

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
MARCH 31, 2019 AND 2018**

INTERNATIONAL CRANE FOUNDATION, INC.

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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, 2019 and 2018, 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. We have also audited the statement of functional expenses for the year ended March 31, 2019.

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, 2019 and 2018, 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.



June 15, 2019

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INTERNATIONAL CRANE FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2019 AND 2018**

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,378,920	\$ 4,243,784
Unconditional promises to give	2,431,827	1,833,205
Advances and other receivables	43,450	61,000
Inventory	49,472	42,641
Prepaid expenses	<u>148,959</u>	<u>93,585</u>
Total current assets	<u>7,052,628</u>	<u>6,274,215</u>
PROPERTY AND EQUIPMENT		
Land	301,675	301,675
Site improvements	642,449	625,489
Buildings	9,728,295	9,309,162
Equipment	357,003	336,294
Furniture	1,023,625	1,019,202
Vehicles	<u>253,102</u>	<u>197,775</u>
	12,306,149	11,789,597
Less: Accumulated depreciation and amortization	<u>(7,737,624)</u>	<u>(7,309,643)</u>
Net property and equipment	<u>4,568,525</u>	<u>4,479,954</u>
NONCURRENT ASSETS		
Unconditional promises to give, net of current portion	2,225,184	2,980,968
Investments - Beneficial interest in charitable remainder trust	816,152	807,711
Investments restricted to endowments	3,807,656	3,805,156
Investments - other	19,647,099	17,088,187
Investments restricted for capital improvements	2,232,703	-
Cash restricted for capital improvements	1,539,995	3,846,912
Construction in progress	3,552,288	731,451
Other receivables	<u>36,657</u>	<u>46,435</u>
Total noncurrent assets	<u>33,857,734</u>	<u>29,306,820</u>
TOTAL ASSETS	<u>\$ 45,478,887</u>	<u>\$ 40,060,989</u>

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 475,085	\$ 193,960
Accrued salaries and related benefits	343,219	265,982
Construction retainage payable	223,954	-
Deferred revenue	140,752	118,454
Total current liabilities	1,183,010	578,396
NET ASSETS		
Without donor restrictions:		
Undesignated	205,182	149,628
Invested in property and equipment	4,568,525	4,479,954
Board designated for liquidity fund	2,683,814	1,805,188
Board designated for endowment	15,047,268	13,469,257
Total net assets without donor restrictions	22,504,789	19,904,027
With donor restrictions:		
Perpetual in nature	3,819,480	3,818,980
Purpose restricted	13,339,970	13,906,498
Time restricted	1,079,350	1,121,637
Invested in construction in progress	3,552,288	731,451
Total net assets with donor restrictions	21,791,088	19,578,566
Total net assets	44,295,877	39,482,593
TOTAL LIABILITIES AND NET ASSETS	\$ 45,478,887	\$ 40,060,989

INTERNATIONAL CRANE FOUNDATION, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 4,584,853	\$ 5,566,264	\$ 10,151,117
Memberships	501,826	-	501,826
Donated materials and services	43,750	-	43,750
Investment income	851,587	374,312	1,225,899
Sales and tour income, net	222,894	2,204	225,098
Other	82,290	22,841	105,131
Net assets released from donor restrictions	<u>3,753,099</u>	<u>(3,753,099)</u>	<u>-</u>
Total support and revenue	<u>10,040,299</u>	<u>2,212,522</u>	<u>12,252,821</u>
EXPENSES			
Program Services:			
Sub-Saharan Africa	846,980	-	846,980
East Asia	1,181,764	-	1,181,764
South and Southeast Asia	285,587	-	285,587
ICF Center for Conservation Leadership	2,018,734	-	2,018,734
North America	<u>1,198,960</u>	<u>-</u>	<u>1,198,960</u>
Total program services	<u>5,532,025</u>	<u>-</u>	<u>5,532,025</u>
Supporting Services:			
General and Administrative	863,256	-	863,256
Fundraising	<u>1,044,256</u>	<u>-</u>	<u>1,044,256</u>
Total supporting services	<u>1,907,512</u>	<u>-</u>	<u>1,907,512</u>
Total expenses	<u>7,439,537</u>	<u>-</u>	<u>7,439,537</u>
Changes in net assets	2,600,762	2,212,522	4,813,284
Net assets at beginning of year	<u>19,904,027</u>	<u>19,578,566</u>	<u>39,482,593</u>
NET ASSETS AT END OF YEAR	<u>\$ 22,504,789</u>	<u>\$ 21,791,088</u>	<u>\$ 44,295,877</u>

