

Big Cat Rescue Corporation

Audited Financial Statements

December 31, 2015 and 2014

Big Cat Rescue Corporation

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Independent Auditors' Report

To the Board of Directors
Big Cat Rescue Corporation,

We have audited the accompanying financial statements of Big Cat Rescue Corporation (the Organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider internal control relevant to the Organization'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 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 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 Organization, as of December 31, 2015 and 2014, and the changes in its net assets, functional expenses, and cash flows for the years then ended are in accordance with accounting principles generally accepted in the United States of America.

FRSCPA, PLLC

St. Petersburg, Florida

May 11, 2016

Big Cat Rescue Corporation
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 714,352	\$ 885,869
Cash, board-designated reserve	574,007	564,357
Certificates of deposit	402,308	202,057
Current portion of mortgages receivable	4,271	2,106
Other investments	55,385	30,593
Grants and contributions receivable	120,839	101,000
Inventory	127,537	102,893
Total current assets	1,998,699	1,888,875
Beneficial interest in endowment fund held by others	533,571	573,521
Mortgages receivable, excluding current portion	356,744	260,447
Other real estate owned	1,471,494	1,146,920
Property and equipment, net	3,927,187	3,748,142
Total assets	\$ 8,287,695	\$ 7,617,905
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 65,290	\$ 24,142
Current portion of long-term debt	–	36,646
Total current liabilities	65,920	60,788
Long-term debt, excluding current portion	–	86,581
Total liabilities	65,920	147,369
Net assets:		
Unrestricted	7,114,197	6,332,658
Unrestricted, board designated, operations	500,000	500,000
Unrestricted, board designated, Wall fund	74,007	64,357
Total unrestricted net assets	7,688,204	6,897,015
Permanently restricted net assets	533,571	573,521
Total net assets	8,221,775	7,470,536
Total liabilities and net assets	\$ 8,287,695	\$ 7,617,905

See accompanying notes to financial statements.

Big Cat Rescue Corporation

Statement of Activities and Changes in Net Assets Year ended December 31, 2015 (with comparative total for 2014)

	Unrestricted	Permanently Restricted	Total	
			2015	2014
Support and Revenue:				
Contributions and grants	\$ 1,706,226	\$ –	\$ 1,706,226	\$ 1,736,927
Educational tours and activities	1,029,164	–	1,029,164	942,888
Bequests	541,483	–	541,483	594,940
In-kind services and contributions	34,200	–	34,200	13,818
Special events, net of expenses of \$5,181 and \$6,599	6,591	–	6,591	11,150
Rental income	12,616	–	12,616	12,131
Investment income	146,379	(39,950)	106,429	21,394
Gift shop, net of cost of goods sold of \$184,760 and \$165,774	131,199	–	131,199	123,088
Other income	45,432	–	45,432	–
Total support and revenue	3,653,290	(39,950)	3,613,340	3,456,336
Expenses:				
Program services	2,560,404	–	2,560,404	2,018,163
Management and general	189,343	–	189,343	216,559
Fundraising	112,354	–	112,354	113,325
Total expenses	2,862,101	–	2,862,101	2,348,047
Increase (decrease) in net assets	791,189	(39,950)	751,239	1,108,289
Net assets, beginning of year	6,897,015	573,521	7,470,536	6,362,247
Net assets, end of year	\$ 7,688,204	\$ 533,571	\$ 8,221,775	\$ 7,470,536

See accompanying notes to financial statements.

Big Cat Rescue Corporation

Statements of Functional Expenses Year ended December 31, 2015 (with comparative total for 2014)

	Program Services	Supporting services			Total	
		Management and General	Fundraising	Total Supporting Services	2015	2014
Conferences, conventions, and meetings	\$ 14,134	\$ -	\$ -	\$ -	\$ 14,134	\$ 5,578
Contributions	38,850	-	-	-	38,850	-
Equipment rental and maintenance	27,302	-	-	-	27,302	19,374
Salaries and payroll expenses	605,467	124,478	58,682	183,160	788,627	715,984
Animal care and education activities	561,280	-	-	-	561,280	616,642
Taxes	11,128	-	-	-	11,128	4,406
Advertising	74,020	-	21,400	21,400	95,420	132,424
Legal and accounting fees	512,369	9,750	-	9,750	522,119	169,008
Office expense	32,615	6,705	3,161	9,866	42,481	63,429
Postage and shipping	18,463	3,796	1,790	5,586	24,049	23,581
Printing and publications	126,261	-	14,535	14,535	140,796	108,372
Other professional fees	157,972	-	1,975	1,975	159,947	94,703
Bank and credit card fees	9,519	9,520	-	9,520	19,039	21,978
Insurance	6,205	-	-	-	6,205	6,275
Interest	1,260	-	-	-	1,260	3,108
Legislation efforts	78,658	-	-	-	78,658	118,821
Other expense	26,157	-	7,643	7,643	33,800	53,821
Technology	108,967	-	-	-	108,967	-
Telephone	32,685	6,720	3,168	9,888	42,573	41,349
Travel	5,300	-	-	-	5,300	10,693
Real estate investment expense	-	28,374	-	28,374	28,374	46,732
Depreciation	111,792	-	-	-	111,792	91,769
Total expenses	\$ 2,560,404	\$ 189,343	\$ 112,354	\$ 301,697	\$ 2,862,101	\$ 2,348,047

