

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
MARCH 31, 2018 AND 2017**

INTERNATIONAL CRANE FOUNDATION, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2
Statements of Financial Position, as of March 31, 2018 and 2017	3
Statements of Activities and Changes in Net Assets, for the Years Ended March 31, 2018 and 2017	4 - 5
Statements of Cash Flows, for the Years Ended March 31, 2018 and 2017	6
NOTES TO FINANCIAL STATEMENTS	7 - 19

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Crane Foundation, Inc.
Baraboo, Wisconsin

We have audited the accompanying financial statements of the International Crane Foundation, Inc. (the Foundation), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of March 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.

Gelman Rosenberg & Freedman

June 16, 2018

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRFPCA.COM

INTERNATIONAL CRANE FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2018 AND 2017**

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,243,784	\$ 3,022,043
Investments - Certificate of deposit	-	250,770
Unconditional promises to give	1,833,205	1,693,556
Advances and other receivables	61,000	95,967
Inventory	42,641	40,549
Prepaid expenses	93,585	76,461
Total current assets	6,274,215	5,179,346
PROPERTY AND EQUIPMENT		
Land	301,675	301,675
Site improvements	625,489	549,023
Buildings	9,309,162	9,031,994
Equipment	336,294	311,165
Furniture	1,019,202	1,019,202
Vehicles	197,775	180,830
	11,789,597	11,393,889
Less: Accumulated depreciation and amortization	(7,309,643)	(6,921,617)
Net property and equipment	4,479,954	4,472,272
NONCURRENT ASSETS		
Unconditional promises to give, net of current portion	2,980,968	3,630,205
Investments - Beneficial interest in charitable remainder trust	807,711	830,878
Investments restricted to endowments	3,805,156	3,778,811
Investments, net of current portion	17,088,187	16,257,181
Cash restricted for capital improvements	3,846,912	3,452,155
Construction in progress	731,451	126,676
Other receivables	46,435	42,987
Total noncurrent assets	29,306,820	28,118,893
TOTAL ASSETS	\$ 40,060,989	\$ 37,770,511

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 193,960	\$ 199,939
Accrued salaries and related benefits	265,982	248,704
Deferred revenue	118,454	40,675
Total current liabilities	578,396	489,318
NET ASSETS		
Unrestricted:		
Undesignated	6,434,770	4,818,775
Board designated	13,469,257	14,787,519
Total unrestricted net assets	19,904,027	19,606,294
Temporarily restricted	15,759,586	13,873,797
Permanently restricted	3,818,980	3,801,102
Total net assets	39,482,593	37,281,193
TOTAL LIABILITIES AND NET ASSETS	\$ 40,060,989	\$ 37,770,511

See accompanying notes to financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Contributions and grants	\$ 2,137,414	\$ 4,062,679	\$ 17,878	\$ 6,217,971
Memberships	460,007	-	-	460,007
Donated materials and services	7,500	-	-	7,500
Investment income	1,572,145	563,660	-	2,135,805
Sales and tour income, net	217,193	-	-	217,193
Other	43,561	-	-	43,561
Net assets released from donor restrictions	<u>2,740,550</u>	<u>(2,740,550)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>7,178,370</u>	<u>1,885,789</u>	<u>17,878</u>	<u>9,082,037</u>
EXPENSES				
Program Services:				
Sub-Saharan Africa	720,073	-	-	720,073
East Asia	1,018,068	-	-	1,018,068
South and Southeast Asia	331,004	-	-	331,004
North America	1,067,213	-	-	1,067,213
ICF Center for Conservation Leadership	<u>2,084,232</u>	<u>-</u>	<u>-</u>	<u>2,084,232</u>
Total program services	<u>5,220,590</u>	<u>-</u>	<u>-</u>	<u>5,220,590</u>
Supporting Services:				
General and Administrative	752,990	-	-	752,990
Fundraising	<u>907,057</u>	<u>-</u>	<u>-</u>	<u>907,057</u>
Total supporting services	<u>1,660,047</u>	<u>-</u>	<u>-</u>	<u>1,660,047</u>
Total expenses	<u>6,880,637</u>	<u>-</u>	<u>-</u>	<u>6,880,637</u>
Changes in net assets	297,733	1,885,789	17,878	2,201,400
Net assets at beginning of year	<u>19,606,294</u>	<u>13,873,797</u>	<u>3,801,102</u>	<u>37,281,193</u>
NET ASSETS AT END OF YEAR	<u>\$ 19,904,027</u>	<u>\$ 15,759,586</u>	<u>\$ 3,818,980</u>	<u>\$ 39,482,593</u>

