



PRIDEROCK WILDLIFE REFUGE

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

Year Ended December 31, 2018
With Summarized Comparative Information
For the Year Ended December 31, 2017

**PrideRock Wildlife Refuge
Financial Statements
December 31, 2018 with Summarized Comparative Totals for 2017**

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Harris, Moran & Associates
Certified Public Accountant Firm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
PrideRock Wildlife Refuge

We have audited the accompanying statements of PRIDEROCK WILDLIFE REFUGE (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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, 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 PRIDEROCK WILDLIFE REFUGE of December 31, 2018, 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

We have previously audited the PRIDEROCK WILDLIFE REFUGE's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Darrell Harris

Harris, Moran & Associates
Dallas, Texas
July 17, 2019

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PRIDEROCK WILDLIFE REFUGE
Statement of Financial Position
December 31, 2018 with Summarized Comparative Totals for 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 1c and 3)	\$ 297,709	\$ 285,079
Contributions Receivable (Note 3 and 4)	330,959	308,761
Prepaid Expenses	<u>0</u>	<u>0</u>
Total Current Assets	628,668	593,840
Fixed Assets (Note 1d)		
Land	250,000	250,000
Equipment	101,207	86,707
Buildings and Improvements	387,055	382,691
Software	18,330	16,255
Vehicles	73,231	60,177
Less: Accumulated Depreciation	<u>(148,468)</u>	<u>(138,618)</u>
Total Fixed Assets	<u>681,355</u>	<u>657,212</u>
TOTAL ASSETS	<u>\$ 1,310,023</u>	<u>\$ 1,251,052</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 166,816	\$ 128,653
Accrued Liabilities	3,356	5,476
Current Portion of Notes Payable (Note 5)	<u>22,588</u>	<u>21,890</u>
Total Current Liabilities	192,760	156,019
Long-Term Liabilities (Note 5)		
Notes Payable	293,633	285,133
Less: Current Portion of Notes Payable	<u>(22,588)</u>	<u>(21,890)</u>
Total Long-Term Liabilities	<u>271,045</u>	<u>263,243</u>
Total Liabilities	463,805	419,262
Net Assets		
Without Donor Restrictions	<u>846,218</u>	<u>831,790</u>
Total Net Assets	<u>846,218</u>	<u>831,790</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,310,023</u>	<u>\$ 1,251,052</u>

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

PRIDEROCK WILDLIFE REFUGE
Statement of Activities

For the Year Ended December 31, 2018 with Summarized Comparative Totals for 2017

	Without Donor <u>Restrictions</u>	Total <u>2018</u>	Total <u>2017</u>
REVENUE AND PUBLIC SUPPORT			
Contributions-Fundraising (Note 6)	\$ 942,997	\$ 942,997	\$ 1,044,100
Contributions-Direct	86,795	86,795	164,320
Royalties	14,164	14,164	19,727
In-Kind Donations (Note 7)	70,490	70,490	73,375
Gain on Disposal of Vehicle	<u>2,811</u>	<u>2,811</u>	<u>0</u>
Total Revenue and Public Support	1,117,257	1,117,257	1,301,522
EXPENSES			
Program Services	860,514	860,514	909,717
Management and General	32,747	32,747	25,368
Fundraising	<u>209,568</u>	<u>209,568</u>	<u>239,571</u>
Total Expenses	<u>1,102,829</u>	<u>1,102,829</u>	<u>1,174,656</u>
INCREASE IN NET ASSETS	14,428	14,428	126,866
NET ASSETS AT BEGINNING OF YEAR	<u>831,790</u>	<u>831,790</u>	<u>704,924</u>
NET ASSETS AT END OF YEAR	<u>\$ 846,218</u>	<u>\$ 846,218</u>	<u>\$ 831,790</u>

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

PRIDEROCK WILDLIFE REFUGE
Statement of Functional Expenses

For the Year Ended December 31, 2018 with Summarized Comparative Totals for 2017

<u>Natural Expense Categories</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total 2018</u>	<u>Total 2017</u>
Salaries and Wages	\$ 111,735	\$ 11,000	\$ 0	\$ 122,735	\$ 110,238
Payroll Tax	8,541	841	0	9,382	8,405
Professional Fees	0	9,840	0	9,840	12,290
Fundraising Expense (Note 6)	0	0	95,253	95,253	107,102
Advertising (Note 1j)	5,500	0	0	5,500	7,154
Office Expenses	0	11,066	0	11,066	13,078
Occupancy Costs	22,544	0	0	22,544	26,133
Meeting Expenses	490	0	0	490	409
Travel Expenses	1,882	0	0	1,882	1,051
Interest Expense	17,963	0	0	17,963	11,343
Depreciation (Note 1d)	33,717	0	0	33,717	31,523
Insurance Expense	15,089	0	0	15,089	12,243
Direct Mail Expenses (Note 6)	160,348	0	40,086	200,434	223,628
Animal Care*	157,098	0	0	157,098	138,463
Postage and Printing (Note 6)	296,915	0	74,229	371,144	438,721
Supplies and Equipment Costs*	28,692	0	0	28,692	32,875
Total Expenses	\$ <u>860,514</u>	\$ <u>32,747</u>	\$ <u>209,568</u>	\$ <u>1,102,829</u>	\$ <u>1,174,656</u>

