

BIG CAT RESCUE CORP.

**Financial Statements
Years ended December 31, 2004 and 2003**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Big Cat Rescue Corp.

We have audited the accompanying statements of financial position of Big Cat Rescue Corp. (a nonprofit organization) as of December 31, 2004 and 2003 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Cat Rescue Corp. as of December 31, 2004 and 2003 and the results of its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Marsha Weisse, CPA, PA

Certified Public Accountant
Tampa, Florida
April 15, 2005

BIG CAT RESCUE CORP.

**STATEMENTS OF FINANCIAL POSITION
December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Current assets		
Cash and cash equivalents	\$ 268,586	\$ 268,127
Accounts receivable	-	5,043
Deposits	35,000	-
Inventory, gift shop	<u>38,514</u>	<u>13,492</u>
Total current assets	<u>342,100</u>	<u>286,662</u>
Other assets:		
Mortgages receivable	174,669	131,167
Other real estate owned	367,520	275,692
Property and equipment, less accumulated depreciation of \$115,083 and \$106,968 at December 31, 2004 and 2003, respectively	<u>456,081</u>	<u>449,570</u>
Total other assets	<u>998,270</u>	<u>856,429</u>
Total assets	<u>\$ 1,340,370</u>	<u>\$ 1,143,091</u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,506	\$ 1,052
Deferred revenue	<u>11,525</u>	<u>-</u>
Total liabilities	22,031	1,052
Net assets:		
Unrestricted net assets	<u>1,318,339</u>	<u>1,142,039</u>
Total net assets	<u>1,318,339</u>	<u>1,142,039</u>
Total liabilities and net assets	<u>\$ 1,340,370</u>	<u>\$ 1,143,091</u>

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

STATEMENTS OF ACTIVITIES
Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues and support:		
Contributions and grants	\$ 232,597	\$ 298,457
Educational tours and programs	314,143	-
Bequests	-	390,114
In-kind contributions	-	22,950
Special events, net expenses of \$47,652 and \$10,709 for years ended December 31, 2004 and 2003, respectively	45,663	24,688
Rental income from operations	31,718	22,130
Investment income	85,040	29,770
Gift shop, net expenses of \$66,446 and \$27,191 for years ended December 31, 2004 and 2003 respectively	<u>48,076</u>	<u>41,610</u>
Total revenues and support	757,237	829,719
Expenses:		
Program expense	543,228	394,089
Management and general	19,706	32,026
Fundraising	<u>18,003</u>	<u>9,229</u>
Total expenses	<u>580,937</u>	<u>435,344</u>
Change in net assets	<u>\$ 176,300</u>	<u>\$ 394,375</u>

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

STATEMENT OF FUNCTIONAL EXPENSES
Years ended December 31, 2004 and 2003

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2004 Total</u>	<u>2003 Total*</u>
Conferences, conventions and meetings	\$ 3,443	-	-	\$ 3,443	\$ 2,320
Equipment rental and repairs	9,970	-	-	9,970	5,246
Salaries and payroll expenses	65,512	-	-	65,512	67,951
Animal care and education activities	232,118	-	-	232,118	172,985
Taxes	34,515	-	-	34,515	9,520
Advertising	48,143	-	3,290	51,433	36,864
Legal and accounting fees	-	3,542	-	3,542	4,900
Office expenses	35,390	1,966	1,966	39,322	9,194
Postage and shipping	4,419	246	246	4,911	4,900
Printing and publications	44,826	-	5,757	50,583	32,948
Other professional fees	6,094	-	-	6,094	7,056
Bank and credit card fees	10,279	-	-	10,279	5,127
Insurance	4,615	-	-	4,615	1,616
Other expenses	11,504	-	-	11,504	5,284
Special events fundraising expense	-	-	6,032	6,032	1,780
Telephone	12,808	712	712	14,232	13,981
Travel	1,476	-	-	1,476	2,630
Real estate investment expenses	-	13,240	-	13,240	25,722
Depreciation expense	18,116	-	-	18,116	25,320
 Total expenses	 <u>\$ 543,228</u>	 <u>\$ 19,706</u>	 <u>\$ 18,003</u>	 <u>\$ 580,937</u>	 <u>\$ 435,344</u>

*The totals for 2003 are for comparative purposes only.