See accompanying notes to financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Contributions and grants	\$ 3,270,573	\$ 6,552,939	\$ 438,231	\$ 10,261,743
Memberships	389,111	-	-	389,111
Donated materials and services	6,708	-	-	6,708
Investment income	1,740,342	575,255	-	2,315,597
Sales and tour income, net	191,931	-	-	191,931
Other	(19,531)	-	-	(19,531)
Net assets released from donor restrictions	<u>1,886,195</u>	<u>(1,886,195)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>7,465,329</u>	<u>5,241,999</u>	<u>438,231</u>	<u>13,145,559</u>
EXPENSES				
Program Services:				
Sub-Saharan Africa	532,684	-	-	532,684
East Asia	944,618	-	-	944,618
South and Southeast Asia	254,410	-	-	254,410
North America	852,196	-	-	852,196
ICF Center for Conservation Leadership	<u>2,114,674</u>	<u>-</u>	<u>-</u>	<u>2,114,674</u>
Total program services	<u>4,698,582</u>	<u>-</u>	<u>-</u>	<u>4,698,582</u>
Supporting Services:				
General and Administrative	643,294	-	-	643,294
Fundraising	<u>1,009,865</u>	<u>-</u>	<u>-</u>	<u>1,009,865</u>
Total supporting services	<u>1,653,159</u>	<u>-</u>	<u>-</u>	<u>1,653,159</u>
Total expenses	<u>6,351,741</u>	<u>-</u>	<u>-</u>	<u>6,351,741</u>
Changes in net assets	1,113,588	5,241,999	438,231	6,793,818
Net assets at beginning of year	<u>18,492,706</u>	<u>8,631,798</u>	<u>3,362,871</u>	<u>30,487,375</u>
NET ASSETS AT END OF YEAR	<u>\$ 19,606,294</u>	<u>\$ 13,873,797</u>	<u>\$ 3,801,102</u>	<u>\$ 37,281,193</u>

INTERNATIONAL CRANE FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,201,400	\$ 6,793,818
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	388,026	365,601
Realized and unrealized gains on investments	(1,714,455)	(1,925,516)
Contributions restricted for endowment	(17,878)	(438,231)
Change in beneficial interest in charitable remainder trust	23,167	(21,420)
Contributions restricted for capital improvements	(217,127)	(1,177,257)
Gain on sale of property and equipment	-	(1,150)
Write-off of uncollectible promises to give	4,915	3,750
Increase (decrease) in present value discount	(163,704)	237,454
Net deposits of cash restricted for capital improvements	(394,757)	(1,266,685)
(Increase) decrease in:		
Unconditional promises to give	668,376	(3,135,108)
Advances and other receivables	31,519	(117,285)
Inventory	(2,092)	10,011
Prepaid expenses	(17,124)	16,325
Increase (decrease) in:		
Accounts payable and accrued liabilities	(5,979)	86,982
Accrued salaries and related benefits	17,278	7,323
Deferred revenue	<u>77,779</u>	<u>(7,878)</u>
Net cash provided (used) by operating activities	<u>879,344</u>	<u>(569,266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(363,279)	(494,990)
Payments for construction in progress	(637,204)	(87,784)
Proceeds from sale of vehicle	-	150
Purchase of investments	(856,016)	(1,439,901)
Proceeds from sale of investments	<u>1,963,891</u>	<u>1,355,951</u>
Net cash provided (used) by investing activities	<u>107,392</u>	<u>(666,574)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	17,878	438,231
Contributions restricted for capital improvements	<u>217,127</u>	<u>1,177,257</u>
Net cash provided by financing activities	<u>235,005</u>	<u>1,615,488</u>
Net increase in cash and cash equivalents	1,221,741	379,648
Cash and cash equivalents at beginning of year	<u>3,022,043</u>	<u>2,642,395</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,243,784</u>	<u>\$ 3,022,043</u>
SCHEDULE OF NONCASH INVESTING TRANSACTIONS		
Donated Stock Immediately Sold with Proceeds Recorded as a Cash Contribution	<u>\$ 508,075</u>	<u>\$ 399,425</u>

