

PRIDEROCK WILDLIFE REFUGE

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

Year Ended December 31, 2014
With Summarized Comparative Information
For the Year Ended December 31, 2013

**PrideRock Wildlife Refuge
Financial Statements
December 31, 2014 with Summarized Comparative Totals for 2013**

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Darrell Harris, CPA P.C.
Certified Public Accounting Firm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
PrideRock Wildlife Refuge

I have audited the accompanying statements of PRIDEROCK WILDLIFE REFUGE (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PRIDEROCK WILDLIFE REFUGE of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the PRIDEROCK WILDLIFE REFUGE's 2013 financial statements, and my report dated July 9, 2014, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Darrell Harris

Darrell Harris, CPA
Dallas, Texas
November 18, 2015

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PRIDEROCK WILDLIFE REFUGE
Statement of Financial Position
December 31, 2014 with Summarized Comparative Totals for 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 158,755	\$ 43,788
Contributions Receivable (Note 3)	284,748	304,204
Total Current Assets	<u>443,503</u>	<u>347,992</u>
Fixed Assets		
Land	250,000	250,000
Equipment	60,508	60,508
Buildings and Improvements	139,572	125,601
Vehicles	26,228	26,228
Less: Accumulated Depreciation	<u>(69,224)</u>	<u>(53,458)</u>
Total Fixed Assets	<u>407,084</u>	<u>408,879</u>
TOTAL ASSETS	<u>\$ 850,587</u>	<u>\$ 756,871</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 117,425	\$ 98,999
Accrued Liabilities	1,655	1,135
Current Portion of Notes Payable (Note 4)	<u>6,300</u>	<u>6,183</u>
Total Current Liabilities	125,380	106,317
Long-Term Liabilities (Note 4)		
Note Payable	265,987	272,170
Less: Current Portion of Notes Payable	<u>(6,300)</u>	<u>(6,183)</u>
Total Long-Term Liabilities	259,687	265,987
Total Liabilities	385,067	372,304
Net Assets		
Unrestricted	<u>465,520</u>	<u>384,567</u>
Total Net Assets	<u>465,520</u>	<u>384,567</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 850,587</u>	<u>\$ 756,871</u>

The accompanying notes are an integral part of these financial statements.

PRIDEROCK WILDLIFE REFUGE
Statement of Activities

Year Ending December 31, 2014 with Summarized Comparative Totals for 2013

	<u>Unrestricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 1,170,468	\$ 1,170,468	\$ 900,461
Royalties	9,652	9,652	5,121
In-Kind Donations (Note 6)	94,045	94,045	86,655
Total Revenue and Public Support	<u>1,274,165</u>	<u>1,274,165</u>	<u>992,237</u>
EXPENSES			
Program Services	899,340	899,340	649,485
Management and General	14,968	14,968	15,953
Fundraising	278,904	278,904	188,784
Total Expenses	<u>1,193,212</u>	<u>1,193,212</u>	<u>854,222</u>
INCREASE IN NET ASSETS	80,953	80,953	138,015
NET ASSETS AT BEGINNING OF YEAR	<u>384,567</u>	<u>384,567</u>	<u>246,552</u>
NET ASSETS AT END OF YEAR	<u>\$ 465,520</u>	<u>\$ 465,520</u>	<u>\$ 384,567</u>

The accompanying notes are an integral part of these financial statements.

PRIDEROCK WILDLIFE REFUGE
Statement of Functional Expenses
Year Ending December 31, 2014 with Summarized Comparative Totals for 2013

<u>Natural Expense Categories</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total 2014</u>	<u>Total 2013</u>
Salaries and Wages	\$ 61,276	\$ 0	\$ 0	\$ 61,276	\$ 26,967
Payroll Tax	4,631	0	0	4,631	2,063
Professional Fees	0	7,190	0	7,190	8,775
Advertising	11,049	0	0	11,049	4,279
Office Expenses	0	7,778	0	7,778	7,178
Occupancy Costs	21,115	0	0	21,115	27,441
Meeting Expenses	1,397	0	0	1,397	1,273
Insurance Expense	2,807	0	0	2,807	2,858
Interest Expense*	6,367	0	0	6,367	6,524
Depreciation	15,766	0	0	15,766	11,053
Supplies & Equipment Costs*	28,439	0	0	28,439	32,298
Animal Care*	128,736	0	0	128,736	119,130
Fundraising Expense	0	0	124,465	124,465	84,884
Postage	254,086	0	63,522	317,608	198,412
Printing	134,230	0	33,557	167,787	94,089
Direct Mail Expenses	229,441	0	57,360	286,801	226,998
Total Expenses	\$ <u>899,340</u>	\$ <u>14,968</u>	\$ <u>278,904</u>	\$ <u>1,193,212</u>	\$ <u>854,222</u>

* Included in-kind expenses

The accompanying notes are an integral part of these financial statements.

