

THE ORIANNE SOCIETY

Tiger, Georgia

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2016 and 2015

THE ORIANNE SOCIETY

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FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Orianne Society
Tiger, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of The Orianne Society ("Orianne"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 Orianne as of December 31, 2016 and 2015, 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.

Baker Tilly Virchow Krause, LLP

New York, New York
March 30, 2017

THE ORIANNE SOCIETY

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 919,673	\$ 662,083
Contributions receivable	1,340	73,488
Accounts receivable	27,450	42,408
Prepaid expenses and other current assets	<u>48,357</u>	<u>56,887</u>
Total Current Assets	<u>996,820</u>	<u>834,866</u>
NON-CURRENT ASSETS		
Fixed assets, net	4,475,374	4,520,726
Contributions receivable	<u>-</u>	<u>5,000</u>
Total Non-Current Assets	<u>4,475,374</u>	<u>4,525,726</u>
TOTAL ASSETS	<u><u>\$ 5,472,194</u></u>	<u><u>\$ 5,360,592</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 46,003	\$ 30,336
Deferred revenue	<u>-</u>	<u>772</u>
Total Current Liabilities	<u>46,003</u>	<u>31,108</u>
NET ASSETS		
Unrestricted	5,426,191	5,264,681
Temporarily restricted	<u>-</u>	<u>64,803</u>
Total Net Assets	<u>5,426,191</u>	<u>5,329,484</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,472,194</u></u>	<u><u>\$ 5,360,592</u></u>

See notes to financial statements.

THE ORIANNE SOCIETY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2016 and 2015

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
Operating revenue		
Contributions	\$ 1,017,063	\$ 742,760
Governmental grants	264,951	173,463
Net assets released from restrictions	55,260	17,556
Other income	855	3,664
Total Operating Revenue	1,338,129	937,443
Operating expenses		
Programs	782,565	777,997
Support services	394,054	394,857
Total Operating Expenses	1,176,619	1,172,854
Net Operating Income (Loss)	161,510	(235,411)
Increase (Decrease) in Unrestricted Net Assets	161,510	(235,411)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	457	54,500
Donor change in pledge purpose	(10,000)	-
Net assets released from restrictions	(55,260)	(17,556)
(Decrease) Increase in Temporarily Restricted Net Assets	(64,803)	36,944
Change in Net Assets	96,707	(198,467)
NET ASSETS, Beginning of Year	5,329,484	5,527,951
NET ASSETS, END OF YEAR	\$ 5,426,191	\$ 5,329,484

See notes to financial statements.

THE ORIANNE SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	Programs				Support Services			Total Expenses
	Communications and Education	Longleaf Savannas Initiative	Appalachian Highlands Initiative	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and Benefits	\$ 72,157	\$ 297,455	\$ 82,713	\$ 452,325	\$ 48,333	\$ 165,870	\$ 214,203	\$ 666,528
Contracted Staff	-	9,487	8,095	17,582	82,272	-	82,272	99,854
Supplies and Equipment	9,590	85,126	7,751	102,467	1,075	10,280	11,355	113,822
Travel/Lodging/Meals	4,225	21,681	8,809	34,715	1,396	15,364	16,760	51,475
Occupancy	5,039	30,849	6,294	42,182	6,859	6,708	13,567	55,749
Technology/Telephone	7,485	5,907	1,141	14,533	3,344	8,001	11,345	25,878
Professionals and Consultants	-	20,607	23,939	44,546	22,680	-	22,680	67,226
Insurance	1,190	25,603	-	26,793	5,358	1,609	6,967	33,760
Depreciation	383	44,969	-	45,352	-	-	-	45,352
Other	757	1,151	162	2,070	5,851	9,054	14,905	16,975
Total	<u>\$ 100,826</u>	<u>\$ 542,835</u>	<u>\$ 138,904</u>	<u>\$ 782,565</u>	<u>\$ 177,168</u>	<u>\$ 216,886</u>	<u>\$ 394,054</u>	<u>\$ 1,176,619</u>

See notes to financial statements.

