

POLAR BEARS INTERNATIONAL
AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2017 and 2016



**POLAR BEARS INTERNATIONAL
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Polar Bears International
Bozeman, MT

We have audited the accompanying combined financial statements of Polar Bears International (a nonprofit organization) and Polar Bears International (Canada) Inc. (a without share capital corporation incorporated under the federal laws of Canada), collectively, Polar Bears International, which comprise the combined statements of financial position as of December 31, 2017 and 2016, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined 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 audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Polar Bears International, as of December 31, 2017 and 2016, 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.

Amatics CPA Group

Bozeman, Montana

May 14, 2018

**POLAR BEARS INTERNATIONAL
COMBINED STATEMENTS OF FINANCIAL POSITION**

ASSETS

	December 31	
	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 690,418	\$ 288,415
Accounts receivable	164,848	140,412
Pledge receivable	39,769	-
Inventory	12,154	5,161
Prepaid expenses	58,465	-
Security deposit	787	787
Other assets	1	7,000
	966,442	441,775
PROPERTY AND EQUIPMENT, net	166,401	185,476
OTHER ASSETS		
Intangible assets, net	98,442	64,950
Totals	\$ 1,231,285	\$ 692,201

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 120,963	\$ 82,419
Deferred revenue	59,898	7,437
	180,861	89,856
NET ASSETS		
Unrestricted	769,568	360,487
Temporarily restricted	280,856	241,858
	1,050,424	602,345
Totals	\$ 1,231,285	\$ 692,201

See the accompanying notes to the combined financial statements.

POLAR BEARS INTERNATIONAL
COMBINED STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT				
Contributions	\$ 1,468,598	\$ 215,234	\$ -	\$ 1,683,832
Grants and contracts	-	408,327	-	408,327
In-kind support	594,583	-	-	594,583
Sales of merchandise	6,375	-	-	6,375
Satisfaction of program restrictions	<u>584,563</u>	<u>(584,563)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,654,119</u>	<u>38,998</u>	<u>-</u>	<u>2,693,117</u>
EXPENSES				
Program services	1,809,132	-	-	1,809,132
General and administrative	172,494	-	-	172,494
Fundraising expenses	<u>270,717</u>	<u>-</u>	<u>-</u>	<u>270,717</u>
Total expenses	<u>2,252,343</u>	<u>-</u>	<u>-</u>	<u>2,252,343</u>
OTHER INCOME (EXPENSE)				
Gain on currency translation	<u>7,305</u>	<u>-</u>	<u>-</u>	<u>7,305</u>
CHANGE IN NET ASSETS				
Net assets at beginning of year	<u>360,487</u>	<u>241,858</u>	<u>-</u>	<u>602,345</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 769,568</u></u>	<u><u>\$ 280,856</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,050,424</u></u>

See the accompanying notes to the combined financial statements.

POLAR BEARS INTERNATIONAL
COMBINED STATEMENT OF ACTIVITIES
Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT				
Contributions	\$ 1,148,730	\$ 87,616	\$ -	\$ 1,236,346
Grants and contracts	-	368,116	-	368,116
In-kind support	553,736	-	-	553,736
Sales of merchandise	34,892	-	-	34,892
Satisfaction of program restrictions	<u>449,019</u>	<u>(449,019)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,186,377</u>	<u>6,713</u>	<u>-</u>	<u>2,193,090</u>
EXPENSES				
Program services	1,595,997	-	-	1,595,997
General and administrative	138,248	-	-	138,248
Fundraising expenses	<u>223,064</u>	<u>-</u>	<u>-</u>	<u>223,064</u>
Total expenses	<u>1,957,309</u>	<u>-</u>	<u>-</u>	<u>1,957,309</u>
OTHER INCOME (EXPENSE)				
Gain on disposal of assets	2,449	-	-	2,449
Gain on currency translation	9	-	-	9
Other income	<u>168</u>	<u>-</u>	<u>-</u>	<u>168</u>
Total other income (expense)	<u>2,626</u>	<u>-</u>	<u>-</u>	<u>2,626</u>
CHANGE IN NET ASSETS	231,694	6,713	-	238,407
Net assets at beginning of year	<u>128,793</u>	<u>235,145</u>	<u>-</u>	<u>363,938</u>
NET ASSETS AT END OF YEAR	<u>\$ 360,487</u>	<u>\$ 241,858</u>	<u>\$ -</u>	<u>\$ 602,345</u>

See the accompanying notes to the combined financial statements.

