



PRIDEROCK WILDLIFE REFUGE

Terrell, Texas

Financial Statements

For the Year Ended December 31, 2020

With Summarized Comparative Information
For the Year Ended December 31, 2019

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Wade R. Moran CPA, PLLC
Certified Public Accounting Firm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
PRIDEROCK WILDLIFE REFUGE
Terrell, Texas

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, 2020, 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 as of December 31, 2020, 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

The financial statements of PRIDEROCK WILDLIFE REFUGE' 2019 financial statements, were audited by predecessor auditor whose report dated September 30, 2020, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wade R. Moran, CPA

Wade R. Moran CPA, PLLC

Dallas, Texas

June 29, 2021

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PRIDEROCK WILDLIFE REFUGE

Statement of Financial Position

December 31, 2020 with Summarized Comparative Totals for 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2-Section 4 and Note 3)	\$ 555,721	\$ 305,421
Contributions Receivable (Notes 3 and 4)	<u>295,450</u>	<u>258,303</u>
Total Current Assets	851,171	563,724
Fixed Assets (Note 2-Section 5)		
Land	250,000	250,000
Equipment	101,207	101,207
Buildings and Improvements	389,463	389,463
Software	25,080	22,830
Vehicles	73,231	73,231
Less: Accumulated Depreciation	<u>(227,400)</u>	<u>(187,599)</u>
Total Fixed Assets	<u>611,581</u>	<u>649,132</u>
TOTAL ASSETS	<u>\$ 1,462,752</u>	<u>\$ 1,212,856</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 52,182	\$ 117,669
Accrued Liabilities	4,243	3,252
Current Portion of Notes Payable (Note 5)	<u>20,902</u>	<u>24,029</u>
Total Current Liabilities	77,327	144,950
Long-Term Liabilities (Note 5)		
Notes Payable	242,647	271,045
Less: Current Portion of Notes Payable	<u>(20,902)</u>	<u>(24,029)</u>
Total Long-Term Liabilities	<u>221,745</u>	<u>247,016</u>
Total Liabilities	299,072	391,966
Net Assets (Note 2-Section 7)		
Without Donor Restrictions	<u>1,163,680</u>	<u>820,890</u>
Total Net Assets	<u>1,163,680</u>	<u>820,890</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,462,752</u>	<u>\$ 1,212,856</u>

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

PRIDEROCK WILDLIFE REFUGE

Statement of Activities

For the Year Ended December 31, 2020 with Summarized Comparative Totals for 2019

	Without Donor Restrictions	Total 2020	Total 2019
REVENUE AND PUBLIC SUPPORT			
Contributions-Fundraising (Note 6)	\$ 1,009,645	\$ 1,009,645	\$ 838,151
Contributions-Direct	327,955	327,955	142,426
Royalties-Fundraising (Note 6)	7,534	7,534	12,044
In-Kind Donations (Note 7)	<u>72,135</u>	<u>72,135</u>	<u>56,241</u>
Total Revenue and Public Support	1,417,269	1,417,269	1,048,862
EXPENSES			
Program Services	833,765	833,765	827,314
Management and General	52,833	52,833	51,561
Fundraising	<u>187,881</u>	<u>187,881</u>	<u>195,315</u>
Total Expenses	<u>1,074,479</u>	<u>1,074,479</u>	<u>1,074,190</u>
CHANGE IN NET ASSETS	342,790	342,790	(25,328)
NET ASSETS AT BEGINNING OF YEAR	<u>820,890</u>	<u>820,890</u>	<u>846,218</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,163,680</u>	<u>\$ 1,163,680</u>	<u>\$ 820,890</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, 2020 with Summarized Comparative Totals for 2019

Natural Expense Categories	Program Services	Management and General	Fund Raising	Total 2020	Total 2019
Salaries and Wages	\$ 110,634	\$ 24,000	\$ 0	\$ 134,634	\$ 144,355
Payroll Tax	9,697	1,836	0	11,533	13,826
Professional Fees	0	16,327	0	16,327	9,966
Fundraising Expense (Note 6)	0	0	84,613	84,613	89,117
Advertising (Note 2-Section 10)	5,774	0	0	5,774	9,242
Office Expenses	0	10,670	0	10,670	15,759
Occupancy Costs	21,696	0	0	21,696	20,497
Meeting Expenses	0	0	0	0	361
Travel Expenses	0	0	0	0	2,304
Interest Expense	15,521	0	0	15,521	16,902
Depreciation (Note 2-Section 5)	39,801	0	0	39,801	39,131
Insurance Expense	15,266	0	0	15,266	7,863
Direct Mail Expenses (Note 6)	124,868	0	31,216	156,084	179,886
Animal Care*	174,984	0	0	174,984	146,010
Postage and Printing (Note 6)	288,207	0	72,052	360,259	351,106
Supplies and Materials*	<u>27,317</u>	<u>0</u>	<u>0</u>	<u>27,317</u>	<u>27,865</u>
Total Expenses	\$ <u>833,765</u>	\$ <u>52,833</u>	\$ <u>187,881</u>	\$ <u>1,074,479</u>	\$ <u>1,074,190</u>

* Includes in-kind expenses (See Note 7)