See accompanying notes to financial statements.

Big Cat Rescue Corporation

Statements of Cash Flows Years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Increase in net assets	\$ 751,239	\$ 1,108,289
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	111,792	91,769
Change in value of endowment funds	39,950	21,114
Non-cash contributions of assets	(112,000)	–
Contributions restricted for endowment	–	(236)
Loss on sale of property and equipment	8,969	1,463
Gain on sale of other real estate owned	(40,780)	58,396
Loss on other investments	10,458	–
Changes in operating assets and liabilities:		
Grants and contributions receivable	(19,839)	(55,000)
Inventory	(24,644)	(8,037)
Accounts payable and accrued expenses	41,779	(13,589)
Net cash provided by operating activities	766,923	1,204,169
Cash flows from investing activities:		
Principal payments received from mortgages receivable	1,459	1,707
Purchases for mortgages receivable	(53,000)	–
Purchases of certificates of deposit, net of redemptions	(200,251)	104,314
Proceeds from sale of other real estate owned	–	25,576
Purchases of other real estate owned	(266,901)	(284,547)
Purchases of other investments	(35,250)	–
Proceeds from sale of property and equipment	3,000	6,000
Purchases of property and equipment	(254,620)	(605,841)
Net cash used in investing activities	(805,563)	(752,791)
Cash flows from financing activities:		
Contributions restricted for endowment	–	236
Principal payments of long-term debt	(123,227)	(26,773)
Net cash used in financing activities	(123,227)	(26,537)
Net change in cash and cash equivalents	(161,867)	424,841
Cash and cash equivalents, beginning of year	1,450,226	1,025,385
Cash and cash equivalents, end of year	\$ 1,288,359	\$ 1,450,226
Supplemental disclosure of cash flow information		
Noncash investing and operating activities:		
Purchase of property and equipment with long term debt	\$ –	\$ 150,000
Cash paid during the year for:		
Interest	1,260	3,108
Taxes	11,128	4,406

See accompanying notes to financial statements.

Big Cat Rescue Corporation

Notes to financial statements Years ended December 31, 2015 and 2014

1. Nature of Activities

Big Cat Rescue Corporation (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. Our Organization's mission is to provide the best home we can for the cats in our care, end abuse of big cats in captivity and prevent extinction of big cats in the wild. We accomplish this through tours of the sanctuary, which house 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 from the Organization are derived from educational tours and contributions from foundations, corporations, individuals, and special events.

2. Significant Accounting Policies

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organizations and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income earned on any related investment for general or specific purposes.

Big Cat Rescue Corporation

Notes to financial statements Years ended December 31, 2015 and 2014

The Organization has no temporarily restricted net assets at December 31, 2015 and 2014.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization places its cash with high quality financial institutions. At times, cash may be in excess of FDIC insurance limits. The Organization does not believe it is exposed to any significant credit risk on cash.

Contributions and Unconditional Promises

Contributions and unconditional promises to give are measured at their fair values and are reported as an increase in net assets when received. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized. Contributions receivable are written off when deemed uncollectible.

Amounts restricted for future periods or restricted for specific purposes are reported as temporarily restricted or permanently restricted support. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported as satisfactions of program restrictions and net assets released. If a restriction is fulfilled in the same time period in which the contribution is received, it is reported as unrestricted support. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Inventory

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

Mortgages Receivable and Allowance for credit losses

Mortgages receivable typically represent funds relating to sales of investment properties. The Organization will occasionally issue a mortgage on a property that is not related to the sale of an investment property. Mortgages receivable are carried at unpaid balances, less current portion. All

Big Cat Rescue Corporation

Notes to financial statements Years ended December 31, 2015 and 2014

loans are secured with mortgages on the underlying property. Interest income is recognized when received.