THE ORIANNE SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	Programs				Support Services			Total Expenses
	Communications and Education	Longleaf Savannas Initiative	Appalachian Highlands Initiative	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and Benefits	\$ 122,159	\$ 239,908	\$ 71,402	\$ 433,469	\$ 53,527	\$ 160,240	\$ 213,767	\$ 647,236
Contracted Staff	-	17,990	-	17,990	82,766	-	82,766	100,756
Supplies and Equipment	9,052	62,162	9,929	81,143	721	5,551	6,272	87,415
Travel/Lodging/Meals	8,434	25,339	3,180	36,953	2,387	21,121	23,508	60,461
Occupancy	14,158	41,173	4,719	60,050	9,439	9,439	18,878	78,928
Technology/Telephone	8,850	7,091	825	16,766	2,216	4,069	6,285	23,051
Professionals and Consultants	-	36,744	-	36,744	21,000	-	21,000	57,744
Insurance	1,355	27,677	-	29,032	6,417	1,592	8,009	37,041
Depreciation	3,438	57,564	80	61,082	365	161	526	61,608
Other	1,868	2,828	72	4,768	5,658	8,188	13,846	18,614
Total	<u>\$ 169,314</u>	<u>\$ 518,476</u>	<u>\$ 90,207</u>	<u>\$ 777,997</u>	<u>\$ 184,496</u>	<u>\$ 210,361</u>	<u>\$ 394,857</u>	<u>\$ 1,172,854</u>

See notes to financial statements.

THE ORIANNE SOCIETY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 96,707	\$ (198,467)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	45,352	61,608
Changes in operating assets and liabilities		
Contributions receivable	72,148	(66,043)
Accounts receivable	14,958	26,312
Prepaid expenses and other current assets	8,530	7,977
Long-term contributions receivable	5,000	5,000
Current liabilities	14,895	145
Total adjustments	<u>160,883</u>	<u>34,999</u>
Net Cash Flows from Operating Activities	<u>257,590</u>	<u>(163,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of equipment	-	(16,000)
Net Cash Flows from Financing Activities	<u>-</u>	<u>(16,000)</u>
Net Change in Cash and Cash Equivalents	257,590	(179,468)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>662,083</u>	<u>841,551</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 919,673</u>	<u>\$ 662,083</u>

See notes to financial statements.

THE ORIANNE SOCIETY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - Description of Organization and Summary of Significant Accounting Policies

Organization

The Orianne Society ("Orianne") is a not-for-profit wildlife conservation organization incorporated in the State of Delaware as a 501(c)(3) not-for-profit organization whose mission is the conservation of imperiled reptiles and amphibians and their habitats. Orianne identifies declining reptile and amphibian species that are representative of the ecosystems they inhabit. Orianne conducts scientific research to determine what factors are causing these species' decline and what steps need to be taken to mitigate those factors and then develops conservation programs to address these factors.

Following is a brief summary of the major conservation initiatives of Orianne:

Longleaf Savannas Initiative

The primary focus of the Longleaf Savannas Initiative is within the longleaf pine ecosystem, one of the most biologically diverse regions in the world. A long history of conversion of native forests to agriculture and commercial timberland, road construction, and fire suppression has resulted in less than 3% of the original range of longleaf pine remaining. In addition to having some of the highest biodiversity in North America, this ecosystem is home to many endangered species of plants and wildlife, including many reptiles and amphibians, such as the Eastern Indigo Snake. Orianne owns and manages the Orianne Preserve System ("OPS") (which consists of one of the ten most critical sand hill areas in Georgia) for endangered species. The OPS is in the process of restoration of the land to that of the original habitat of longleaf pine and other grasslands. In addition to the OPS, Orianne also has extensive land restoration/stewardship programs and research/inventory/monitoring programs on governmental and private lands focused primarily on conservation and improvement of the environment, upland snakes, Gopher Tortoises and freshwater turtles.

Appalachian Highlands Initiative

The primary focus of the Appalachian Highlands Initiative is within the Appalachian Mountain ecosystem, which encompasses much of the higher elevations of the eastern United States. This region is crucial for many species that require temperate montane habitats. Salamanders are especially important components of this ecosystem, which houses some of the highest global diversities of this group. Several threatened amphibian species reside in patchy populations, including Eastern Hellbenders. Orianne has active programs to restore Appalachian creeks and streams that serve as critical habitats for rare salamanders and native fish and specific research and monitoring programs for rare salamanders and Timber Rattlesnakes.