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

PRIDEROCK WILDLIFE REFUGE

Statement of Cash Flows

For the Year Ended December 31, 2020 with Summarized Comparative Totals for 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 342,790	\$ (25,328)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,801	39,131
(Increase) Decrease in Contributions Receivable	(37,147)	72,656
(Decrease) in Accounts Payable	(65,487)	(49,147)
Increase (Decrease) in Accrued Liabilities	991	(104)
Net Cash Provided by Operating Activities	<u>280,948</u>	<u>37,208</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Software	(2,250)	(4,500)
Purchase of Building Improvements	<u>0</u>	<u>(2,408)</u>
Net Cash (Used) by Investing Activities	(2,250)	(6,908)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Vehicles	(16,326)	(11,217)
Payments on Land Note	<u>(12,072)</u>	<u>(11,371)</u>
Net Cash (Used) by Financing Activities	(28,398)	(22,588)
CHANGE IN CASH AND CASH EQUIVALENTS	250,300	7,712
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>305,421</u>	<u>297,709</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 555,721</u>	<u>\$ 305,421</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Non cash		
In-Kind Donations	72,135	56,241

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

PRIDEROCK WILDLIFE REFUGE

Notes to the Financial Statements

December 31, 2020

NOTE 1 – NATURE OF ACTIVITIES

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 sources of revenue are free-will donations from supporters and the general public. The Organization was incorporated under the laws of the State of Texas.

NOTE 2 - SUMMARY OF 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.

- 1) 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.
- 2) Programs - The Organization pursues its objectives through the execution of these major programs:
 - Program Services-The Organization provides a safe sanctuary and shelter for lions, tigers, cougars, and wolf-dog hybrids.

Supporting Services

- Fundraising-This program supports the general operations of the Organization.
 - General and administrative-This program supports the general operations of the Organization.
- 3) 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.
 - 4) 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, 2020.
 - 5) Property and Equipment - It is the Organization’s policy to capitalize property and equipment with an acquisition cost greater than \$1,000. 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. Building Improvements (10 years) and Equipment (5 years). Depreciation expense amounted to \$39,801 in 2020.

PRIDEROCK WILDLIFE REFUGE

Notes to the Financial Statements

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 6) 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.
- 7) 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).

The unrestricted net asset class has been renamed net assets without donor restrictions (net assets not subject to donor-imposed restrictions).
- 8) 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.
- 9) Donated Assets and Services - Donated property is 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.
- 10) Advertising - The Organization utilizes advertising primarily to promote fundraising efforts. The costs of advertising are expensed when incurred and advertising expense was \$5,774 for the year ended December 31, 2020.
- 11) 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; occupancy costs and depreciation, which are allocated on a square footage/usage basis.
- 12) 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 foundation. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of December 31, 2020, 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. With few exceptions, Federal information returns filed prior to 2017 for the Organization are no longer subject to examination by tax authorities.

PRIDEROCK WILDLIFE REFUGE

Notes to the Financial Statements

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 13) 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). One Type 2 subsequent event was noted. On January 30, 2020, the World Health Foundation (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020 or 2021. Subsequent events were evaluated through June 29, 2021 which is the date of the report.
- 14) Recent Accounting Pronouncements – The accounting principles governing the reported amounts, presentations, and disclosures in the 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, 2020, will not have a material effect on the financial statements of financial position, activities, and cash flows.
- 15) 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, and *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 estimated fair values of the Organization’s financial instruments not measured at fair value, including cash and cash equivalents, contributions receivable, accounts payable, and accrued liabilities approximated their carrying values based on the short-term nature of these items as of December 31, 2020.
- 16) 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, 2019 from which the summarized information was derived.

PRIDEROCK WILDLIFE REFUGE

Notes to the Financial Statements

December 31, 2020

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.

Financial Assets at Year-End	
Cash and Cash Equivalents	\$ 555,721
Contributions Receivable	<u>295,450</u>
Total Financial Assets Available	<u>\$ 851,171</u>
Financial Assets Available to Meet Cash Needs	
General Expenditures within One Year	<u>\$ 851,171</u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable exist for amounts remaining to be collected at December 31, 2020 within three months from year-end from fundraising activities amounted to \$295,450. No allowance for doubtful accounts is deemed necessary as the Organization has determined that the amounts are 100% collectible.

NOTE 5 – NOTES PAYABLE/RELATED PARTY TRANSACTIONS

Notes payable consists of the following at December 31, 2020:

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 was 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.

\$ 214,122

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.

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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.

28,525

Total Notes Payable	242,647
Less: Portion Currently Due	<u>(20,902)</u>
Long-Term Liabilities	<u>\$ 221,745</u>

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

2021	\$ 20,902
2022	22,051
2023	23,303
2024	18,478
2025	16,284
Thereafter	<u>141,629</u>
Total	<u>\$ 242,647</u>

The Organization also received \$3,535 from other in-kind donations from the executive director in 2020.

PRIDEROCK WILDLIFE REFUGE

Notes to the Financial Statements

December 31, 2020

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, 2020:

Contributions	\$ 1,009,645
Royalties	7,534
Less: Expenses	
Fundraising Expenses	(84,613)
Direct Mail	(156,084)
Postage and Printing	<u>(360,259)</u>
Net	<u>\$ 416,223</u>

At December 31, 2020, accounts payable from fundraising activities amounted to \$52,182.

NOTE 7 – IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended December 31, 2020 were used for the following purposes:

Animal Care	\$ 68,600
Supplies and Materials	<u>3,535</u>
Total	<u>\$ 72,135</u>

NOTE 8 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and equivalents on deposit at financial institutions. At December 31, 2020 total deposits in excess of federally insured limits amounted to \$252,427. The Organization's bank accounts are with a credit worthy, high quality financial institution. Credit risk cash and cash equivalents is considered small.

NOTE 9 – 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 10 – 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, 2020 to be approximately 750. Volunteer services are not recorded in these financial statements since they do not meet the criteria set forth in Note 2 under Donated Assets and Services.