See accompanying notes to financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The International Crane Foundation, Inc. (the Foundation) is a non-profit organization, incorporated and located in the State of Wisconsin. The Foundation works worldwide to conserve cranes and the ecosystems, watersheds, and flyways on which they depend. Activities of the Foundation include the promotion and support of research, captive propagation, restocking of preservation areas, public education and habitat preservation. Cranes under the Foundation's care are either owned by or on loan to the Foundation. The Foundation is primarily supported by contributions from individuals, corporations, foundations and governments.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income (loss) in the accompanying Statements of Activities and Changes in Net Assets. Investments restricted to endowments are comprised of permanently restricted awards received by the Foundation and invested in mutual funds and private company preferred stock.

Investments acquired by gift, including private company preferred stock, are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after the gift, unless specified otherwise by the donor.

Beneficial interest in charitable remainder trust -

The fair value of the charitable remainder trust consists of the estimated future benefits calculated using applicable discount rates and mortality tables. The trust is classified as a Level 3 investment. The trust provides for the payment of distributions to beneficiaries for the remainder of their lives. At the end of the trust term, the remaining asset will be available for the Foundation's use.

Receivables (Unconditional promises to give, advances and other) -

Unconditional promises to give are recorded at the net present value of future cash flows, which approximates fair value. Conditional promises to give are not recorded until the donor's conditions are met. Advances and other receivables approximate fair value. Management considers all aforementioned amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Inventory -

Inventory consists of merchandise held for resale, which is recorded at the lower of cost or net realizable value.

Property and equipment -

Property and equipment acquisitions in excess of \$3,500 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 3 to 20 years. Land is not amortized, however, buildings and site improvements are amortized over a 20 year period. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended March 31, 2018 and 2017 totaled \$388,026 and \$365,601, respectively.

Construction in progress -

Property and equipment acquisitions which are not placed into service at the time the assets are purchased are recorded as construction in progress. When such assets are placed into service, they are transferred to property and equipment and are immediately depreciated (or amortized) over their estimated useful lives (depending on the type of asset).

Impairment of long-lived assets -

Management reviews asset carrying values whenever events or circumstances indicate that such carrying values may not be recoverable. The carrying values of assets is reduced by a charge in the Statements of Activities and Changes in Net Assets to current fair value when assets are considered by management to be impaired (no impairment was concluded as of March 31, 2018 and 2017).

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation as defined under Section 509(a) of the Internal Revenue Code.

Uncertain tax positions -

For the years ended March 31, 2018 and 2017, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Deferred revenue -

Deferred revenue consists of payments for group tours and events run by the Foundation and other refundable cash advances. The Foundation recognizes such revenue when the related tours and events occur and when refundable cash advances are earned.

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Foundation and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in perpetuity by the Foundation. There are restrictions placed on the use of investment earnings from these endowment funds, and all accumulated unspent earnings are reported as temporarily restricted net assets in the accompanying financial statements.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

All marketable securities contributed and subsequently sold within 30 days of receipt are recognized as contributions based on the fair value of the securities on the date of contribution using the average price between the highest and lowest quoted selling price on that date. If retained, the contribution is valued by the same method and the securities are subsequently recorded at fair value.

Awards from U.S. government sources are subject to contractual restrictions, which must be met by incurring qualifying expenses; accordingly, unrestricted income is recorded to the extent that expenses are incurred in compliance with the criteria stipulated in the agreements.

Memberships -

Revenue received from individuals for memberships represents a contribution to the Foundation as there are no substantial benefits received in exchange for the support received. Accordingly, memberships are accounted for in accordance with the "Contributions and grants" policy above.

Donated materials and services -

The Foundation recognizes as revenue noncash contributions of goods when a single instance of a contribution is greater than or equal to \$5,000 in value. This provision does not apply to works of art and collectibles.

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Donated materials and services (continued) -

To the extent feasible, the Foundation shall determine the fair value of noncash contributions that meet or exceed the \$5,000 threshold in accordance with the guidance contained in FASB ASC 820, *Fair Value Measurement*. In all other cases, and at the Foundation's discretion, the Foundation shall use a qualified third party expert to determine the value.