POLAR BEARS INTERNATIONAL
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2017

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 135,753	\$ -	\$ 4,736	\$ 140,489
Amortization	-	15,808	-	15,808
Bank charges	12	4,895	72	4,979
Cost of merchandise sold	-	-	17,204	17,204
Depreciation	32,668	15,918	-	48,586
Equipment rental/maintenance	349,710	1,894	673	352,277
Insurance	25,552	14,951	7,719	48,222
Interest expense	-	2,504	-	2,504
Licenses and fees	854	1,943	8,218	11,015
Other operating expenses	18,101	1,147	1,151	20,399
Outside services	226,113	2,152	13,491	241,756
Payroll and training	528,662	58,487	101,788	688,937
Postage	14,778	972	5,376	21,126
Professional fees	36,545	21,520	13,736	71,801
Development	26,442	2,791	51,760	80,993
Supplies	80,111	3,583	14,940	98,634
Rent	13,800	7,390	6,889	28,079
Small equipment	24,218	3,097	2,936	30,251
Taxes	5,713	379	580	6,672
Travel	251,223	9,305	18,372	278,900
Utilities	38,877	3,758	1,076	43,711
	<u>\$ 1,809,132</u>	<u>\$ 172,494</u>	<u>\$ 270,717</u>	<u>\$ 2,252,343</u>

See the accompanying notes to the combined financial statements.

POLAR BEARS INTERNATIONAL
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2016

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 111,369	\$ 430	\$ 1,468	\$ 113,267
Amortization	-	7,234	-	7,234
Bank charges	-	2,854	1,044	3,898
Cost of merchandise sold	-	-	29,107	29,107
Depreciation	33,305	11,982	-	45,287
Equipment rental/maintenance	347,966	622	6,563	355,151
Insurance	20,725	9,272	1,837	31,834
Interest expense	-	5,309	-	5,309
Licenses and fees	1,241	2,343	7,134	10,718
Other operating expenses	17,175	715	1,325	19,215
Outside services	207,056	4,904	31,654	243,614
Payroll and training	382,891	28,707	65,284	476,882
Postage	22,966	1,437	11,297	35,700
Professional fees	40,548	24,744	1,795	67,087
Development	43,642	5,597	37,231	86,470
Supplies	21,773	2,778	13,450	38,001
Rent	14,264	7,132	7,132	28,528
Small equipment	45,806	2,924	153	48,883
Taxes	5,658	364	691	6,713
Travel	234,136	14,818	4,895	253,849
Utilities	45,476	4,082	1,004	50,562
	<u>\$ 1,595,997</u>	<u>\$ 138,248</u>	<u>\$ 223,064</u>	<u>\$ 1,957,309</u>

See the accompanying notes to the combined financial statements.

**POLAR BEARS INTERNATIONAL
COMBINED STATEMENTS OF CASH FLOWS**

	Years ended December 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 448,079	\$ 238,407
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	48,586	45,287
Amortization	15,808	7,234
Gain on disposal of assets	-	(2,449)
Loss on currency translation	8,994	21,574
(Increase) decrease in current assets:		
Accounts receivable	(21,476)	(21,233)
Pledge receivable	(38,564)	-
Inventory	(6,993)	1,488
Prepaid expenses	(56,853)	1,140
Other assets	6,999	6,496
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	36,338	(105,602)
Deferred revenue	50,521	7,551
	<u>491,439</u>	<u>199,893</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment	-	2,484
Purchases of property and equipment	(24,004)	(32,973)
Purchases of intangible assets	(43,906)	(64,508)
	<u>(67,910)</u>	<u>(94,997)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>(21,526)</u>	<u>(21,620)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	402,003	83,276
Cash and cash equivalents at beginning of year	<u>288,415</u>	<u>205,139</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 690,418</u>	<u>\$ 288,415</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	<u>\$ 2,504</u>	<u>\$ 4,847</u>

See the accompanying notes to the combined financial statements.

POLAR BEARS INTERNATIONAL
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

Polar Bears International (PBI) is a tax-exempt organization as provided by the United States Internal Revenue Code Section 501(c)(3). Polar Bears International (Canada) Inc. (PBI Canada) is a without share capital corporation incorporated under the federal laws of Canada. In 2004, PBI entered into a joint venture agreement with PBI Canada. The purpose of this agreement is to fund, facilitate, promote, and carry out activities, research, and programs for the advancement of education relating to the conservation of polar bears within Canada and worldwide. The agreement has a term of five (5) years and shall be automatically renewable for successive terms of one (1) year. PBI and PBI Canada are collectively referred to as the Organization. The Organization's revenue and support comes primarily through donor contributions, public, and private grants. In 2013, the Organization changed its fiscal year end from March 31st to December 31st.