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

STATEMENTS OF CHANGES IN NET ASSETS

Years ended December 31, 2004 and 2003

Balance, December 31, 2002	\$ 747,664
Increase in net assets	<u>394,375</u>
Balance, December 31, 2003	1,142,039
Increase in net assets	<u>176,300</u>
Balance, December 31, 2004	<u><u>\$ 1,318,339</u></u>

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

STATEMENTS OF CASH FLOWS
Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Increase in net assets	\$ 176,300	\$ 394,375
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,116	25,320
(Increase) decrease in operating assets:		
Accounts receivable	5,043	(657)
Inventory	(25,022)	(4,240)
Deposits	(35,000)	-
Increase (decrease) in operating liabilities:		
Accounts payable and deferred revenues	20,979	(437)
	<u>(15,884)</u>	<u>19,986</u>
Net cash provided by operating activities	160,416	414,361
Cash flow used by investing activities:		
(Increase) in mortgage receivables	(43,502)	(131,167)
Purchase of investments - real estate owned	(91,828)	(103,458)
Payments for property and equipment	(24,627)	(21,229)
	<u>(159,957)</u>	<u>(255,854)</u>
Net cash used in investing activities	(159,957)	(255,854)
Net increase in cash and cash equivalents	459	158,507
Beginning cash and cash equivalents	<u>268,127</u>	<u>109,620</u>
Ending cash and cash equivalents	<u>\$ 268,586</u>	<u>\$ 268,127</u>

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

1. Background Information

Big Cat Rescue Corp. (f.k.a. WildLife on Easy Street, Inc.) (the Organization) is a nonprofit organization in Hillsborough County, Florida which was formed under the laws of the State of Florida on April 4, 1995. The Organization's mission is to reduce the number of cats that suffer the fate of abandonment and abuse by educating people about the conditions that lead to the plight of these animals. This is done through tours of the sanctuary, which houses a substantial number of abused, abandoned and retired big cats; school education programs; species preservation efforts and hands on experience for interns from around the world.

Primary sources of income for the Organization are derived from educational tours and contributions from foundations, corporations, individuals, and special events.

2. Significant Accounting Policies

The significant accounting policies followed are:

The presentation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. 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, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization records admissions, merchandising, grant revenues as earned. The Organization records gifts of long-lived assets as revenue when they are received unconditionally, at their fair value. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

BIG CAT RESCUE CORP.

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

2. Significant Accounting Policies (Continued)

In accordance with industry practice, animal collections are recorded at the nominal amount of \$1, as there is no objective basis for establishing value. Additionally, animal collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. Acquisitions are recorded as expenditures in the period of acquisition.

Fund-raising revenues are recorded when received. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated professional services (which include accounting and legal services) are reflected in the statement of activities at their fair value if material. There were no such services donated during the years ended December 31, 2004 and 2003. Volunteer services not requiring specialized skills are not reflected in the financial statements since no objective basis exists for recording and assigning values to many of these services. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. At year-end and throughout the year, the Organization's cash balances were deposited in several banks. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

The Organization's inventory which consists primarily of merchandise is valued at the lower of cost or market, and accounted for using a weighted-average cost basis.

The Organization states the other real estate owned which was acquired through donation at the lower of cost or fair value at the date of donation. Fair value of such assets is determined based on independent appraisals and other relevant factors.

All property and equipment is recorded at cost. Depreciation is provided by the straight-line method over the useful lives of assets which is five years for equipment and 39 years for property. The Organization's policy is to record capital expenditures greater than \$1,000 as property and equipment.

BIG CAT RESCUE CORP.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

2. Significant Accounting Policies (Continued)

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended December 31, 2003, from which the summarized information was derived.

During the fiscal year ending December 31, 2003, charges for educational tours and programs were based on "suggested donation" amounts and were included in contributions and grants. Beginning January 1, 2004 the charges for these activities were set at specific prices and therefore shown separately from contributions and grants.

Certain prior year balances have been reclassified to conform with current year classifications.

BIG CAT RESCUE CORP.

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

3. Mortgage Receivables

The Organization has sold various real estate investments under mortgage notes as follows:

	<u>2004</u>	<u>2003</u>
Mortgage receivable, interest at 12%; monthly principal and interest payments of \$200; due October 15, 2008; secured by land and building	\$ 7,268	\$ 8,701
Mortgage receivable, interest at 11%; monthly principal and interest payments of \$457.12; due October 1, 2018; secured by land and building	-	39,389
Mortgage receivable, interest at 12%; monthly principal and interest payments of \$874.34; balloon payment of \$79,390 due January 6, 2009; secured by land and building	82,525	83,077
Mortgage receivable, interest at 12%; monthly principal and interest payments of \$874.32; due July 15, 2034	<u>84,876</u>	<u>-</u>
	<u>\$ 174,669</u>	<u>\$ 131,167</u>

Principal amounts due under these mortgage receivables at December 31, 2004 are as follows:

2005	\$ 2,562
2006	2,888
2007	3,253
2008	3,138
2009 and thereafter	<u>162,828</u>
	<u>\$ 174,669</u>

BIG CAT RESCUE CORP.

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

4. Property and Equipment

Property and equipment consists of:

	December 31, 2004	December 31, 2003
Land	\$ 191,600	\$ 191,600
Buildings and structures	270,674	249,620
Equipment	43,341	53,341
Vehicles	56,781	56,781
Office equipment	<u>8,768</u>	<u>5,196</u>
Total property and equipment before depreciation	571,164	556,538
Less accumulated depreciation	<u>115,083</u>	<u>106,968</u>
Property and equipment, net of depreciation	<u>\$ 456,081</u>	<u>\$ 449,570</u>