

# Big Cat Rescue Corporation

## Audited Financial Statements

December 31, 2017 and 2016

# 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, 2017 and 2016, 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, 2017 and 2016, 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, 2018

**Big Cat Rescue Corporation**  
**Statements of Financial Position**  
**December 31, 2017 and 2016**

	2017	2016
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$1,419,293	\$1,199,457
Cash, board-designated reserve	585,207	579,507
Certificates of deposit	565,999	409,518
Current portion of mortgages receivable	4,128	3,731
Other investments	55,385	55,385
Grants and contributions receivable	279,441	125,882
Inventory	117,481	131,555
<b>Total current assets</b>	<b>3,026,934</b>	<b>2,505,035</b>
Beneficial interest in endowment fund held by others	607,061	551,775
Mortgages receivable, less current portion	201,438	205,737
Other real estate owned	2,031,741	1,882,338
Property and equipment, net	4,504,803	4,114,352
<b>Total assets</b>	<b>\$10,371,977</b>	<b>\$9,259,237</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 150,115	\$ 82,647
<b>Total current liabilities</b>	<b>150,115</b>	<b>82,647</b>
<b>Total liabilities</b>	<b>150,115</b>	<b>82,647</b>
<b>Net assets:</b>		
Unrestricted	9,029,593	8,045,308
Unrestricted, board designated – operations	500,000	500,000
Unrestricted, board designated – wall fund	85,207	79,507
Total unrestricted net assets	<b>9,614,800</b>	<b>8,624,815</b>
Permanently restricted net assets	607,062	551,775
<b>Total net assets</b>	<b>10,221,862</b>	<b>9,176,590</b>
<b>Total liabilities and net assets</b>	<b>\$10,371,977</b>	<b>\$9,259,237</b>

*See accompanying notes to financial statements.*

# Big Cat Rescue Corporation

## Statement of Activities and Changes in Net Assets Year ended December 31, 2017 (with comparative total for 2016)

	Unrestricted	Permanently Restricted	Total	
			2017	2016
<b>Support and Revenue:</b>				
Contributions and grants	\$2,249,520	\$ –	\$2,249,520	\$2,060,840
Educational tours and activities	1,197,029	–	1,197,029	1,143,651
Bequests	234,784	–	234,784	338,281
In-kind services and contributions	13,275	–	13,275	6,900
Special events (net of expenses of \$1,458 and \$912)	12,570	–	12,570	12,635
Rental income	13,645	–	13,645	13,120
Investment income	203,244	79,861	283,105	224,846
Gift shop (net of cost of goods sold of \$286,515 and \$216,497)	180,557	–	180,557	176,458
Other income	5,825	–	5,825	9,997
Net assets released from restrictions	24,574	(24,574)	–	–
<b>Total support and revenue</b>	<b>4,135,023</b>	<b>55,287</b>	<b>4,190,310</b>	<b>3,986,728</b>
<b>Expenses:</b>				
Program services	2,827,506	–	2,827,506	2,698,643
Management and general	213,201	–	213,201	216,977
Fundraising	104,331	–	104,331	116,293
<b>Total expenses</b>	<b>3,145,038</b>	<b>–</b>	<b>3,145,038</b>	<b>3,031,913</b>
<b>Increase in net assets</b>	<b>989,985</b>	<b>55,287</b>	<b>1,045,272</b>	<b>954,815</b>
<b>Net assets, beginning of year</b>	<b>8,624,815</b>	<b>551,775</b>	<b>9,176,590</b>	<b>8,221,775</b>
<b>Net assets, end of year</b>	<b>\$9,614,800</b>	<b>\$607,062</b>	<b>\$10,221,862</b>	<b>\$9,176,590</b>

