

# CONSERVATION STRATEGY FUND

## FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015



DEMELLO, MCAULEY,  
MCREYNOLDS & HOLLAND, LLP

CERTIFIED PUBLIC ACCOUNTANTS



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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Conservation Strategy Fund

We have audited the accompanying financial statements of Conservation Strategy Fund (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statement of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 reasonable 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 Conservation Strategy Fund as of December 31, 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on 2015 Financial Statements

The financial statements of Conservation Strategy Fund as of December 31, 2015, were audited by other accountants whose report dated August 22, 2016, stated that the financial statements presented fairly, in all material respects, the financial position, changes in net assets and cash flows in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses by location on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Demello, Gully, Reynolds & Holland, LLP*

Eureka, California  
August 10, 2017

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**CONSERVATION STRATEGY FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,531,153	\$ 2,109,911
Investments	29,073	0
Accounts receivable	4,914	0
Grants receivable	539,320	544,503
Contracts receivable	75,197	165,590
Prepaid expenses	177,570	7,970
<b>TOTAL CURRENT ASSETS</b>	<b>2,357,227</b>	<b>2,827,974</b>
<b>EQUIPMENT, NET</b>	0	0
<b>OTHER ASSETS</b>		
Grants receivable, non-current	85,000	200,000
Deposits	5,650	8,050
	90,650	208,050
<b>TOTAL ASSETS</b>	<b>\$ 2,447,877</b>	<b>\$ 3,036,024</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 29,832	\$ 34,330
Accrued expenses	109,277	159,586
Contracts payable	12,320	90,751
Deferred revenue	42,855	80,075
<b>TOTAL CURRENT LIABILITIES</b>	<b>194,284</b>	<b>364,742</b>
 <b>NET ASSETS</b>		
Unrestricted	1,041,809	1,179,879
Temporarily restricted	1,211,784	1,491,403
<b>TOTAL NET ASSETS</b>	<b>2,253,593</b>	<b>2,671,282</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,447,877</b>	<b>\$ 3,036,024</b>

See accompanying notes.

**CONSERVATION STRATEGY FUND**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
UNRESTRICTED NET ASSETS		
REVENUES AND OTHER SUPPORT		
Donations	\$ 63,607	\$ 76,825
Grants and awards	29,000	38,836
Contracts	565,444	765,782
Program fees	177,635	105,178
Interest and dividends	288	46
Gain on disposition of assets	591	0
Net realized and unrealized gains on investments	1,254	0
Net assets released from restrictions -		
Expiration of donor restrictions	1,453,509	1,597,319
TOTAL REVENUES AND OTHER SUPPORT	2,291,328	2,583,986
EXPENSES		
Program	2,039,304	2,262,681
Supporting services:		
Management and general	380,510	299,313
Fundraising	9,584	19,594
TOTAL FUNCTIONAL EXPENSES	2,429,398	2,581,588
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(138,070)	2,398
TEMPORARILY RESTRICTED NET ASSETS		
Support	1,173,890	907,101
Net assets released from restriction	(1,453,509)	(1,597,319)
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(279,619)	(690,218)
NET ASSETS AT BEGINNING OF YEAR	2,671,282	3,359,102
NET ASSETS AT END OF YEAR	\$ 2,253,593	\$ 2,671,282

See accompanying notes.

**CONSERVATION STRATEGY FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2016**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Conservation Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Personnel:				
Salaries and wages	\$ 793,858	\$ 251,706	\$ 7,281	\$ 1,052,845
Payroll taxes	97,282	23,475	387	121,144
Employee benefits	104,797	34,989	724	140,510
Total personnel	<u>995,937</u>	<u>310,170</u>	<u>8,392</u>	<u>1,314,499</u>
Communications	12,313	972	42	13,327
Contract expenses	576,982	15,975	2	592,959
Dues and subscriptions	4,122	1,761	7	5,890
Expensed equipment	6,891	3,331	3	10,225
Insurance	1,444	4,432	0	5,876
Temporary employment	15,006	583	14	15,603
Occupancy	61,695	8,401	241	70,337
Office	5,658	5,285	803	11,746
Postage	1,516	0	0	1,516
Printing	17,808	836	9	18,653
Professional services	25,078	6,309	6	31,393
Repairs and maintenance	2,984	0	0	2,984
Supplies	24,464	3,174	38	27,676
Staff development and training	1,497	297	3	1,797
Training facility costs	124,742	0	0	124,742
Travel	161,167	18,984	24	180,175
Total functional expenses	<u>\$ 2,039,304</u>	<u>\$ 380,510</u>	<u>\$ 9,584</u>	<u>\$ 2,429,398</u>

See accompanying notes.