INTERNATIONAL CRANE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 2,137,414	\$ 4,080,557	\$ 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>
Total support and revenue	<u>7,178,370</u>	<u>1,903,667</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
ICF Center for Conservation Leadership	2,084,232	-	2,084,232
North America	<u>1,067,213</u>	<u>-</u>	<u>1,067,213</u>
Total program services	<u>5,220,590</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>907,057</u>
Total supporting services	<u>1,660,047</u>	<u>-</u>	<u>1,660,047</u>
Total expenses	<u>6,880,637</u>	<u>-</u>	<u>6,880,637</u>
Changes in net assets	297,733	1,903,667	2,201,400
Net assets at beginning of year	<u>19,606,294</u>	<u>17,674,899</u>	<u>37,281,193</u>
NET ASSETS AT END OF YEAR	<u>\$ 19,904,027</u>	<u>\$ 19,578,566</u>	<u>\$ 39,482,593</u>

INTERNATIONAL CRANE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

	Program Services					Supporting Services				
	Sub-Saharan Africa	East Asia	South and Southeast Asia	ICF Center for Conservation Leadership	North America	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Assistance and grants to other organizations, governments and individuals	\$ 702,130	\$ 388,115	\$ 51,764	\$ 26,386	\$ 5,000	\$ 1,173,395	\$ -	\$ -	\$ -	\$ 1,173,395
Salaries, wages and benefits	47,837	336,823	125,701	929,541	912,113	2,352,015	562,998	789,199	1,352,197	3,704,212
Contracted staff	27,500	211,429	85,391	77,010	56,002	457,332	-	-	-	457,332
Professional services	25,570	60,540	9,264	16,668	31,265	143,307	104,537	16,952	121,489	264,796
Advertising and promotion	1,347	15,036	11	75,922	13,712	106,028	1,551	39,433	40,984	147,012
Office and maintenance supplies	2,887	17,903	2,224	198,967	30,826	252,807	18,595	77,678	96,273	349,080
Information technology	498	8,144	200	14,487	13,722	37,051	98,278	6,836	105,114	142,165
Utilities, rent and insurance	4,119	28,078	-	116,015	11,595	159,807	3,290	57	3,347	163,154
Travel and conferences	31,571	95,705	10,969	83,263	85,285	306,793	20,834	88,699	109,533	416,326
Research and crane care supplies	1,000	8,169	-	45,619	35,142	89,930	-	179	179	90,109
Other	2,521	11,822	63	41,017	4,298	59,721	25,008	19,246	44,254	103,975
Depreciation	-	-	-	393,839	-	393,839	28,165	5,977	34,142	427,981
TOTAL	\$ 846,980	\$ 1,181,764	\$ 285,587	\$ 2,018,734	\$ 1,198,960	\$ 5,532,025	\$ 863,256	\$ 1,044,256	\$ 1,907,512	\$ 7,439,537

See accompanying notes to financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 4,813,284	\$ 2,201,400
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	427,981	388,026
Realized and unrealized gains on investments	(682,549)	(1,714,455)
Contributions restricted for endowment	(500)	(17,878)
Change in beneficial interest in charitable remainder trust	(8,441)	23,167
Contributions restricted for capital improvements	(1,435,680)	(217,127)
Write-off of uncollectible promises to give	8,000	4,915
Increase in present value discount	(64,241)	(163,704)
Net withdrawals from (or deposits to) cash restricted for capital improvements	2,306,917	(394,757)
Decrease (increase) in:		
Unconditional promises to give	209,252	668,376
Advances and other receivables	31,480	31,519
Inventory	(6,831)	(2,092)
Prepaid expenses	(55,374)	(17,124)
Increase (decrease) in:		
Accounts payable and accrued liabilities	281,124	(5,979)
Accrued salaries and related benefits	77,237	17,278
Construction retainage payable	223,954	-
Deferred revenue	<u>22,298</u>	<u>77,779</u>
Net cash provided by operating activities	<u>6,147,911</u>	<u>879,344</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(516,552)	(363,279)
Payments for construction in progress	(2,820,837)	(637,204)
Purchase of investments	(5,663,706)	(856,016)
Proceeds from sale of investments	<u>1,552,140</u>	<u>1,963,891</u>
Net cash (used) provided by investing activities	<u>(7,448,955)</u>	<u>107,392</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	500	17,878
Contributions restricted for capital improvements	<u>1,435,680</u>	<u>217,127</u>
Net cash provided by financing activities	<u>1,436,180</u>	<u>235,005</u>
Net increase in cash and cash equivalents	135,136	1,221,741
Cash and cash equivalents at beginning of year	<u>4,243,784</u>	<u>3,022,043</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,378,920</u>	<u>\$ 4,243,784</u>
SCHEDULE OF NONCASH INVESTING TRANSACTIONS		
Donated Stock Immediately Sold with Proceeds Recorded as a Cash Contribution	<u>\$ 350,569</u>	<u>\$ 508,075</u>