Works of art and collectibles are not recognized on the date of donation; however, if the item(s) are subsequently sold, the net proceeds from the sale are recognized as contribution revenue on the date of sale.

The Foundation recognizes as contribution revenue donated services when a single instance of a contribution is greater than or equal to \$5,000 and they create or enhance a nonfinancial asset (such as property or equipment) or meet all of the following criteria:

1. The service requires specialized skills
2. The service is provided by individuals who possess those skills
3. The service would typically need to be purchased if not contributed.

Use of estimates -

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

Allocation of expenses -

The costs of providing programs and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services categories. The following is a summary of the program service categories as listed in the accompanying Statements of Activities and Changes in Net Assets:

Sub-Saharan Africa - Sub-Saharan Africa is home to six crane species, including four highly threatened resident species--Endangered Grey Crowned Cranes and Vulnerable Black Crowned, Wattled, Blue Cranes, and wintering Demoiselle and Eurasian Cranes. The International Crane Foundation is active in many countries across Africa, focused on understanding and resolving threats to cranes. Grey and Black Crowned Cranes are in serious decline due to capture for illegal domestication and trade, and loss of vital breeding wetlands. Wattled Cranes are most threatened by large dams and water diversions and associated wetland degradation. The Foundation's diverse conservation programs focus on restoring large floodplains for cranes, biodiversity, and the ecosystem services they provide; fostering community-based conservation of cranes and wetlands; securing cranes in agricultural landscapes; reducing the impact of illegal trade, powerlines, and energy development on cranes; and long-term monitoring and conservation planning. These efforts in Africa have created global models for sustainable water management, community-based natural resource conservation, and sustainable livelihoods.

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Allocation of expenses (continued) -

East Asia - East Asia is home to eight crane species (the most of any region), including five threatened crane species - Critically Endangered Siberian Cranes, Endangered Red Crowned Cranes, and Vulnerable Hooded, White-naped and Black-necked Cranes. Intense land and water development pressures due to rapid economic growth threaten wetlands of vital importance to crane survival in this region. This conservation program builds on the strong cultural ties to cranes in East Asia to engage people and policy makers in conservation of protected areas and their surrounding landscapes. The program also addresses the global impact China's development and resource use will have on crane areas around the world. Key conservation programs in East Asia include securing cranes and their key wetlands in the Amur/Heilong River Basin; sustaining viable wintering grounds for cranes in southeastern China; conserving Black-necked Cranes and their key wetlands in Western China; national outreach in China; crane conservation in the Korean DMZ; and crane flyway conservation across East Asia.

South and Southeast Asia - South and Southeast Asia are home to the Threatened Sarus Crane; wintering Vulnerable Black-necked Cranes, and wintering Demoiselle and Eurasian Cranes. Strong cultural ties to cranes in India and Vietnam provide unique opportunities to engage people in the conservation of these intensely settled landscapes using the Sarus Crane as a flagship species. The Foundation leads two key conservation programs in the region. For twenty-five years, the Foundation has engaged in conservation of the Mekong Delta region, including establishing a global model for community-based wetland conservation at Phu My. In India, the Foundation focuses on conserving Sarus Cranes and wetland biodiversity in the agricultural landscape of the upper Ganges River Basin.

North America - North America is home to two crane species, including the world's rarest cranes - Endangered Whooping Cranes and the most abundant cranes - Sandhill Cranes. Whooping Cranes face critical threats on their wintering grounds in and around Aransas National Wildlife Refuge in Texas, and along their long migratory flyway to their breeding grounds in Wood Buffalo, Canada. Foundation programs focus on conserving the Aransas-Wood Buffalo Whooping Crane flock; establishing a separate flock of Whooping Cranes through reintroductions in the Eastern United States; captive crane population management and research; and education and outreach to reduce threats to Whooping Cranes throughout their natural and reintroduced range. The Foundation's North America program also includes long-term Sandhill Crane research aimed at developing cross-cutting strategies for crane management on agricultural landscapes.