*See accompanying notes to financial statements.*

# Big Cat Rescue Corporation

## Statements of Functional Expenses Year ended December 31, 2017 (with comparative total for 2016)

	Program Services	Supporting services			Total	
		Management and General	Fundraising	Total Supporting Services	2017	2016
Conferences, conventions, and meetings	\$ 13,812	\$ —	\$ —	\$ —	\$ 13,812	\$ 32,597
Contributions	88,799	—	—	—	88,799	50,229
Equipment rental and maintenance	45,111	—	—	—	45,111	15,336
Salaries and payroll expenses	663,164	107,330	44,720	152,050	815,214	888,117
Animal care and education activities	646,120	—	—	—	646,120	562,923
Taxes	5,806	—	—	—	5,806	9,528
Advertising	121,856	—	23,643	23,643	145,499	143,224
Legal and accounting fees	265,404	9,750	—	9,750	275,154	345,559
Office expense	30,489	4,934	2,056	6,990	37,479	44,428
Postage and shipping	21,011	3,401	1,417	4,818	25,829	33,040
Printing and publications	132,266	—	15,655	15,655	147,921	146,997
Other professional fees	287,848	—	3,900	3,900	291,748	224,171
Bank and credit card fees	4,229	4,229	—	4,229	8,458	15,270
Insurance	7,114	—	—	—	7,114	6,244
Legislation efforts	88,616	—	—	—	88,616	95,123
Other expense	19,366	17	9,477	9,494	28,860	30,355
Technology	165,591	—	—	—	165,591	147,168
Telephone	51,351	8,311	3,463	11,774	63,125	53,587
Travel	8,396	—	—	—	8,396	6,879
Other real estate owned expense	—	75,229	—	75,229	75,229	46,003
Depreciation	161,157	—	—	—	161,157	135,135
<b>Total expenses</b>	<b>\$2,827,506</b>	<b>\$213,201</b>	<b>\$104,331</b>	<b>\$317,532</b>	<b>\$3,145,038</b>	<b>\$3,031,913</b>

See accompanying notes to financial statements.

# Big Cat Rescue Corporation

## Statements of Cash Flows Years ended December 31, 2017 and 2016

	2017	2016
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$1,045,272	\$954,815
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	161,157	135,135
Net change in value of endowment funds	(55,286)	(18,204)
Non-cash contributions of assets	(11,100)	(6,400)
Loss (gain) on sale of other real estate owned	–	3,685
Changes in operating assets and liabilities:		
Grants and contributions receivable	(153,559)	1,357
Inventory	14,074	(4,018)
Accounts payable and accrued expenses	67,468	16,727
<b>Net cash provided by operating activities</b>	<b>1,068,026</b>	<b>1,083,097</b>
<b>Cash flows from investing activities:</b>		
Principal payments received from mortgages receivable	3,902	3,757
Purchases of certificates of deposit, net of redemptions	(156,481)	(7,210)
Proceeds from sale of other real estate owned	–	146,099
Purchases of other real estate owned	(149,403)	(412,838)
Purchases of property and equipment	(540,508)	(322,300)
<b>Net cash used in investing activities</b>	<b>(842,490)</b>	<b>(592,492)</b>
<b>Net change in cash and cash equivalents</b>	<b>225,536</b>	<b>490,605</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,778,964</b>	<b>1,288,359</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$2,004,500</b>	<b>\$1,778,964</b>
<b>Supplemental disclosure of cash flow information</b>		
Noncash investing activity:		
Foreclosed mortgage receivable transferred to other real estate	\$ –	\$ 147,790
Cash paid during the year for:		
Taxes	5,806	9,528

See accompanying notes to financial statements.



# Big Cat Rescue Corporation

## Notes to financial statements December 31, 2017 and 2016

### 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.

The primary sources of income from the Organization are derived from educational tours and contributions from individuals, foundations and corporations.

### 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 December 31, 2017 and 2016

The Organization had no temporarily restricted net assets at December 31, 2017 and 2016.

### **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 primarily represent amounts due to the Organization from 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 their

# Big Cat Rescue Corporation

## Notes to financial statements December 31, 2017 and 2016

remaining unpaid balance. 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, 2017 and 2016.

### **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, the property 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 reported at fair value.

### **Property and Equipment**

Property and equipment is recorded at the cost purchased or fair value at date of gift, if contributed, and is depreciated using the straight-line method over the estimated useful life of the respective asset, which is 5 years for equipment and vehicles and 39 years for buildings and structures. 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

# Big Cat Rescue Corporation

## Notes to financial statements December 31, 2017 and 2016

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 contributed materials and other assets during the years ended December 31, 2017 and 2016, with an estimated fair market value on the dates of donation of approximately \$13,275 and \$6,900, 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, 2017 and 2016.