Communications and Education

Orianne is working to educate, inspire, and inform local communities, the general public, and decision makers by communicating practical area-wide and local solutions that are needed to save and preserve, among other species, the Gopher Tortoises and Eastern Indigo Snakes, and the related environment. As part of this process, we utilize various written, pictorial and electronic media to document the Gopher Tortoises, Eastern Indigo Snakes) and other cohabitants in their environments. We utilize such data to communicate to the scientific, political, and other concerned individuals the current state and future needs for conservation efforts to save the Gopher Tortoises, Eastern Indigo Snakes and other imperiled species.

THE ORIANNE SOCIETY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - Description of Organization and Summary of Significant Accounting Policies (cont.)

Involving the public in scientific and conservation projects is an important initiative for Oriante. It provides a direct link between our projects and citizens interested in conserving reptiles and amphibians and helps educate the public. It allows us to collect important data from a wider area than we would be able to simply using Oriante staff and, at the same time, enhance the conservation understanding of the participants. Oriante's current projects include special place-based events and broader-scale data solicitation projects. Furthermore, we are developing comprehensive herpetological databases that will allow the public to enter data at any time and be able to continually interact with Oriante. Our place-based events include field events in Georgia, North Carolina, and Florida. Our events provide an opportunity to show participants what we do on a day-to-day basis to survey and conserve these species, including land restoration. Our place-based events allow us to get out into the field with the participants to educate them and to collect valuable data.

We are also initiating steps to develop a global herpetological database. Our herpetological database will be built through a combination of focused projects addressing a specific citizen science question, as well as a broader database meant to store opportunistic observations from the general public. This structure will not only provide us with continuous data from the public, but also give us the flexibility to immediately gather data for herpetological conservation questions and initiatives as they arise. We developed a project called "*Snapshots in Time*" to begin compiling citizen-collected data. Our initial efforts have focused on collecting data for two species, Spotted Salamanders and Wood Frogs. In upcoming years, we will be adding additional species to the project.

Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

Oriante's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Oriante and changes therein are classified and reported as unrestricted net assets and temporarily restricted net assets. Oriante has no permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reflected in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with U.S. 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue

Oriante's primary sources of financial support consist of donations and governmental and private grants.

THE ORIANNE SOCIETY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - Description of Organization and Summary of Significant Accounting Policies (cont.)

Operating Indicator

The Statements of Activities and Changes in Net Assets include the caption Net Operating Income (Loss) which is deemed by Oriante to be its operating indicator. Transactions deemed by management to be ongoing, major or central to the support services and programs are reported as operating revenue and operating expenses and are included in the operating indicator. All other changes in unrestricted net assets are included within the caption Non-Operating Activities and excluded from the operating indicator. For the years ended December 31, 2016 and 2015, there were no non-operating activities.

Fair Value Measurements

Oriante establishes a framework for measuring the fair value of financial assets and liabilities and nonfinancial assets and liabilities which are measured at fair value on a recurring (annual) basis in the form of a fair value hierarchy organized into three levels based upon the input assumptions used for pricing assets and liabilities that prioritizes the inputs into valuation techniques used to measure fair value into three broad levels. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable, either directly or indirectly, with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Oriante classifies its equity securities that have readily determinable fair values as available for sale securities. Available for sale securities are recorded at fair value. Unrealized holding gains and losses on available for sale securities are excluded from the operating indicator and are reported as a separate component of unrestricted net assets within the caption Non-Operating Activities until realized. Realized gains and losses from the sale of available for sale securities are determined on a first-in, first-out basis. A decline in the market value of any available for sale securities below cost deemed to be other than temporary results in an impairment to reduce the carrying amount to fair value and is treated as a realized loss at time of other than temporary impairment. To determine if impairment is other than temporary, Oriante considers all available information relevant to the collectability of the security, including past events, current conditions, and reasonable and supportable forecasts when developing estimates of cash flows expected to be collected.