**CONSERVATION STRATEGY FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2015**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Conservation Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Personnel:				
Salaries and wages	\$ 934,731	\$ 175,728	\$ 13,944	\$ 1,124,403
Payroll taxes	121,887	20,165	1,183	143,235
Employee benefits	138,744	31,678	2,545	172,967
Total personnel	<u>1,195,362</u>	<u>227,571</u>	<u>17,672</u>	<u>1,440,605</u>
Communications	17,990	2,162	215	20,367
Contract expenses	405,477	7,794	10	413,281
Dues and subscriptions	3,321	2,046	8	5,375
Expensed equipment	4,457	16	1	4,474
Insurance	1,785	4,841	0	6,626
Temporary employment	34,318	0	0	34,318
Miscellaneous	0	9,503	0	9,503
Occupancy	66,802	6,761	703	74,266
Office	16,579	2,499	408	19,486
Postage	2,330	472	7	2,809
Printing	69,586	1,248	7	70,841
Professional services	51,389	7,673	230	59,292
Repairs and maintenance	3,402	430	26	3,858
Supplies	17,647	1,397	87	19,131
Staff development and training	13,096	6,604	69	19,769
Training facility costs	148,638	0	0	148,638
Travel	210,502	18,296	151	228,949
Total functional expenses	<u>\$ 2,262,681</u>	<u>\$ 299,313</u>	<u>\$ 19,594</u>	<u>\$ 2,581,588</u>

See accompanying notes.

**CONSERVATION STRATEGY FUND**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (417,689)	\$ (687,820)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(1,254)	0
Gain on disposition of assets	(591)	0
Net non-cash donation	(27,819)	0
(Increase) decrease in operating assets:		
Accounts receivable	(4,914)	0
Grants receivable	120,183	625,571
Contracts receivable	90,393	948,778
Prepaid expenses	(167,200)	20,266
Increase (decrease) in operating liabilities:		
Accounts payable	(4,498)	26,187
Accrued expenses	(50,309)	70,331
Contracts payable	(78,431)	51,933
Deferred revenue	(37,220)	(906,951)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(579,349)	148,295
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment	591	0
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	591	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(578,758)	148,295
CASH AT BEGINNING OF THE YEAR	2,109,911	1,961,616
CASH AT END OF YEAR	\$ 1,531,153	\$ 2,109,911
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 0	\$ 0
Taxes paid	\$ 0	\$ 0

See accompanying notes.

# CONSERVATION STRATEGY FUND

## NOTES TO FINANCIAL STATEMENTS

### NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Conservation Strategy Fund (CSF) is presented to assist in understanding CSF's financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

#### Nature of Activities

CSF is a nonprofit public charity corporation, founded in 1998. Its mission is to teach environmental organizations around the world to use economics and strategic analysis to conserve nature. CSF has offices in Sebastopol and Arcata, California; La Paz, Bolivia and Lima, Peru. Contributions from private foundations, U.S. government agencies, individuals, and other conservation organizations primarily support CSF's activities.

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables and other liabilities.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Financial Statement Presentation

CSF follows standards of accounting and financial reporting for not-for-profit organizations as prescribed by the Financial Accounting Standards Board. In accordance with accounting standards, CSF reports its financial position and operating activities in three classes of net assets as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, CSF considers cash and cash equivalents to include all cash and money market accounts held in banks and other financial institutions, including certificates of deposit, with a maturity of three months or less. The carrying amounts reported in the statement of financial position approximate fair market values because of the short maturities of those instruments. CSF maintains a separate bank account to comply with a funder's requirement that cash be held in a separate account. As of December 31, 2016 and 2015, included in cash and cash equivalents is \$42,855 and \$80,075, respectively, of funds subject to donor restrictions and reported as deferred revenue.

#### Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value in the statement of financial position and are considered Level 1 investments. Unrealized gains and losses are included in the statement of activities.

#### Contributions

CSF accounts for contributions received and made in accordance with accounting standards for not-for-profit organizations. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the nature of donor restrictions, if any.

#### Allowance for Doubtful Accounts

CSF evaluates the collectability of program fees, grants and contracts receivable in order to determine the allowance for doubtful accounts. As of December 31, 2016 and 2015, CSF determined the various receivables

# CONSERVATION STRATEGY FUND

## NOTES TO FINANCIAL STATEMENTS

are fully collectable and recorded \$0 for the allowance for doubtful accounts. Based on historical experience, CSF does not expect amounts to become uncollectible, however if they are, they will be charged to operations as a bad debt expense. The impact of any bad debt expense recorded in the future is expected to be immaterial to the financial statements.

### Equipment

Equipment is capitalized at its estimated fair value when donated or at cost when purchased. Equipment donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Equipment is depreciated using the straight-line method, over the asset's estimated useful life, which ranges from five to seven years. CSF's threshold for capitalizing equipment is \$5,000.

### Revenue Recognition

CSF recognizes revenue on the accrual basis of accounting. Contract revenue and program fees are recognized as revenue in the period in which the services is provided. Revenue on long-term contracts is matched with expenses each quarter and any profit or loss is recognized when the project is complete. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (either by passage of time or by use) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### Scholarships

CSF offers scholarships and discounts to attendees of the International Training Course. Program fee income reflects the net of gross fees for all attendees less the scholarship awarded or the discount provided.

### Program Services

CSF has trained over 2,200 people from 90 countries and has conducted dozens of economic analyses that have shaped decision-making across the globe. CSF project partners range from local activists and indigenous tribes to large international non-governmental organizations and development banks. CSF focuses its work in regions where capacity needs are intense, and which still have tremendous conservation opportunities – particularly in tropical forests rich in biodiversity and carbon. CSF analyses in these regions have influenced over \$20 billion in investment decisions and helped conserve over 21 million acres of natural ecosystems, with untold benefits for human communities.

### Management and General

Management and general includes the functions necessary to ensure coordination and articulation of CSF's program strategy through executive management, maintaining program administration, and managing the financial responsibilities of CSF.

### Fundraising

Fundraising provides the structure necessary to encourage and secure public support from U.S. government agencies and private financial support from individuals, foundations and corporations.

### Indirect Cost Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated to the various programs based on time charged to each activity based on employee time records.

### Tax Exempt Status

CSF is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and California Revenue and Taxation code Section 23701.

# CONSERVATION STRATEGY FUND

## NOTES TO FINANCIAL STATEMENTS

The Organization's federal and state tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have three and four year statute of limitations, respectively. The Organization would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of the income tax provision.

### Donated Services and Materials

CSF receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition as contributed services have not been satisfied. Donated goods, when received, are reflected as in-kind contributions in the accompanying statements at their estimated fair market values at date of receipt.

### Net Assets

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of CSF. Temporarily restricted net assets include those subject to a donor or funding source restriction and for which the applicable restriction was not met at the end of the current reporting period. Permanently restricted net assets include those subject to non-expiring donor restrictions, such as endowments.

### Subsequent Events

Management has evaluated subsequent events through August **10**, 2017, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

### NOTE B — CONCENTRATIONS OF CREDIT RISK

CSF maintains a majority of its cash in accounts at Wells Fargo Bank and Edward Jones which, at times, may exceed federally insured limits. The maximum amount of loss due to this risk was \$707,563 as of December 31, 2016 and \$1,861,209 as of December 31, 2015. CSF has not experienced any losses in such accounts. Management believes CSF is not exposed to any significant credit risk related to cash.