ICF Center for Conservation Leadership - ICF's headquarters includes a global center for conservation leadership, providing training and programs in conservation science and management; wetland and grassland restoration and ecology; captive crane management and care; environmental education; and conservation communications. ICF's international and regional programs integrate leadership training and mentoring into each project, focusing on developing leaders in the communities that share crane waters and landscapes. ICF's Center for Conservation Leadership identifies, trains, mentors and supports conservation leadership among a broad spectrum of people, from promising young scientists and conservationists to the land owners and decision makers who influence crane survival in key places, empowering colleagues with knowledge, skills, and experience to lead effective conservation programs in communities around the world.

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Crane ownership -

Cranes that are owned by the Foundation are not valued or recorded as an asset in the accompanying financial statements.

Risks and uncertainties -

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Foundation has adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. During the year ended March 31, 2018, the Foundation adopted FASB Accounting Standards Update (ASU) 2015-07; the ASU removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements (not yet adopted) -

In 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statements of Activities and Changes in Net Assets. ASU 2016-14 also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017 (April 1, 2018 for the Foundation). Early adoption is permitted. The ASU should be applied on a retrospective basis in the year that the ASU is first applied. While the ASU will change the presentation of the Foundation's financial statements, it is not expected to alter the Foundation's reported statement of financial position.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU is effective for private entities for fiscal years beginning after December 31, 2018 (April 1, 2019 for the Foundation). In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2019 (April 1, 2020 for the Foundation).

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements (not yet adopted) (continued) -

The Foundation plans to adopt these new accounting pronouncements at the required implementation dates.

2. INVESTMENTS

Investments are stated at fair value and consisted of the following at March 31, 2018 and 2017:

	2018	2017
Mutual funds	\$ 20,693,343	\$ 19,835,992
Certificate of deposit	-	250,770
Private company preferred stock	200,000	200,000
Beneficial interest in charitable remainder trust	807,711	830,878
TOTAL INVESTMENTS	\$ 21,701,054	\$ 21,117,640

Included in investment income are the following:

	2018	2017
Interest and dividends	\$ 444,517	\$ 368,661
Realized and unrealized gains on investments	1,691,288	1,946,936
TOTAL INVESTMENT INCOME	\$ 2,135,805	\$ 2,315,597

3. UNCONDITIONAL PROMISES TO GIVE

As of March 31, 2018 and 2017, the Foundation has received commitments for support of which \$4,954,264 and \$5,627,556, respectively, had not been collected. Promises to give due in more than one year have been recorded at the present value of the estimated cash flows, using discount rates ranging between 3.00% and 4.00%. The rates used reflect the expected timing of future collections and a credit profile similar to high grade corporate obligations.

Following is a summary of amounts due as of March 31, 2018 and 2017:

	2018	2017
Within one year	\$ 1,833,205	\$ 1,693,556
Two to five years	3,081,059	3,854,000
Beyond five years	40,000	80,000
Total	4,954,264	5,627,556
Less: Allowance to discount balance to present value	(140,091)	(303,795)
NET UNCONDITIONAL PROMISES TO GIVE	\$ 4,814,173	\$ 5,323,761

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017**

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at March 31, 2018 and 2017:

	2018	2017
Sub-Saharan Africa	\$ 1,313,839	\$ 1,305,835
East Asia	1,276,609	796,516
South and Southeast Asia	59,847	73,734
North America	564,660	125,412
ICF Center for Conservation Leadership (includes Construction in Progress)	8,530,123	8,224,792
Beneficial interest in charitable remainder trust	807,711	830,878
Time and program restricted pledges	1,302,745	965,806
Other	90,311	81,163
TEMPORARILY RESTRICTED NET ASSETS	\$ 13,945,845	\$ 12,404,136

On occasion, unconditional promises are made to the Foundation and, at the time of fulfilling those obligations, the restricted purposes of those contributions may be amended by donors; accordingly, the amounts presented in the categories of temporarily restricted net assets are subject to change between reporting periods.