See accompanying notes to financial statements.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

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 Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended March 31, 2019 and applied retrospectively (with the exception of the presentation of a comparative Statement of Functional Expenses and a comparative disclosure in Footnote 9 related to Liquidity and Availability).

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid instruments 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 general 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.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

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

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

Management considers all aforementioned amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

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, 2019 and 2018 totaled \$427,981 and \$388,026, 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 recorded as of March 31, 2019 and 2018).

Income taxes -

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Beginning January 1, 2018, it is subject to unrelated business income taxes on qualified transportation fringe benefits provided to its employees. The amount of the tax for the year ended March 31, 2019 is immaterial. 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, 2019 and 2018, 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.

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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

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.

Net asset classification -

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

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Foundation mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" 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 "net assets with donor restriction" in the accompanying financial statements.

The Foundation receives funding under grants and contracts from the U.S. government and other donors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are recorded as income without donor restrictions to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and support receivable represents amounts due from donors in accordance with funding agreements.

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.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

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

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.

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.

Functional cost allocation -

Costs incurred for specific programs or supporting services are charged directly to those program and supporting service categories. The financial statements also contain costs that are attributable to more than one program or supporting services. Accordingly, these costs have been allocated among the programs and supporting services benefited. If a shared cost cannot be reasonably allocated to program or support activities, it will be assigned to the General & Administration category. The expenses allocated include salaries, wages, and benefits, contracted staff, utilities, insurance and print production costs based on estimates of time and effort. Depreciation is allocated on a square footage basis.

Supporting Services include the following categories:

Fundraising costs include those related to developing and soliciting donations, sponsorships, memberships and grants. These costs include, but are not limited to, direct mailings, donor solicitation and on-going relations, marketing, and grant application writing.

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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

Functional cost allocation (continued) -

Supporting Services include the following categories (continued):

General and Administration costs are defined as those related to general business management and executive oversight incurred in furtherance of the Foundation's mission related activities. These costs include, but are not limited to, general record keeping, payroll and benefits management, budgeting, general tax and compliance activities, general Information technology/communication costs, and human resources activities.

Program service categories as listed in the accompanying Statements of Activities and Changes in Net Assets and the Statement of Functional Expenses are described as follows:

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.

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.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

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

Functional cost allocation (continued) -

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 waters and landscapes with cranes. 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.

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.

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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

Reclassification -

Certain amounts in the March 31, 2018 financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of March 31, 2018 as unrestricted net assets in the amount of \$19,904,027 are now classified as "without donor restrictions". Net assets previously classified as temporarily restricted net assets and permanently restricted net assets in the amount of \$15,759,586 and \$3,818,980, respectively, are now classified as "net assets with donor restrictions".

New accounting pronouncements (not yet adopted by the Foundation) -

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).

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Foundation has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018 (April 1, 2019 for the Foundation).

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Mutual funds	\$ 25,487,458	\$ 20,693,343
Private company preferred stock	200,000	200,000
Beneficial interest in charitable remainder trust	<u>816,152</u>	<u>807,711</u>
TOTAL INVESTMENTS	<u>\$ 26,503,610</u>	<u>\$ 21,701,054</u>

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

2. INVESTMENTS (Continued)

Investment income consists of the following during the years ended March 31, 2019 and 2018

	2019	2018
Interest and dividends	\$ 534,909	\$ 444,517
Realized and unrealized gains on investments	690,990	1,691,288
TOTAL INVESTMENT INCOME	\$ 1,225,899	\$ 2,135,805

3. UNCONDITIONAL PROMISES TO GIVE

As of March 31, 2019 and 2018, the Foundation has received commitments for support of which \$4,737,013 and \$4,954,264, 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 a discount rate of 3.00%. The rate used reflects 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, 2019 and 2018:

	2019	2018
Within one year	\$ 2,431,827	\$ 1,833,205
Two to five years	2,265,186	3,041,059
Beyond five years	40,000	80,000
Total	4,737,013	4,954,264
Less: Allowance to discount balance to present value	(80,002)	(140,091)
NET UNCONDITIONAL PROMISES TO GIVE	\$ 4,657,011	\$ 4,814,173

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at March 31, 2019 and 2018:

	2019	2018
Sub-Saharan Africa	\$ 1,671,670	\$ 1,674,676
East Asia	1,418,622	1,450,716
South and Southeast Asia	77,719	59,847
North America	470,257	992,219
ICF Center for Conservation Leadership (includes Construction in Progress)	11,337,973	8,646,750
Accumulated investment earnings from endowments perpetual in nature (Note 8)	1,916,017	1,813,741
Endowments perpetual in nature (Note 8)	3,819,480	3,818,980
Beneficial interest in charitable remainder trust (time restricted)	816,152	807,711
Unconditional promises to give (time restricted)	263,198	313,926
TOTAL	\$ 21,791,088	\$ 19,578,566

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

4. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Assets are normally released from donor restrictions by incurring expenses which satisfy the restrictions (or through the passage of time). On occasion, unconditional promises are made to the Foundation and at the time of fulfilling those obligations, the donors may restrict or amend the purposes of the contributions. Accordingly, the amounts reported as having donor restrictions are subject to change between reporting periods. The following net assets were released from donor restrictions during the year ended March 31:

	<u>2019</u>	<u>2018</u>
Sub-Saharan Africa	\$ 776,132	\$ 562,698
East Asia	945,363	674,726
South and Southeast Asia	184,592	186,399
North America	1,119,241	647,202
ICF Center for Conservation Leadership Administration	677,741	548,712
Satisfaction of time restrictions	4,030	15,806
	<u>46,000</u>	<u>105,007</u>
TOTAL	<u>\$ 3,753,099</u>	<u>\$ 2,740,550</u>

5. LEASE COMMITMENTS

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

Year Ending March 31,

2020	\$ 60,200
2021	55,300
2022	38,800
2023	<u>1,100</u>
	<u>\$ 155,400</u>

Lease expense for the years ended March 31, 2019 and 2018 totaled \$43,600 and \$31,100, respectively.

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, 2019 and 2018, totaling \$73,543 and \$65,619, 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.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

7. FAIR VALUE MEASUREMENT (Continued)

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, 2019 and 2018.

- *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.
- *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, 2019 and 2018.
- *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, 2019:

Asset Class:	Level 1	Level 2	Level 3	Total March 31, 2019
Mutual funds	\$ 25,487,458	\$ -	\$ -	\$ 25,487,458
Private company preferred stock	-	-	200,000	200,000
Beneficial interest in charitable remainder trust	-	-	816,152	816,152
TOTAL	<u>\$ 25,487,458</u>	<u>\$ -</u>	<u>\$ 1,016,152</u>	<u>\$ 26,503,610</u>

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

7. FAIR VALUE MEASUREMENT (Continued)

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

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total March 31, 2018
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>

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, 2019 and 2018:

	<u>Private Company Preferred Stock</u>	<u>Beneficial Interest in Charitable Remainder Trust</u>
Balance as of March 31, 2017	\$ 200,000	\$ 830,878
Unrealized loss	-	(23,167)
Balance as of March 31, 2018	200,000	807,711
Unrealized gain	-	8,441
BALANCE AS OF MARCH 31, 2019	<u>\$ 200,000</u>	<u>\$ 816,152</u>

8. ENDOWMENTS

The Foundation's Endowment consists of donor-restricted endowment funds, funds designated by the Board of Directors to function as a long-term endowment (referred to as the Quasi-Endowment, or "QE") and a Board designated liquidity fund (referred to as "BLF"). 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 QE into a separate investment sub-account for the purpose of establishing the BLF during the year ended March 31, 2018. The aim in establishing the BLF was to allocate a portion of the Board-designated funds to a pool of investments that would be a readily available and stable source of funding for any operating deficits that may occur and any Board of Directors' approved spending for supplemental draws or investments in new initiatives. Hence, the BLF has an investment objective of income and capital preservation. Future additions to the BLF will be from any operating surpluses or additional Board of Directors' approved transfers from the QE. The Board of Directors' may also approve transfers to the QE from the BLF. During the years ended March 31, 2019 and 2018, BLF net additions and investment income totaled \$878,626 (net of a \$300,000 withdrawal) and \$555,086 (net of a \$750,000 withdrawal.) Therefore, the aggregate amount invested in the BLF as of March 31, 2019 and 2018 totaled \$2,683,814 and \$1,805,188, respectively.