### NOTE C — DEFINED CONTRIBUTION PENSION PLAN

CSF has a SEP IRA plan. CSF full-time employees become eligible to participate in the plan on the first day of the month one-year subsequent to employee's date of hire. In 2016, CSF made contributions to the plan equal to **10%** of the employee's gross salary. Employer contributions totaled \$69,435 and \$69,813 for the years ending December 31, 2016 and 2015, respectively.

### NOTE D — COMMITMENTS AND CONTINGENCIES

Conditions contained within the various contracts awarded to CSF are subject to the funding agency's criteria and regulations under which expenditures may be claimed and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with their established criteria. In such cases, CSF could be held responsible for repayments to the funding agency for any questioned costs or be subject to reductions of future funding. Management does not anticipate any questioned costs for the contracts and grants administered during the years ending December 31, 2016 and 2015.

## CONSERVATION STRATEGY FUND NOTES TO FINANCIAL STATEMENTS

### NOTE E — CONCENTRATIONS

During the years ended December 31, 2016 and 2015, \$1,062,870 and \$878,101, respectively, which is approximately 88% and 91% of CSF's current year funding from grants and awards, was awarded by three grantors.

### NOTE F — RECEIVABLES

Grants receivable at December 31, 2016, expected to be collected within one year, consist of the following:

	2016	2015
Cargill Foundation	\$ 100,000	\$ 0
USAID	0	194,137
MacArthur Foundation	130,000	130,000
German Federal Enterprise for International Cooperation	62,140	70,366
World Wildlife Federation	47,180	0
Walton Family Foundation	50,000	0
David and Lucile Packard Foundation	150,000	150,000
Total	\$ 539,320	\$ 544,503

Grants receivable, non-current at December 31, 2016, consist of the following:

	2016	2015
Cargill Foundation	\$ 85,000	\$ 0
German Federal Enterprise for International Cooperation	0	50,000
David and Lucile Packard Foundation	0	150,000
	\$ 85,000	\$ 200,000

Contracts receivable at December 31, 2016, consist of the following:

	2016	2015
Marin Agricultural Study	\$ 2,000	\$ 0
International Resources Group	0	81,783
German Federal Enterprise for International Cooperation	11,306	56,263
New Venture Fund	0	4,056
Audobon Society	0	4,986
Resources Legacy Fund	15,000	0
Sonoma County	7,579	18,502
Fundo Mexicano Mar	14,810	0
Moore Funding Study	24,502	0
	\$ 75,197	\$ 165,590

## CONSERVATION STRATEGY FUND NOTES TO FINANCIAL STATEMENTS

### NOTE G — RESTRICTED NET ASSETS

At December 31, 2016, CSF's temporarily restricted net assets consist of the following:

	Beginning	Additions	Expended	Ending
MacArthur Foundation	\$ 464,461	\$ 0	\$ (340,628)	\$ 123,833
Gordon & Betty Moore Foundation	320,338	0	(287,012)	33,326
The Handsel Foundation	35,198	0	(15,000)	20,198
German Federal Enterprise for International Cooperation	132,283	0	(78,718)	53,565
Good Energies Foundation	19,123	312,870	(315,359)	16,634
Packard Foundation	510,000	0	(183,298)	326,702
Cargill Foundation	0	500,000	(175,298)	324,702
New Venture Fund	0	43,620	(19,164)	24,456
World Wildlife Fund	0	67,400	(3,972)	63,428
Walton Family Foundation	0	250,000	(25,060)	224,940
Green Foundation	10,000	0	(10,000)	0
	<u>\$ 1,491,403</u>	<u>\$ 1,173,890</u>	<u>\$ (1,453,509)</u>	<u>\$ 1,211,784</u>

For purposes of this schedule, the additions to temporarily restricted net assets include amounts released from restrictions for 2016.