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2018	2017
Sub-Saharan Africa	\$ 562,698	\$ 463,571
East Asia	674,726	585,135
South and Southeast Asia	186,399	148,630
North America	647,202	337,241
ICF Center for Conservation Leadership	548,712	185,778
Administration	15,806	37,790
Satisfaction of time restrictions	105,007	128,050
NET ASSETS RELEASED FROM RESTRICTIONS	\$ 2,740,550	\$ 1,886,195

5. LEASE COMMITMENTS

The Foundation has entered into agreements to lease certain equipment. Additionally, the Foundation leases space in Beijing, China under a short-term rental agreement. Following is a schedule of the future minimum lease payments under all equipment and office space leases:

Year Ending March 31,

2019	\$ 19,280
2020	2,740
2021	2,740
2022	2,740
2023	1,171
	\$ 28,671

Lease expense for the years ended March 31, 2018 and 2017 totaled \$31,100 and \$32,359, respectively.

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 AND 2017

6. RETIREMENT PLAN

The Foundation maintains a self-administered 401(k) plan. Employees must be 18 years of age and are immediately eligible for participation at time of hire. Employer contributions begin after one full year of service to the Foundation. The Foundation contributed 3% of qualified compensation for eligible employees during the years ended March 31, 2018 and 2017, totaling \$65,619 and \$64,040, respectively.

7. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at March 31, 2018 and 2017.

- *Money market funds* - Valued at the daily closing price as reported by the fund. The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission (SEC). This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. Mutual funds held by the Foundation are deemed to be actively traded.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Interests in private companies* - Private company preferred stock does not have a readily determinable fair value. The shares have a call price equal to the par value of \$100 per share plus any unpaid dividends. The Foundation received quarterly dividends of \$3,250 during the years ended March 31, 2018 and 2017.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017**

7. FAIR VALUE MEASUREMENT (Continued)

- *Beneficial interest in charitable remainder trust* - The fair value of the Foundation's charitable remainder trust is the estimated future benefits calculated using applicable discount rates. The trust provides for the payment of distributions to beneficiaries for the remainder of their lives. At the end of the trust's term, part or all of the remaining asset is available for use.

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of March 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total March 31, 2018</u>
Asset Class:				
Mutual funds	\$ 20,693,343	\$ -	\$ -	\$ 20,693,343
Private company preferred stock	-	-	200,000	200,000
Beneficial interest in charitable remainder trust	-	-	807,711	807,711
TOTAL	<u>\$ 20,693,343</u>	<u>\$ -</u>	<u>\$ 1,007,711</u>	<u>\$ 21,701,054</u>

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of March 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total March 31, 2017</u>
Asset Class:				
Mutual funds	\$ 19,835,992	\$ -	\$ -	\$ 19,835,992
Certificate of deposit	-	250,770	-	250,770
Private company preferred stock	-	-	200,000	200,000
Beneficial interest in charitable remainder trust	-	-	830,878	830,878
TOTAL	<u>\$ 19,835,992</u>	<u>\$ 250,770</u>	<u>\$ 1,030,878</u>	<u>\$ 21,117,640</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the years ended March 31, 2018 and 2017:

	<u>Private Company Preferred Stock</u>	<u>Beneficial Interest in Charitable Remainder Trust</u>
Balance as of March 31, 2016	\$ 200,000	\$ 809,458
Unrealized gain	-	21,420
Balance as of March 31, 2017	200,000	830,878
Unrealized loss	-	(23,167)
BALANCE AS OF MARCH 31, 2018	<u>\$ 200,000</u>	<u>\$ 807,711</u>

8. ENDOWMENT

The Foundation's Endowment consists of donor-restricted endowment funds, funds designated by the Board of Directors to function as a long-term endowment and a Board designated liquidity fund.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017**

8. ENDOWMENT (Continued)

As of March 31, 2017, the Foundation transferred \$1,250,000 (with a total value of \$1,250,102 after investment earnings as of March 31, 2017) from the funds designated by the Board of Directors to function as a long-term endowment ("BEF") into a separate investment sub-account for the purpose of establishing a Board-Designated Liquidity Fund ("BLF") during the year ended March 31, 2018. The aim of establishing the BLF is to allocate a portion of the Board-designated funds to a pool of investments having an investment objective of income and capital preservation, and hence be readily available to provide liquidity for funding any unrestricted operating deficits that may occur and any Board of Directors' approved spending for supplemental draws or investments in new initiatives. Future additions to the BLF will be from any operating surpluses or additional Board of Directors' approved transfers from the BEF. The Board of Directors' may also approve transfers to the BEF from the BLF. During the year, BLF additions and investment income (net of a \$750,000 withdrawal) totaled \$555,086, therefore the aggregate amount invested in the BLF as of March 31, 2018 totaled \$1,805,188.

