial assets	1,804,761	2,222,272
Restricted by donor with time or purpose restrictions	(624,162)	(646,633)
Board designation set aside for operating reserve	<u>(515,295)</u>	<u>(510,515)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 665,304</u></b>	<b><u>\$ 1,065,124</u></b>