* Includes in-kind expenses

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

PRIDEROCK WILDLIFE REFUGE

Statement of Cash Flows

For the Year Ended December 31, 2018 with Summarized Comparative Totals for 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 14,428	\$ 126,866
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,717	31,523
Gain on Disposal of Vehicle	(2,811)	0
(Increase) Decrease in Contributions Receivable	(22,198)	1,949
Decrease in Prepaid Expenses	0	4,000
Increase in Accounts Payable	38,163	15,223
Increase (Decrease) in Accrued Liabilities	(2,120)	811
Net Cash Provided by Operating Activities	<u>59,179</u>	<u>180,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of New Vehicle	(56,111)	(17,121)
Sale of Old Vehicle	22,000	0
Purchase of Equipment	(14,500)	0
Purchase of Software	(2,075)	0
Purchase of Building Improvements	(4,364)	(43,841)
Net Cash (Used) by Investing Activities	<u>(55,050)</u>	<u>(60,962)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing of Vehicle	48,188	0
Payments on Vehicles	(28,977)	(10,375)
Payments on Land Note	(10,710)	(1,724)
Net Cash Provided (Used) by Financing Activities	<u>8,501</u>	<u>(12,099)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,630	107,311
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>285,079</u>	<u>177,768</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 297,709</u>	<u>\$ 285,079</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Non cash		
In-Kind Donations	70,490	73,375
Financing		
Financing of Vehicle	48,188	0

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

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, 2018.

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

(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 capitalized, and recorded as support, at their fair value at the date of receipt. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time. 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. Depreciation expense amounted to \$33,717 in 2018.

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-NEW ACCOUNTING PRONOUNCEMENT

Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively. The new standards change the following aspects of the Organization's financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions (net assets subject to donor-imposed restrictions).

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

The unrestricted net asset class has been renamed net assets without donor restrictions (net assets not subject to donor-imposed restrictions).

The changes have the following effect on net assets at December 31, 2017:

	As Originally Presented	After Adoption of ASU 2016-14
Net Asset Class		
Unrestricted Net Assets	\$ 831,790	\$ -
Net Assets Without Donor Restrictions	-	831,790
Total Net Assets	\$ 831,790	\$ 831,790

The financial statements also include a new disclosure about liquidity and availability of resources (Note 3).

(g) Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service.

(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.

PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(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. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort.

(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 \$5,500 for the year ended December 31, 2018.

(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. 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 2015 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 July 17, 2019 which is the date of the report.

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

(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, 2018, 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, 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, 2017 from which the summarized information was derived.

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. There were no contractual or donor-imposed restrictions as of December 31, 2018.

	<u>Amount</u>
Financial Assets at Year-End	
Cash and Cash Equivalents	\$ 297,709
Accounts Receivable	330,959
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 628,668

NOTE 4: CONTRIBUTIONS RECEIVABLE

Contributions receivable exist for amounts remaining to be collected at December 31, 2018 within three months from year-end from fundraising activities amounted to \$330,959. No allowance for doubtful accounts is deemed necessary as the Organization has determined that the amounts are 100% collectible.

NOTE 5: NOTE PAYABLE/RELATED PARTY TRANSACTIONS

Notes payable consists of the following at December 31, 2018:

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 note has been refinanced in 2017 with monthly payments of \$2,110 beginning 11/15/2017 and maturing on 10/15/2032 with an interest rate of 6% and the note is secured by a deed of trust on the land. \$237,566

A vehicle and corresponding note was purchased by the Organization in the amount of \$22,200 in January 2017. The note is payable in monthly installments of \$408 (principal and interest) at a rate of 9.59% with a maturity date of December, 2021 and secured with a title to a 2015 Ford Fiesta sedan. 12,488

A vehicle and corresponding note was purchased by the Organization in the amount of \$53,188 with a \$5,000 down payment in March, 2018. The note is payable in monthly installments of \$773 (principal and interest) at a rate of 4.79% with a maturity date of April, 2024 and secured with a title to a 2018 Ford F250 truck. 43,579

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Total Notes Payable	293,633
Less: Portion Currently Due	<u>(22,588)</u>
Long-Term Liabilities	<u><u>\$ 271,045</u></u>

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

	Amount
2019	\$ 22,588
2020	24,029
2021	25,271
2022	22,050
2023	23,303
Thereafter	<u>176,392</u>
 Total Future Payments	 <u><u>\$ 293,633</u></u>

The Organization also received \$3,503 from other in-kind donations from the executive director in 2018.

NOTE 6: 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, 2018:

	Amount
Contributions	\$ 942,997
Royalties	14,164
Expenses	
Fundraising Expenses	(92,253)
Direct Mail	(200,434)
Postage and Printing	<u>(371,144)</u>
Net	<u><u>\$ 293,330</u></u>

At December 31, 2018, accounts payable from fundraising activities amounted to \$163,816.

**PRIDEROCK WILDLIFE REFUGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7: IN-KIND DONATIONS

In-kind contributions for the year ended December 31, 2018 were made up of the following:

	<u>Amount</u>
Animal Care	\$ 66,615
Supplies and Equipment Costs	<u>3,875</u>
Total	<u><u>\$ 70,490</u></u>

NOTE 8: COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and personal days off, depending on length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the financial statements. The Organization's policy is to expense the costs of compensated absences when actually paid to employees.

NOTE 9: VOLUNTEER CONTRIBUTED SERVICES

The Organization is assisted with volunteer contributed services (including board members) for the effective administration and implementation of program services for the Refuge. The Organization estimates these volunteer hours during the fiscal year ending December 31, 2018 to be approximately 1,100. 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.