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as long-term endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (WUPMIFA) as requiring the preservation of the fair value (as determined by FASC ASC 820) of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by WUPMIFA.

In accordance with WUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Foundation and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation, and
- Investment policies of the Foundation.

Endowment net asset composition by type as of March 31, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Unconditional promises to give Donor-Restricted endowment investments	\$ -	\$ -	\$ 13,823	\$ 13,823
Board-Designated endowment investments	-	1,813,741	3,805,157	5,618,898
Board-designated liquidity fund investments	13,469,257	-	-	13,469,257
	<u>1,805,188</u>	<u>-</u>	<u>-</u>	<u>1,805,188</u>
ENDOWMENT NET ASSETS	<u>\$ 15,274,445</u>	<u>\$ 1,813,741</u>	<u>\$ 3,818,980</u>	<u>\$ 20,907,166</u>

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

8. ENDOWMENT (Continued)

Changes in Endowment net assets for the year ended March 31, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, March 31, 2017	\$ 14,787,519	\$ 1,469,661	\$ 3,801,102	\$ 20,058,282
Investment income	1,571,324	573,828	-	2,145,152
Contributions	398,975	-	17,878	416,853
Appropriation of endowment assets for expenditure	<u>(1,483,373)</u>	<u>(229,748)</u>	<u>-</u>	<u>(1,713,121)</u>
ENDOWMENT NET ASSETS, MARCH 31, 2018	<u>\$ 15,274,445</u>	<u>\$ 1,813,741</u>	<u>\$ 3,818,980</u>	<u>\$ 20,907,166</u>

Endowment net asset composition by type as of March 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Cash	\$ -	\$ -	\$ 2,400	\$ 2,400
Unconditional promises to give Donor-Restricted endowment investments	-	-	19,891	19,891
Board-Designated endowment investments	-	1,469,661	3,778,811	5,248,472
Board-Designated liquidity fund investments	13,537,417	-	-	13,537,417
	<u>1,250,102</u>	<u>-</u>	<u>-</u>	<u>1,250,102</u>
ENDOWMENT NET ASSETS	<u>\$ 14,787,519</u>	<u>\$ 1,469,661</u>	<u>\$ 3,801,102</u>	<u>\$ 20,058,282</u>

Changes in Endowment net assets for the year ended March 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, March 31, 2016	\$ 14,147,480	\$ 1,037,740	\$ 3,362,871	\$ 18,548,091
Investment income	1,740,342	559,971	-	2,300,313
Contributions	127,598	-	438,231	565,829
Appropriation of endowment assets for expenditure	<u>(1,227,901)</u>	<u>(128,050)</u>	<u>-</u>	<u>(1,355,951)</u>
ENDOWMENT NET ASSETS, MARCH 31, 2017	<u>\$ 14,787,519</u>	<u>\$ 1,469,661</u>	<u>\$ 3,801,102</u>	<u>\$ 20,058,282</u>

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or WUPMIFA requires the Foundation to retain as fund of perpetual duration. No deficiencies were noted as of March 31, 2018 and 2017.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017**

8. ENDOWMENT (Continued)

Return Objectives and Risk Parameters -

The Foundation has adopted investment and spending policies for long-term endowment assets that attempt to provide a predictable stream of funding to programs supported by them, while also seeking to maintain the purchasing power of the endowment assets. Long-term endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as funds designated by the Board to function as a long-term endowment.

The Board-Designated Liquidity Fund has an investment policy focused on income and capital preservation in order to provide a source of reliable near-term liquidity.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation has a Board approved policy of appropriating for distribution each year 5% of its long-term endowment funds' average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. In addition, the Board-designated long-term endowment assets may be used for current special needs consistent with the Foundation's mission and subject to Board of Directors' approval, including transfers to the Board Liquidity Fund. In establishing this policy, the Foundation considered the long-term expected return on its endowments' assets, and its goal to maintain the purchasing power of the long-term endowment assets whether held in perpetuity or for a specified term. Real growth in endowment assets is primarily expected to be achieved by future gifts.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 16, 2018, the date the financial statements were issued.