Donor-imposed Restrictions

Oriante 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. All donor-restricted contributions are reported in the first instance as an increase in temporarily restricted net assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the operating revenue section of the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

THE ORIANNE SOCIETY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - Description of Organization and Summary of Significant Accounting Policies (cont.)

Unconditional Promises to Give (Contributions Receivable)

When Orianne receives unconditional promises to give that are expected to be collected within one year, they are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using average risk-free interest rates (adjusted for any risk premiums, when applicable) applicable to the year in which the promises are received. Amortization of the discounts is included in contribution revenue as an increase in unrestricted or temporarily restricted net assets, as appropriate.

Unconditional Promises to Give to Others

When Orianne makes unconditional promises to give to others a liability is recorded at the time of promise.

Conditional Promises to Give by Others

When Orianne receives conditional promises to give they are not included as contributions by Orianne until the conditions have been substantially met.

Conditional Promises to Give to Others

When Orianne makes conditional promises to give to others no liability or expense is recorded until the conditions have been substantially met.

Statements of Cash Flows

For purposes of the Statements of Cash Flows, Orianne considers all highly liquid debt instruments with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

Allowance for Doubtful Accounts

Periodically, the individual accounts and contributions receivable balances are reviewed and evaluated as to their collectability, and a provision for doubtful accounts is estimated based on the amounts Orianne expects to collect on the receivable balances. Receivables are charged to the allowance for doubtful accounts when management has determined that further collection efforts are not warranted.

Property, Buildings, Furniture and Fixtures and Equipment

Property, buildings, furniture and fixtures and equipment assets are carried at cost or fair value and depreciated over their estimated useful life or the term of the related lease, whichever is less, using the straight-line method starting the month in which the asset is put into use. Orianne's capitalization policy is to capitalize all fixed asset purchases in excess of \$5,000. The carrying amounts of assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of and any resulting gain or loss is included in the Operating Activities section of the Statements of Activities and Changes in Net Assets in the year of disposal. Estimated useful lives consist of: buildings - 10 to 20 years; furniture and fixtures - 5 years; and equipment - 3 to 5 years.

THE ORIANNE SOCIETY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - Description of Organization and Summary of Significant Accounting Policies (cont.)

Impairment of Long-lived Assets

Orianne assesses the recoverability of its long-lived assets, such as property and equipment, whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Income Taxes

Orianne qualifies as a tax-exempt organization under the existing provisions of Internal Revenue Code Section 501(c)(3) and donations to Orianne are tax-deductible to the donor. Orianne has filed for a change in status from a private operating foundation to public charity status. A final determination of tax status classification by the Internal Revenue Service will take place in 2019. Orianne's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Orianne recognizes the effect of income tax positions only when the tax positions are more likely than not of being sustained. Management has determined that Orianne had no uncertain tax positions that would require financial statement recognition or disclosure. Management is also not aware of any violations of its tax status as an organization exempt from income taxes.

Allocated Expenses

Orianne's expenses have been summarized on a functional basis in accordance with U.S. GAAP. Most expenses may be identified to their related program or support service and are recorded accordingly. Certain salaries and other expenses have been allocated based on estimated time spent, the percentage of each program's direct expenses over total program costs, or other bases considered appropriate given the nature of the expense.

In-Kind Contributions

During the years ended December 31, 2016 and 2015, Orianne received in-kind contributions of office space, amounting to approximately \$13,000 and \$32,000, respectively, at fair value, which are included in contributions and expenses in the Statements of Activities and Changes in Net Assets.

Government Grants

Orianne receives various governmental grants and records grant revenue when earned. Grants awarded but not yet earned at December 31, 2016 and 2015 amounted to approximately \$199,100 and \$178,800, respectively.

Reclassifications

Certain reclassifications were made to the 2015 statement of functional expenses to conform to the 2016 presentation. These reclassifications had no impact on the changes in net assets previously reported.

THE ORIANNE SOCIETY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

NOTE 2 - Fair Value Measurement

Orienne did not have any Level 1, Level 2 or Level 3 financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015. Orienne's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, Level 2, or Level 3 for the years ended December 31, 2016 and 2015.