Mortgage receivables are determined to be past due or delinquent based on how recently payments have been received. The Organization establishes an allowance for credit losses based on management's evaluation of the collectability of mortgages, including the nature of the loan, estimated realizable value of the underlying collateral, historical loss experience, specific impaired loans, economic conditions, and other risk factors. Uncollectible loans are charged off when collection efforts have been exhausted. Properties re-acquired through foreclosure or similar action are recorded at the lesser of the remaining mortgage balance or the fair value of the property on the date re-acquired. No allowance for credit losses was recorded as of December 31, 2015 and 2014.

Other Real Estate Owned

The Organization has received real estate through donations and has also purchased real estate. When the Organization holds the property as an investment, it is classified as Other Real Estate Owned on the Statement of Financial Position. Such property is reported at cost, if purchased; and if received as a donation, is initially recorded at fair value. Fair value of such assets is determined by independent appraisals and/or other relevant factors.

After acquisition, the property is not depreciated and is reported at cost unless the fair value of the property drops below the cost, in which case the property is written down to fair value.

Property and Equipment

Property and equipment are recorded at the cost purchased or fair value at date of gift, if contributed, and are depreciated using the straight-line method over the estimated useful lives of the respective assets, which is 5 years for equipment and vehicles and 39 years for property. The Organization's policy is to record capital expenditures greater than \$1,000 as property and equipment.

Admissions, Merchandising, and Grant Revenues

The organization records admissions, merchandising and grant revenues as earned. The Organization records gifts of long-lived assets as revenue when they are received unconditionally, at their fair value.

Animal Collections

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. The

Big Cat Rescue Corporation

Notes to financial statements Years ended December 31, 2015 and 2014

Organization does not purchase animals. Rescue costs are recorded as expenditures in the period of acquisition.

Donated Materials and Services

Vehicles, 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. The Organization received a donated mobile home during the year ended December 31, 2015 with an estimated fair market value of \$40,000. The Organization paid the donor \$8,000 and recorded a contribution of \$32,000. The Organization received contributed materials and other assets during the years ended December 31, 2015 and 2014, with an estimated fair market value on the dates of donation of approximately \$2,200 and \$8,028, respectively.

Donated professional services (which include accounting and legal services) are reflected in the statement of activities at their fair value. The Organization received contributed professional services during the years ended December 31, 2015 and 2014, with an estimated fair market value of approximately \$0 and \$1,400, respectively.

Volunteer services not requiring specialized skills are not reflected in the financial statements. The Organization received 62,662 and 77,740 volunteer hours donated by volunteer and interns during the years ended December 31, 2015 and 2014, respectively.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in a separate statement of functional expenses. Accordingly, certain costs have been allocated to program services, management and general and fund-raising.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$95,420 and \$132,424, respectively for the year ending December 31, 2015 and 2014.

Fair Value of Financial Instruments

The fair value of financial instruments is measured as the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

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Notes to financial statements Years ended December 31, 2015 and 2014

Level 2: Observable market based inputs or unobservable inputs corroborated by market data.

Level 3: Unobservable inputs not corroborated by market data.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash and equivalents, certificates of deposit, grants and receivable, inventories, accounts payable, and accrued expenses.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization periodically assesses whether it has incurred income tax expense or related interest or penalties in accordance with accounting for uncertain tax positions. No such amounts were recognized for the years ending December 31, 2015 and 2014, respectively.

The Organization is subject to tax on unrelated business income related to merchandise sales revenues. No income tax provision has been accrued in the financial statements because the amount has been determined to be immaterial. Management is not aware of any activities that would jeopardize the Organization's tax exempt status.

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of December 31, 2015. Should the Organization's tax returns be challenged in the future, the Organization's 2012, 2013, and 2014 tax years are open for examination by the IRS.

3. Beneficial interest in endowment fund held by others

The Organization has four endowment funds with the Community Foundation of Tampa Bay (Community Foundation). Two of these funds are shown on the Balance Sheet as "Beneficial interest in endowment fund held by others" and represent the Organization's undivided interest in a pool of investment assets held and managed by Community Foundation. The funds were established to provide future financial support to the Organization. The endowment plus the earnings on the endowment investments, are recorded as permanently restricted net assets.

Big Cat Rescue Corporation

Notes to financial statements Years ended December 31, 2015 and 2014

The majority of the endowment assets are traded in active markets and would be classified as Level 1 assets in the fair value hierarchy. The Community Foundation reports the endowment value to the Organization. The fair value of the Organization's interest in these assets are as follows:

<i>As of December 31,</i>	2015	2014
Challenge grant #3	\$290,348	\$305,854
Endowment fund	243,223	267,668
Total endowment funds	\$533,571	\$573,522

The changes in the fair value of the endowment interest are as follows for the year ended December 31, 2014 and 2013:

<i>For the year ended December 31,</i>	2015	2014
Fair value, beginning of year	\$573,521	\$594,635
Contributions	–	236
Change in value	(39,950)	(21,350)
Fair value, end of year	\$533,571	\$573,521

In addition to the funds disclosed above, the Community Foundation holds two additional funds that are designated as benefiting the Organization. However, the Community Foundation has been given variance power over these funds, which allows the Community Foundation to modify any restrictions on the funds, including re-designating the beneficiary organization, as determined by the sole judgment of the Community Foundation's governing board. As a result, these funds are not considered assets of the Organization and are not included in the Organization's financial statements. The Organization records distributions from designated funds as unrestricted support.