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

8. ENDOWMENT (Continued)

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 "net assets with donor restrictions: endowments perpetual in nature" (a) the original value of gifts donated to the "endowment", (b) the original value of subsequent gifts to the "endowment", and (c) accumulations to the "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 "net assets with donor restrictions: endowments perpetual in nature" is classified as "net assets with donor restrictions" 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, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Cash	\$ -	\$ -	\$ 500	\$ 500
Unconditional promises to give	-	-	11,324	11,324
Donor-Restricted endowment investments	-	1,916,017	3,807,656	5,723,673
Board-Designated endowment investments	15,047,268	-	-	15,047,268
Board-designated liquidity fund investments	<u>2,683,814</u>	<u>-</u>	<u>-</u>	<u>2,683,814</u>
ENDOWMENT NET ASSETS	<u>\$ 17,731,082</u>	<u>\$ 1,916,017</u>	<u>\$ 3,819,480</u>	<u>\$ 23,466,579</u>

INTERNATIONAL CRANE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

8. ENDOWMENT (Continued)

Changes in Endowment net assets for the year ended March 31, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, March 31, 2018	\$ 15,274,445	\$ 1,813,741	\$ 3,818,980	\$ 20,907,166
Investment income	851,587	320,167	-	1,171,754
Contributions	2,639,294	-	500	2,639,794
Appropriation of endowment assets for expenditure	<u>(1,034,244)</u>	<u>(217,891)</u>	<u>-</u>	<u>(1,252,135)</u>
ENDOWMENT NET ASSETS, MARCH 31, 2019	<u>\$ 17,731,082</u>	<u>\$ 1,916,017</u>	<u>\$ 3,819,480</u>	<u>\$ 23,466,579</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</u>	<u>Total</u>
Unconditional promises to give Donor-Restricted endowment investments	\$ -	\$ -	\$ 13,323	\$ 13,323
Board-Designated endowment investments	-	1,813,741	3,805,657	5,619,398
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>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions: Perpetual in Nature</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>

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

8. ENDOWMENT (Continued)

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, 2019 and 2018.

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. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date (without any new action by the Board of Directors) are comprised of the following:

	March 31, 2019
Cash and cash equivalents	\$ 315,697
Advances and other receivables	43,450
Unconditional promises to give	40,000
Endowment distribution appropriated for general expenditure	<u>716,058</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR OF MARCH 31, 2019	<u>\$ 1,115,205</u>

INTERNATIONAL CRANE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

9. LIQUIDITY AND AVAILABILITY (Continued)

The Foundation's Endowment funds consist of donor-restricted endowments, funds designated by the Board to function as a long-term endowment (Quasi-endowment, or "QE") and a Board-designated liquidity fund ("BLF"). Income from donor-restricted endowments is restricted for specific program expenditures, with the exception of the amounts designated by donors for general use.

The QE is subject to an annual spending policy as described in Note 8. Although the Foundation does not intend to spend from the QE, other than amounts appropriated for general expenditure as part of the Board's annual budget approval process, these amounts are available for immediate use with Board approval. The QE totals \$15,047,268 as of March 31, 2019.

As part of the Foundation's liquidity management plan, they established the BLF as a portion of their Board-Designated Endowment described in Note 8. The BLF is invested in more stable short-term investments and money market funds. The purpose of the BLF is to have a readily available operating reserve to fund any operating deficits that may occur and any Board of Director's approved spending for supplemental or new initiatives. The BLF totals \$2,683,814 as of March 31, 2019.

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 15, 2019, the date the financial statements were issued.

On April 15, 2019, the Foundation entered into a \$4,000,000 loan agreement with a member of its Board of Directors to provide bridge financing for the \$10,400,000 renovation of its public visitor facilities. The loan bears interest on the amount outstanding at 2% per annum, payable quarterly, and is collateralized by a portion of the Foundation's investments without donor restrictions. The loan's due date is December 31, 2021; however, principal payments on the loan are required to be made prior to that date equal to any amounts collected from Unconditional Promises to Give associated with the renovation project. Prepayments of loan principal may be made at any time without penalty. As of June 15, 2019, there were no outstanding borrowings on the loan.