Nature of Activities:

The following are the major programs that support the Organization's mission:

Research Project – studying and analyzing the impacts of global warming on polar bear populations and their sea ice habitat

Education Outreach – share information on polar bears and make a call to action to reduce greenhouse gas emissions through public talks, workshops, media interviews, e-communications

Save Our Sea Ice (SOS!) Campaign – focus attention on the urgent challenges polar bears face in a changing Arctic and the part each citizen can play to reduce global warming

Polar Bear Cam – live cameras during the fall migration as the polar bears wait for freeze-up, reaching millions of people worldwide and inspiring them to take action

Arctic Documentary Project – capturing in words, pictures, and moving images of what we see in the arctic today

Tundra Connections – web-conferencing from tundra to classroom

Climate Alliance – a leadership program that trains and empowers individuals to focus and promote community engagement on reducing greenhouse gas emissions

Arctic Ambassador Centers – helping communities put a dent in climate change

Project Polar Bear Contest – great prizes for great ideas from future leaders

Basis of Accounting:

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as codified by the Financial Accounting Standards Board (FASB).

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, restricted contributions received in the same year in which the restrictions are met are recognized as unrestricted support at the time of receipt.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions of net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as satisfaction of donor restrictions.

POLAR BEARS INTERNATIONAL
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (continued):

Contributions, including unconditional promises to give, are recognized as support in the period pledged. Unrestricted promises to give that are scheduled to be received after one year are recognized as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the cash is received and any purpose restrictions are met. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

It is the policy of the Organization to report gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service.

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Combination:

The combined financial statements include the accounts of PBI and PBI Canada. The Organization is commonly controlled, as the officers of PBI also serve as voting members of PBI Canada's board of directors. All significant interorganization transactions and balances have been eliminated in combination.

Income Taxes:

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions. The Organization's information returns (Form 990) are open to examination by the IRS, generally, for three years after they were filed or the due date of the return, whichever is later.

PBI Canada was formed as a without share capital corporation incorporated under the federal laws of Canada, which is considered a tax exempt entity type.

Cash and Cash Equivalents:

Cash and cash equivalents include highly liquid investments with original maturities of three months or less. The Organization maintains its cash balances in various financial institutions whose cash deposits are insured up to \$250,000 by the FDIC. Cash deposits of the Organization in excess of FDIC limits were \$554 and \$0 as of December 31, 2017 and 2016, respectively.

POLAR BEARS INTERNATIONAL
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable:

Accounts receivable consist of amounts due to the Organization for program registration fees and services. As of both December 31, 2017 and 2016, management fully expects to collect all outstanding accounts receivable. Accordingly, no allowance for doubtful accounts is reflected on the accompanying statements of financial position. Amounts are due upon receipt and are considered delinquent after thirty days. No interest is charged on delinquent balances.

Inventory:

Inventories are stated at the lower of cost or market value at the date of the financial statements using the first-in first-out method. Inventories consist primarily of promotional merchandise.

Other Assets:

Other assets include bronze statues to be used for donor premiums. The statues were stated at cost as of December 31, 2016. During 2017, the Organization wrote down the statues to net realizable value.

Property and Equipment:

Purchased property and equipment are recorded at cost. Donated property and equipment are stated at estimated fair market value at the date of donation. It is the policy of the Organization to capitalize property and equipment with a cost in excess of \$1,000 and an estimated useful life in excess of two years. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of property and equipment are 5–40 years.

Advertising Costs:

Advertising costs are expensed as incurred.

Intangible Assets:

The Organization has identified proprietary website development costs that have been capitalized. These costs are being amortized using the straight-line method over a 5 year period.

In-Kind Support:

The Organization records various types of in-kind support including contributed facilities, professional services, and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. Contributed assets are recorded as assets in accordance with the Organization's capitalization policy.

Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses.

POLAR BEARS INTERNATIONAL
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency:

The functional currency of PBI Canada is the Canadian dollar. Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the combined statement of financial position date. Changes in net assets and cash flows are translated using the average exchange rates throughout the year. The effect of exchange rate fluctuations on translation of assets and liabilities is included on the combined statements of activities as a component of the gain or loss from currency translation. The loss associated to this translation for the years ended December 31, 2017 and 2016 was \$8,994 and \$21,574, respectively.

Financial Statement Presentation:

Certain numbers have been reclassified in the 2016 financial statements for comparability with the 2017 financial statements.

2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture and fixtures	\$ 13,578	\$ 13,578
Buildings and improvements	63,109	59,007
Machinery and equipment	364,061	337,021
Accumulated depreciation	<u>(274,347)</u>	<u>(224,130)</u>
	<u>\$ 166,401</u>	<u>\$ 185,476</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$48,586 and \$45,287, respectively.

3. INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Website design	\$ 123,016	\$ 72,684
Accumulated depreciation	<u>(24,574)</u>	<u>(7,734)</u>
	<u>\$ 98,442</u>	<u>\$ 64,950</u>

Amortization expense for the years ended December 31, 2017 and 2016 was \$15,808 and \$7,234, respectively.

POLAR BEARS INTERNATIONAL
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017 and 2016

4. LINE OF CREDIT

The Organization obtained a line of credit from First Interstate Bank dated June 29, 2017, with a maturity date of June 30, 2018, interest rate of 5.5%, and allowing maximum borrowings of \$50,000. The line of credit balance for the year ended December 31, 2017 was \$0.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Accounts payable	\$ 75,315	\$ 47,897
Credit cards payable	29,766	22,372
Payroll liabilities	<u>15,882</u>	<u>12,150</u>
	<u>\$ 120,963</u>	<u>\$ 82,419</u>

6. IN-KIND SUPPORT

The following in-kind support was recognized for the year ended December 31, 2017:

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 117,231	-	-	117,231
Development	-	491	19,862	20,353
Equipment rental/maintenance	289,184	-	-	289,184
Outside services	109,187	-	-	109,187
Cost of merchandise sold	-	-	1,797	1,797
Small equipment	300	-	-	300
Travel	<u>55,040</u>	<u>723</u>	<u>768</u>	<u>56,531</u>
	<u>\$ 570,942</u>	<u>\$ 1,214</u>	<u>\$ 22,427</u>	<u>\$ 594,583</u>

The following in-kind support was recognized for the year ended December 31, 2016:

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 109,630	-	-	109,630
Development	-	-	11,325	11,325
Equipment rental/maintenance	295,114	-	5,738	300,852
Outside services	58,459	136	-	58,595
Professional fees	-	113	-	113
Cost of merchandise sold	-	-	4,263	4,263
Small equipment	1,880	-	-	1,880
Supplies	219	-	8	227
Travel	63,569	-	-	63,569
Utilities	<u>3,282</u>	<u>-</u>	<u>-</u>	<u>3,282</u>
	<u>\$ 532,153</u>	<u>\$ 249</u>	<u>\$ 21,334</u>	<u>\$ 553,736</u>

POLAR BEARS INTERNATIONAL
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017 and 2016

7. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2017 and 2016, temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Maternal Den	\$ 38,847	38,846
Arctic Documentary Project	14,884	8,265
Hearing Study	7,810	7,810
Citizen Science	-	8,899
Trees-TFYM	-	644
HB Sea Ice Ecology Project	67,084	47,250
Population Delineation Project	-	8,220
Annenberg 2016-2017	-	70,489
Annenberg 2017-2018	21,864	-
Pittsburgh Zoo	-	3,000
Utah Hogle Zoo - RF Spotter Project	34,691	4,400
Southern Hudson Bay	-	12,500
Polar Bear International House - Capital Campaign	83,516	-
Kansas City Zoo - Isotope Study	48	-
Quark 2015-Field Research	7,954	29,747
Polar Bear Alert	4,818	4,870
Exchange transactions	<u>(660)</u>	<u>(3,082)</u>
	<u>\$ 280,856</u>	<u>\$ 241,858</u>

8. OPERATING LEASE

The Organization leases office space in Bozeman, Montana. The lease expires June 30, 2018. Lease payments are \$2,190 per month with an incremental increase on July 1 of each year. Rent expense for the space for the years ended December 31, 2017 and 2016 was \$27,325 and \$27,015, respectively.

Subsequent to December 31, 2017, the Organization extended the lease through June 30, 2021. The lease requires monthly payments of \$2,435 beginning July 1, 2018, with an incremental increases on July 1 of each year. Future minimum lease payments are as follows for the years ending December 31:

2018	\$ 28,817	
2019	29,800	
2020	30,992	
2021	<u>15,800</u>	
		<u>\$ 105,409</u>

POLAR BEARS INTERNATIONAL
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017 and 2016

9. RELATED PARTY TRANSACTIONS

The Organization receives substantial support from its board members and board member affiliated companies to facilitate its program and mission objectives. The support is received in the form of contributions, both restricted and unrestricted, and sponsorships. Total board member contributions, both restricted and unrestricted, were \$77,569 and \$75,307 for the years ended December 31, 2017 and 2016, respectively. Sponsorships from related parties totaled \$321,119 and \$145,947 for the years ended December 31, 2017 and 2016, respectively. For the year ended December 31, 2017, contributions from other related parties totaled \$77,128, of which \$39,769 was included in pledges receivable.

10. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through May 14, 2018, the date on which the financial statements were available to be issued.