At December 31, 2015, CSF's temporarily restricted net assets consist of the following:

	Beginning	Additions	Expended	Ending
MacArthur Foundation	\$ 382,781	\$ 338,101	\$ (256,421)	\$ 464,461
Gordon & Betty Moore Foundation	701,520	0	(381,182)	320,338
USAID	424,579	0	(424,579)	0
The Handsel Foundation	99,838	0	(64,640)	35,198
Avina Foundation	12,629	0	(12,629)	0
The Nature Conservancy	7,925	0	(7,925)	0
German Federal Enterprise for Internation Cooperation	199,646	(23,000)	(44,363)	132,283
Good Energies Foundation	238,190	0	(219,067)	19,123
Packard Foundation	19,726	540,000	(49,726)	510,000
Cargill Foundation	76,225	0	(76,225)	0
Organization for Economic Co-operation and Development	18,562	0	(18,562)	0
Blue Moon Fund	0	42,000	(42,000)	0
Green Foundation	0	10,000	0	10,000
	<u>\$ 2,181,621</u>	<u>\$ 907,101</u>	<u>\$ (1,597,319)</u>	<u>\$ 1,491,403</u>

For purposes of this schedule, the additions to temporarily restricted net assets include amounts released from restrictions for 2015.

## CONSERVATION STRATEGY FUND NOTES TO FINANCIAL STATEMENTS

### NOTE H — PROGRAM FEES

Program fees are as follows:

	2016	2015
Brazil and Indonesia cost share income	\$ 93,135	\$ 22,018
Tuition income - gross	100,000	110,000
Less: scholarships/discounts/grants	(15,500)	(26,840)
	\$ 177,635	\$ 105,178

### NOTE I — LEASES

CSF leases office space in Arcata, California, for \$975 per month on a month-to-month basis. CSF leases office space in Washington DC for \$2,300 per month with a 3-year lease until April 2019. CSF also leases office space in Peru and Bolivia. Total office rent expense for the year ending December 31, 2016 and 2015, is \$60,728 and \$56,609, respectively.

### NOTE J — RELATED PARTIES

CSF contracts with a conservation organizations located in Brazil and Indonesia. The Brazilian and Indonesian organizations were incorporated under the laws of their home countries. CSF's President and board member is also a board member of the Brazilian and Indonesian organizations. CSF has entered into service agreements with the Brazilian and Indonesian organizations to provide conservation activities. For the years ending December 31, 2016 and 2015, contract expenses with these organizations totaled \$207,069 and \$167,504, respectively (see supplementary information for details of expenditures).

### NOTE K — PRIOR PERIOD ADJUSTMENT

Temporarily restricted net assets and net assets have been restated by \$23,000 to account for change to contract receivable due to foreign currency conversion. The result increased unrestricted net assets and decreased temporarily restricted net assets.

## **SUPPLEMENTARY INFORMATION**

**CONSERVATION STRATEGY FUND**  
**SCHEDULE OF FUNCTIONAL EXPENSES - BY LOCATION**  
**For the Year Ended December 31, 2016**

	<u>Brazil*</u>	<u>Indonesia*</u>	<u>US Funded</u>	<u>Total</u>
Personnel				
Salaries and wages	\$ 11,992	\$ 124,279	\$ 1,052,845	\$ 1,189,116
Payroll taxes	13,194	0	121,144	134,338
Employee benefits	4,233	1,349	140,510	146,092
Total personnel	<u>29,419</u>	<u>125,628</u>	<u>1,314,499</u>	<u>1,469,546</u>
Communications	1,684	162	13,327	15,173
Contract expenses	16,415	6,060	385,890	408,365
Dues and subscriptions	0	19	5,890	5,909
Expensed equipment	0	4,114	10,225	14,339
Insurance	0	0	5,876	5,876
Temporary employment	0	1,082	15,603	16,685
Occupancy	41	4,770	70,337	75,148
Office	829	1,382	11,746	13,957
Postage	0	0	1,516	1,516
Printing	0	325	18,653	18,978
Professional services	3,363	1,085	31,393	35,841
Repairs and maintenance	0	0	2,984	2,984
Supplies	43	328	27,676	28,047
Staff development and training	0	446	1,797	2,243
Training facility costs	0	0	124,742	124,742
Travel	4,541	5,333	180,175	190,049
Total functional expenses	<u>\$ 56,335</u>	<u>\$ 150,734</u>	<u>\$ 2,222,329</u>	<u>\$ 2,429,398</u>

\*Brazil and Indonesia are separate legal entities. The above expenses for Brazil and Indonesia are included in contract expenses in the Statement of Functional Expenses.