Big Cat Rescue Corporation

Audited Financial Statements

December 31, 2016 and 2015

Big Cat Rescue Corporation

Contents

FRSCPA
CERTIFIED PUBLIC ACCOUNTANTS

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, 2016 and 2015, 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, 2016 and 2015, 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
February 21, 2017

Big Cat Rescue Corporation
Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	**$1,199,457**	$ 714,352
Cash, board-designated reserve	**579,507**	574,007
Certificates of deposit	**409,518**	402,308
Current portion of mortgages receivable	**3,731**	4,271
Other investments	**55,385**	55,385
Grants and contributions receivable	**125,882**	120,839
Inventory	**131,555**	127,537
Total current assets	**2,505,035**	1,998,699
Beneficial interest in endowment fund held by others	**551,775**	533,571
Mortgages receivable, less current portion	**205,737**	356,744
Other real estate owned	**1,882,338**	1,471,494
Property and equipment, net	**4,114,352**	3,927,187
Total assets	**$9,259,237**	$8,287,695
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	**$ 82,647**	$ 65,290
Total current liabilities	**82,647**	65,920
Total liabilities	**82,647**	65,920
Net assets:		
Unrestricted	**8,045,308**	7,114,197
Unrestricted, board designated – operations	**500,000**	500,000
Unrestricted, board designated – wall fund	**79,507**	74,007
Total unrestricted net assets	**8,624,815**	7,688,204
Permanently restricted net assets	**551,775**	533,571
Total net assets	**9,176,590**	8,221,775
Total liabilities and net assets	**$9,259,237**	$8,287,695

See accompanying notes to financial statements.

Big Cat Rescue Corporation

Statement of Activities and Changes in Net Assets
Year ended December 31, 2016 (with comparative total for 2015)

	Unrestricted	Permanently Restricted	Total 2016	Total 2015
Support and Revenue:				
Contributions and grants	**$2,060,840**	**$ –**	**$2,060,840**	$1,706,226
Educational tours and activities	**1,143,651**	**–**	**1,143,651**	1,029,164
Bequests	**338,281**	**–**	**338,281**	541,483
In-kind services and contributions	**6,900**	**–**	**6,900**	34,200
Special events (net of expenses of $912 and $5,181)	**12,635**	**–**	**12,635**	6,591
Rental income	**13,120**	**–**	**13,120**	12,616
Investment income	**182,866**	**41,980**	**224,846**	106,429
Gift shop (net of cost of goods sold of $216,497 and $184,760)	**176,458**	**–**	**176,458**	131,199
Other income	**9,997**	**–**	**9,997**	45,432
Net assets released from restrictions	**23,776**	**(23,776)**	**–**	
Total support and revenue	**3,968,524**	**18,204**	**3,986,728**	3,613,340
Expenses:				
Program services	**2,698,643**	**–**	**2,698,643**	2,560,404
Management and general	**216,977**	**–**	**216,977**	189,343
Fundraising	**116,293**	**–**	**116,293**	112,354
Total expenses	**3,031,913**	**–**	**3,031,913**	2,862,101
Increase in net assets	**936,611**	**18,204**	**954,815**	751,239
Net assets, beginning of year	**7,688,204**	**533,571**	**8,221,775**	7,470,536
Net assets, end of year	**$8,624,815**	**$551,775**	**$9,176,590**	$8,221,775

See accompanying notes to financial statements.

Big Cat Rescue Corporation

Statements of Functional Expenses
Year ended December 31, 2016 (with comparative total for 2015)