PRIDEROCK WILDLIFE REFUGE
Statement of Cash Flows
Year Ending December 31, 2014 with Summarized Comparative Totals for 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 80,953	\$ 138,015
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,766	11,053
(Increase) Decrease in Contributions Receivable	19,456	(159,344)
Decrease in Prepaid Expenses	0	1,338
Increase in Accounts Payable	18,426	64,498
Increase in Accrued Liabilities	520	1,135
Net Cash Provided by Operating Activities	135,121	56,695
 CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer of Fixed Assets	0	(26,228)
Purchase of Fixed Assets	(13,971)	(110,082)
Net Cash (Used) by Investing Activities	(13,971)	(136,310)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Transfer of Note Payable	0	26,228
Repayment of note payable	(6,183)	(4,058)
Net Cash Provided (Used) by Financing Activities	(6,183)	22,170
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	114,967	(57,445)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	43,788	101,233
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 158,755	\$ 43,788
 SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
In-Kind Donations	94,045	86,655

The accompanying notes are an integral part of these financial statements.

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1: NATURE OF ACTIVITIES/SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities, History, and Organization:

Priderock Wildlife Refuge (hereinafter "Organization") is a nonprofit organization formed and incorporated in 1998 for the purpose of providing a safe sanctuary and shelter for lions, tigers, cougars, and wolf-dog hybrids. Additionally, the organization seeks to educate and inform the public about the terrible plight of exotic cats kept as household pets, or used in roadside zoos and backyard circuses. The Organization's primary source of revenue is free-will donations from supporters and the general public.

Significant Accounting Policies

Management selects accounting principles generally accepted in the United States of America and adopts methods for their application. This summary of significant accounting policies selected by the Organization's management is presented to assist in understanding the financial statements.

(a) Basis of Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred on the accrual basis of accounting.

(b) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Accordingly, it is reasonably possible for actual results to differ from those estimates.

(c) Cash Equivalents

For statement of cash flow purposes, cash equivalents include highly liquid investments that are readily convertible to known amounts of cash. The Organization estimates that the fair value of cash and cash equivalents do not differ materially from the aggregate carrying value recorded in the accompanying statement of financial position as of December 31, 2014.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

(d) Property and Equipment

It is the Organization's policy to capitalize property and equipment with an acquisition cost greater than \$500. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. The cost of maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets.

Building Improvements	10 years
Equipment	5 years

(e) Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

(f) Net Asset Accounting

The accounts of the Organization are maintained in accordance with the principles of net asset accounting. Under net asset accounting, resources are classified into categories of unrestricted, temporarily restricted, or permanently restricted net assets according to funding source restrictions as to timing and purpose of resources. The categories are described as follows:

Unrestricted net assets are those funds not restricted by donor-imposed stipulations. Unrestricted net assets include certain funds that the Board of Directors has determined are to be retained for a particular purpose.

Temporarily restricted net assets are those funds restricted by the donor(s) to be expended only for a specific purpose or within a certain time. There were no temporarily restricted net assets at December 31, 2014.

Permanently restricted net assets are subject to donor-imposed restrictions that must be maintained in perpetuity. Only the income generated from such assets may be used by the Organization. There were no permanently restricted net assets at December 31, 2014.

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
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(g) Contributions

Contributions are recorded when the donor makes an unconditional promise to give to the Organization. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

(h) Donated Tangible Assets, Services, and Use of Property

Donated assets are recorded at fair market value on the date of receipt in the appropriate investment, expense or equipment account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributed use of facilities/materials is recorded at their fair value at the time of the transaction.

(i) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited.

(j) Advertising

The Organization utilizes advertising to promote its programs to supporters and the general public. The costs of advertising are expensed when incurred and advertising expense was 11,049 for the year ended December 31, 2014.

(k) Uncertain Tax Positions

Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code as other than a private Organization. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The organization is subject to filing a 990 Information return annually.

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NOTES TO FINANCIAL STATEMENTS
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In addition, a 990T tax return must be filed with the Internal Revenue Service if there is any unrelated business income.