The fair value of the two designated funds, which are not included in the Organization's financial statements, are as follows for the year ended December 31, 2015 and 2014:

<i>As of December 31,</i>	2015	2014
Designated fund #1	\$ 80,113	\$ 88,613
Designated fund #2	88,086	96,392
Total designated funds	\$ 168,199	\$ 185,005

Big Cat Rescue Corporation

Notes to financial statements Years ended December 31, 2015 and 2014

4. Mortgages Receivable

The Organization provides financing, secured by mortgages, for sales of real estate investments. At December 31, 2015 and 2014, loans receivable consist of the following:

<i>As of December 31,</i>	2015	2014
Mortgage receivable (Thomasdale), interest at 9%; monthly principal and interest payments of \$1,167; due May 25, 2039; secured by land and building. Property foreclosed on subsequent to December 31, 2015.	\$ 147,791	\$ 147,791
Mortgage receivable (Cypress Nook), interest at 8%; monthly principal and interest payments of \$507; due December 4, 2020; secured by land and building	52,846	–
Mortgage receivable (Lantana), interest at 8%; monthly principal and interest payments of \$653; due January 16, 2045; secured by land and building	88,256	–
Mortgage receivable (Texel), interest at 9.25%; monthly principal and interest payments of \$397; Due September 16, 2038; secured by land and building	–	41,656
Mortgage receivable (Oconee), interest at 9.50%; monthly principal and interest payments of \$631; due March 15, 2042; secured by land and building	72,122	73,106
Total mortgages receivable	361,015	262,553
Less: current portion	(4,271)	(2,106)
Mortgages receivable, long term	\$ 356,744	\$ 260,447

The mortgage receivable (Texel) was satisfied by deed in lieu of foreclosure and was transferred to other real estate owned during 2015. The mortgage receivable (Cypress Nook) was issued during 2015 and was not related to the sale of the Organization's property.

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Notes to financial statements Years ended December 31, 2015 and 2014

The principal amounts due on mortgages receivable for years subsequent to December 31, 2015 are as follows:

<u>Year ending December 31:</u>	
2016	\$ 4,271
2017	4,712
2018	5,126
2019	5,577
2020	47,586
Thereafter	293,743
	<hr/>
	\$ 361,015

5. Property and Equipment

Property and equipment at December 31, 2015 and 2014 consists of the following:

<i>As of December 31,</i>	2015	2014
Land	\$2,347,548	\$2,299,362
Buildings and structures	1,635,483	1,498,165
Equipment	389,022	300,721
Vehicles	133,243	133,243
Office equipment	126,728	118,854
	<hr/>	
	4,632,024	4,350,345
Less: accumulated depreciation	(704,837)	(602,203)
	<hr/>	
	\$ 3,927,187	\$ 3,748,142

Depreciation expense for the years ended December 31, 2015 and 2014 was \$111,792 and \$91,769, respectively.

Big Cat Rescue Corporation

Notes to financial statements Years ended December 31, 2015 and 2014

6. Long-Term Debt –

Long-term debt at December 31, 2015 and 2014 consists of the following:

<i>As of December 31,</i>	2015	2014
Note payable an individual, due in monthly installments of \$3,320 plus interest at 3%, due May 2018; collateralized by land and buildings. Note was paid in full in May 2015.	\$ –	\$ 123,227
Less: current portion	–	(36,646)
Long term debt, excluding current portion	\$ –	\$ 86,581

The note payable of \$123,227 was paid in full on April 20, 2015.

7. Retirement Plan

The Organization sponsors a SIMPLE IRA contribution plan that covers the majority of all employees. The Organization contributes a matching contribution up to 3% of the employee's compensation for the calendar year. For the year ended December 31, 2015 and 2014 the Organization contributed \$8,846 and \$8,263, respectively, to the retirement plan.

8. Subsequent Events

Subsequent events have been evaluated through May 11, 2016, which is the date of the financial statements were available to be issued.

On January 4, 2016 the Organization foreclosed on the Thomasdale mortgage receivable and received title back to the land and building.