	Program Services	*Supporting services* Management and General	Fundraising	Total Supporting Services	*Total* 2016	2015
Conferences, conventions, and meetings	**$ 32,597**	$ –	$ –	$ –	**$ 32,597**	$ 14,134
Contributions	**50,229**	–	–	–	**50,229**	38,850
Equipment rental and maintenance	**15,336**	–	–	–	**15,336**	27,302
Salaries and payroll expenses	**696,433**	**134,060**	**57,624**	**191,684**	**888,117**	788,627
Animal care and education activities	**562,923**	–	–	–	**562,923**	561,280
Taxes	**9,528**	–	–	–	**9,528**	11,128
Advertising	**117,942**	–	**25,282**	**25,282**	**143,224**	95,420
Legal and accounting fees	**335,809**	**9,750**	–	**9,750**	**345,559**	522,119
Office expense	**34,839**	**6,706**	**2,883**	**9,589**	**44,428**	42,481
Postage and shipping	**25,909**	**4,987**	**2,144**	**7,131**	**33,040**	24,049
Printing and publications	**132,263**	–	**14,734**	**14,734**	**146,997**	140,796
Other professional fees	**219,985**	–	**4,186**	**4,186**	**224,171**	159,947
Bank and credit card fees	**7,635**	**7,635**	–	**7,635**	**15,270**	19,039
Insurance	**6,244**	–	–	–	**6,244**	6,205
Interest	–	–	–	–	–	1,260
Legislation efforts	**95,123**	–	–	–	**95,123**	78,658
Other expense	**24,645**	**(253)**	**5,963**	**5,710**	**30,355**	33,800
Technology	**147,168**	–	–	–	**147,168**	108,967
Telephone	**42,021**	**8,089**	**3,477**	**11,566**	**53,587**	42,573
Travel	**6,879**	–	–	–	**6,879**	5,300
Other real estate owned expense	–	**46,003**	–	**46,003**	**46,003**	28,374
Depreciation	**135,135**	–	–	–	**135,135**	111,792
Total expenses	**$2,698,643**	**$216,977**	**$116,293**	**$333,270**	**$3,031,913**	$2,862,101

See accompanying notes to financial statements.

Big Cat Rescue Corporation

Statements of Cash Flows
Years ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Increase in net assets	**$954,815**	$751,239
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	**135,135**	111,792
Net change in value of endowment funds	**(18,204)**	39,950
Non-cash contributions of assets	**(6,400)**	(112,000)
Loss on sale of property and equipment	**–**	8,969
Loss (gain) on sale of other real estate owned	**3,685**	(40,780)
Loss on other investments	**–**	10,458
Changes in operating assets and liabilities:		
Grants and contributions receivable	**1,357**	(19,839)
Inventory	**(4,018)**	(24,644)
Accounts payable and accrued expenses	**16,727**	41,779
Net cash provided by operating activities	**1,083,097**	766,923
Cash flows from investing activities:		
Principal payments received from mortgages receivable	**3,757**	1,459
Purchases for mortgages receivable	**–**	(53,000)
Purchases of certificates of deposit, net of redemptions	**(7,210)**	(200,251)
Proceeds from sale of other real estate owned	**146,099**	–
Purchases of other real estate owned	**(412,838)**	(266,901)
Purchases of other investments	**–**	(35,250)
Proceeds from sale of property and equipment	**–**	3,000
Purchases of property and equipment	**(322,300)**	(254,620)
Net cash used in investing activities	**(592,492)**	(805,563)
Cash flows from financing activities:		
Principal payments of long-term debt	**–**	(123,227)
Net cash used in financing activities	**–**	(123,227)
Net change in cash and cash equivalents	**490,605**	(161,867)
Cash and cash equivalents, beginning of year	**1,288,359**	1,450,226
Cash and cash equivalents, end of year	**$1,778,964**	$1,288,359
Supplemental disclosure of cash flow information		
Noncash investing activity:		
Foreclosed mortgage receivable transferred to other real estate	**$ 147,790**	$ –
Cash paid during the year for:		
Interest	**–**	1,260
Taxes	**9,528**	11,128

See accompanying notes to financial statements.

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 casts; 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.

The Organization has no temporarily restricted net assets at December 31, 2016 and 2015.

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 the cost of items is calculated using a first-in, first-out (FIFO) 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 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, 2016 and 2015.

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. The fair values of such assets are 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 $2,500 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 and endangered status, whereby it is impracticable to assign value. The Organization does not purchase animals. Rescue costs are recorded as expenditures as they are incurred.