At December 31, 2016 and 2015, Orienne's other financial instruments consist of cash and cash equivalents, receivables, accounts payable and other current liabilities. The carrying amounts of these financial instruments approximate fair value due to their short maturities.

NOTE 3 - Fixed Assets, net

Fixed assets consist of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 4,012,100	\$ 4,012,100
Buildings	658,950	658,950
Furniture and Fixtures	28,297	28,297
Equipment	<u>449,409</u>	<u>449,409</u>
	5,148,756	5,148,756
Less Accumulated Depreciation	<u>673,382</u>	<u>628,030</u>
Fixed Assets, net	<u>\$ 4,475,374</u>	<u>\$ 4,520,726</u>

Depreciation expense was approximately \$45,000 and \$62,000 for the years ended December 31, 2016 and 2015, respectively.

NOTE 4 - Temporarily Restricted Net Assets and Pledge Receivable

Temporarily restricted net assets at December 31, 2015 were comprised of contributions received that were restricted by the donors for the following purposes:

Research	\$ 62,150
Communications	<u>2,653</u>
Total Temporarily Restricted Net Assets	<u>\$ 64,803</u>

A portion of these temporarily restricted contributions were also restricted by time as they had not yet been received by Orienne. At December 31, 2015, cash and marketable securities not yet received relating to temporarily restricted net assets amounted to approximately \$12,500.

During 2016, there was a donor change in pledge purpose relating to a temporarily restricted pledge aggregating \$10,000 which resulted in a reduction of temporarily restricted net assets. There were no temporarily restricted net assets at December 31, 2016.

THE ORIANNE SOCIETY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

NOTE 5 - Related Party Transactions

Since inception, the majority of unrestricted and temporarily restricted contributions were received from a member of Orianne's Board of Directors.

NOTE 6 - Retirement Plan

The Orianne Society 401(k) Retirement Plan ("Plan") has a calendar year end and under the Plan provisions, employees may make elective contributions of amounts up to the federal limitations. Employee elective contributions are matched by employer contributions to the Plan on, at a minimum, an annual Plan year basis. Orianne matches employee elective contributions at a rate of 100% of up to 3% of the employee's gross pay and 50% of the excess of compensation above 3% but not to exceed 5% of total compensation. Orianne's matching employee elective contributions vest immediately. Total pension expense for the years ended December 31, 2016 and 2015 aggregated approximately \$12,900 and \$14,500, respectively.

NOTE 7 - Commitments and Contingencies

Office Leases

Orianne has a month-to-month lease for office space. Rent expense under the lease aggregated approximately \$10,800 for each of the years ended December 31, 2016 and 2015.

Concentration of Credit Risk

Financial instruments that potentially subject Orianne to concentrations of credit risk consist principally of temporary cash investments and receivables. Orianne places its temporary cash investments with high credit quality financial institutions; however, in the event of the financial institution's insolvency, recovery of Orianne's assets on deposit may be limited to account insurance by the Federal Deposit Insurance Corporation or other protection afforded such deposits.

Gain Contingency

During 2014, Orianne entered into a Rental Lease Agreement ("Lease") with another not-for-profit entity. Under the terms of the Lease, rental payments to Orianne are \$1.00 per year and at the end of the Lease the other entity may purchase the property, buildings, equipment and breeding stock for the sum of \$100.00. The terms of the Lease are such that it is more likely than not that the terms in the Lease will be complied with by the other entity. Accordingly, the underlying assets at inception of the Lease were treated in a manner similar to a donation for accounting purposes for which a reduction of long-lived assets was recorded. In the remote event the terms of the Rental Lease Agreement are not fulfilled through February 28, 2022, and the underlying assets returned to Orianne, Orianne may have a gain to the extent of the future value of the long-lived assets.

THE ORIANNE SOCIETY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2016 and 2015

NOTE 8 - Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 30, 2017.

No transactions or events subsequent to December 31, 2016 through March 30, 2017 were noted that require additional consideration or disclosure in the accompanying financial statements.