Volunteer services not requiring specialized skills are not reflected in the financial statements. The Organization received 69,554 and 65,874 volunteer hours donated by volunteer and interns during the years ended December 31, 2017 and 2016, 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 \$145,499 and \$143,224, respectively for the years ending December 31, 2017 and 2016.

### **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.

# Big Cat Rescue Corporation

## Notes to financial statements December 31, 2017 and 2016

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 contributions receivable, inventory, 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, 2017. Should the Organization's tax returns be challenged in the future, the Organization's 2014 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 the 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.

# Big Cat Rescue Corporation

## Notes to financial statements December 31, 2017 and 2016

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>December 31,</i>	<b>2017</b>	2016
Challenge grant #3	<b>\$333,310</b>	\$301,626
Endowment fund	<b>273,751</b>	250,149
<b>Total endowment funds</b>	<b>\$607,061</b>	\$551,775

The changes in the fair value of the endowment interest are as follows for the years ended December 31, 2017 and 2016:

<i>Year ended December 31,</i>	<b>2017</b>	2016
Fair value, beginning of year	<b>\$551,775</b>	\$533,571
Grants to the Organization	<b>(24,574)</b>	(23,776)
Change in value	<b>79,860</b>	41,980
<b>Fair value, end of year</b>	<b>\$607,061</b>	\$551,775

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, 2017 and 2016:

<i>As of December 31,</i>	<b>2017</b>	2016
Designated fund #1	<b>\$ 89,261</b>	\$ 81,978
Designated fund #2	<b>100,105</b>	91,046
<b>Total designated funds</b>	<b>\$189,366</b>	\$173,024

# Big Cat Rescue Corporation

## Notes to financial statements December 31, 2017 and 2016

### 4. Mortgages Receivable

The Organization provides financing, secured by mortgages, for sales of real estate investments. At December 31, 2017 and 2016, loans receivable consist of the following:

<i>As of December 31,</i>	<b>2017</b>	2016
Mortgage receivable (Cypress Nook), interest at 8%; monthly principal and interest payments of \$507; due December 4, 2020; secured by land and building	<b>\$ 48,848</b>	\$ 50,927
Mortgage receivable (Lantana), interest at 8%; monthly principal and interest payments of \$653; due January 16, 2045; secured by land and building	<b>86,780</b>	87,521
Mortgage receivable (Oconee), interest at 9.50%; monthly principal and interest payments of \$631; due March 15, 2042; secured by land and building	<b>69,938</b>	71,020
<b>Total mortgages receivable</b>	<b>205,566</b>	209,468
Less: current portion	<b>(4,128)</b>	(3,731)
<b>Mortgages receivable, long term</b>	<b>\$201,438</b>	\$205,737

# Big Cat Rescue Corporation

## Notes to financial statements December 31, 2017 and 2016

The principal amounts due on mortgages receivable for years subsequent to December 31, 2017 are as follows:

<u>Year ending December 31:</u>	
2018	\$ 4,144
2019	4,504
2020	46,412
2021	2,460
2022	2,685
Thereafter	145,361
	<u>\$205,566</u>

### 5. Property and Equipment

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

<u>December 31,</u>	<u>2017</u>	<u>2016</u>
Land	\$2,347,548	\$2,347,548
Buildings and structures	2,280,894	1,852,651
Equipment	491,217	449,863
Vehicles	221,769	142,593
Office equipment	164,503	161,668
	<u>5,505,931</u>	<u>4,954,323</u>
Less: accumulated depreciation	(1,001,128)	(839,971)
	<u>\$4,504,803</u>	<u>\$4,114,352</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$161,157 and \$135,135, 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, 2017 and 2016 the Organization contributed \$14,692 and \$11,218, respectively, to the retirement plan.



# Big Cat Rescue Corporation

Notes to financial statements  
December 31, 2017 and 2016

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## 7. Subsequent Events

Management has evaluated subsequent events through February 21, 2018, which is the date of the financial statements were available to be issued.