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, 2016 and 2015, with an estimated fair market value on the dates of donation of approximately $6,900 and $2,200, respectively.

Donated professional services (which include accounting and legal services) are reflected in the statement of activities at their fair value. The Organization recorded no donated professional services during the years ended December 31, 2016 and 2015.

Volunteer services not requiring specialized skills are not reflected in the financial statements. The Organization received 65,874 and 62,662 volunteer hours donated by volunteer and interns during the years ended December 31, 2016 and 2015, 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 $143,224 and $95,420, respectively for the years ending December 31, 2016 and 2015.

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.
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 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 amounts have 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, 2016. Should the Organization's tax returns be challenged in the future, the Organization's 2013 tax year and years thereafter 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. Grants paid to the Organization from these funds are reported as releases of permanently restricted net assets in the Statement of Activities and Changes in Net Assets.

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:

December 31,	**2016**	2015
Challenge grant #3	**$301,626**	$290,348
Endowment fund	**250,149**	243,223
Total endowment funds	**$551,775**	$533,571

The changes in the fair value of the endowment interest are as follows for the years ended December31, 2016 and 2015:

Year ended December 31,	**2016**	2015
Fair value, beginning of year	**$533,571**	$573,521
Grants to the Organization	**(23,776)**	–
Change in value	**41,980**	(39,950)
Fair value, end of year	**$551,775**	$533,571

In addition to the funds disclosed above, the Community Foundation holds two additional funds designated as benefiting the Organization. The Community Foundation has variance power over these funds, which allows the Community Foundation to modify any restrictions on the funds, including re-designating the funds to another 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, 2016 and 2015:

As of December 31,	**2016**	2015
Designated fund #1	**$ 81,978**	$ 80,113
Designated fund #2	**91,046**	88,086
Total designated funds	**$173,024**	$168,199

4. Mortgages Receivable

The Organization provides financing, secured by mortgages, for sales of real estate investments. At December 31, 2016 and 2015, loans receivable consist of the following:

As of December 31,	**2016**	2015
Mortgage receivable (Cypress Nook), interest at 8%; monthly principal and interest payments of $507; due December 4, 2020; secured by land and building	**$ 50,927**	$ 52,846
Mortgage receivable (Lantana), interest at 8%; monthly principal and interest payments of $653; due January 16, 2045; secured by land and building	**87,521**	88,256
Mortgage receivable (Oconee), interest at 9.50%; monthly principal and interest payments of $631; due March 15, 2042; secured by land and building	**71,020**	72,122
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 in 2016.	**–**	147,791
Total mortgages receivable	**209,468**	361,015
Less: current portion	**(3,731)**	(4,271)
Mortgages receivable, long term	**$205,737**	$356,744

The mortgage receivable (Thomasdale) was foreclosed in 2016 and mortgage cost transferred to other real estate owned. The property was later sold in 2016 for a gross sales price of $160,000.

The principal amounts due on mortgages receivable for years subsequent to December 31, 2016 are as follows:

Year ending December 31:	
2016	$ 3,731
2017	4,128
2018	4,486
2019	46,393
2020	2,438
Thereafter	148,292
	$209,468

5. Property and Equipment

Property and equipment at December 31, 2016 and 2015 consists of the following:

December 31,	**2016**	2015
Land	**$2,347,548**	$2,347,548
Buildings and structures	**1,852,651**	1,635,483
Equipment	**449,863**	389,022
Vehicles	**142,593**	133,243
Office equipment	**161,668**	126,728
	4,954,323	4,632,024
Less: accumulated depreciation	**(839,971)**	(704,837)
	$4,114,352	$3,927,187

Depreciation expense for the years ended December 31, 2016 and 2015 was $135,135 and $111,792, respectively.

6. 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, 2016 and 2015 the Organization contributed $11,218 and $8,846, respectively, to the retirement plan.

7. Subsequent Events

Management has evaluated subsequent events through February 21 2017, which is the date of the financial statements were available to be issued.