With few exceptions, Federal information returns filed prior to 2011 for the Organization are no longer subject to examination by tax authorities.

(l) Subsequent Events

Management reviewed Type 1 subsequent events (events that reveal conditions existing at or before the balance sheet date and require adjustment to the financial statements) and Type 2 subsequent events (events that reveal conditions arising after the balance sheet date and require disclosure in, but not adjustment to, the financial statements). No subsequent events were noted.

Subsequent events were evaluated through November 18, 2015 which is the date of the report.

(m) Recent Accounting Pronouncements

The accounting principles governing the reported amounts, presentations, and disclosures in our financial statements are subject to change from time to time based on the issuance of new pronouncements of various standard-setting bodies. New pronouncements not yet in effect as of December 31, 2014, will not have a material effect on our financial statements of financial position, activities, and cash flows.

(n) Fair Value Measurements and Disclosures

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* established a framework for measuring fair value. That framework provides for a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs based on unadjusted quoted prices for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly,

**PRIDEROCK WILDLIFE REFUGE
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such as quoted prices for similar assets or liabilities in active markets.

Level 3 - Unobservable inputs for the asset or liability including the reporting entity's own assumptions in determining the fair value measurement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value, or reflective of future fair values. Furthermore, while the Organization believes that its valuation methods are appropriate and consistent with other market techniques, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization has no financial instruments with Level 1, 2, or 3 inputs that require disclosure.

NOTE 2: PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION

The financial statements are presented with certain prior year summarized comparative information. 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 Organization's financial statements for the year ended December 31, 2013 from which the summarized information was derived.

NOTE 3: CONTRIBUTIONS RECEIVABLE

Contributions receivable exist for amounts remaining to be collected at December 31, 2014 within three months from year-end from fundraising activities amounted to \$284,748. No allowance for doubtful accounts is deemed necessary as the Organization has determined that the amounts are 100% collectible.

NOTE 4: NOTE PAYABLE/RELATED PARTY TRANSACTIONS

Notes payable consists of the following at December 31, 2014:

The Organization purchased approximately nine acres of land on December 9, 2006 at a cost of \$250,000 with a corresponding note payable for \$250,000 to the executive director. The interest rate accrues at a rate of 2.4% and at the end of each year the interest accrued is forgiven as an in-kind contribution to the Organization in the amount of \$6,000 per year. Repayment terms are 10 years of interest payments only with a balloon maturity date of December 9, 2016 and the note is secured by a deed of trust on the land.

\$250,000

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NOTES TO FINANCIAL STATEMENTS
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A vehicle and corresponding note was transferred to the Organization by the executive director in the amount of \$26,228. The note is payable in monthly installments of \$546 (principal and interest) at a rate of 1.9% with a maturity date of June 9, 2017 and secured with a title to a 2011 Ford F150 truck.

	<u>15,987</u>
Total Notes Payable	265,987
Less: Portion Currently Due	<u>(6,300)</u>
Long-Term Liabilities	<u>\$259,687</u>

Future minimum payments on notes payable are as follows for the years ended December 31,

2015	\$ 6,300
2016	256,422
2017	<u>3,265</u>
Total Notes Payable	<u>\$265,987</u>

The Organization also received \$12,628 from other in-kind donations from the executive director in 2014.

NOTE 5: FUNDRAISING ACTIVITIES

The Organization signed an agreement with a fundraising agent for its direct mail fundraising program in July, 2009. The following is a summary of fundraising activities for the year ended December 31, 2014:

	Amount
Contributions	\$ 1,089,808
Royalties	9,652
Expenses	<u>(896,661)</u>
Net Income	<u>\$ 202,799</u>

At December 31, 2014, accounts payable from fundraising activities amounted to \$114,099.

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 6: IN-KIND DONATIONS

In-kind contributions for the year ended December 31, 2014 were made up of the following:

	<u>Amount</u>
Animal Care	\$ 81,417
Supplies & Equipment Costs	6,628
Interest Expense	<u>6,000</u>
Total	<u><u>\$ 94,045</u></u>

NOTE 7: VOLUNTEER CONTRIBUTED SERVICES

The Organization is dependent on volunteer contributed services (including board members) for the effective administration of program services for the Refuge. The Organization estimates these volunteer hours during the fiscal year ending December 31, 2014 to be approximately 5,000. Volunteer services are not recorded in these financial statements since they do not meet the criteria set forth in Note 1 under Donated Tangible Assets, Services, and Use of Property.