

THE WILD ANIMAL SANCTUARY
FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022

THE WILD ANIMAL SANCTUARY

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 14

FEIS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
193 SOUTH 27TH AVENUE, SUITE 100
BRIGHTON, COLORADO 80601-2662
(303) 659-1200 • FAX (303) 659-1204

MEMBER OF
AMERICAN INSTITUTE OF CPAs
COLORADO SOCIETY OF CPAs

ROBERT R. FEIS, CPA

INDEPENDENT AUDITORS' REPORT

**Board of Directors
The Wild Animal Sanctuary
Keenesburg, Colorado**

Opinion

We have audited the accompanying financial statements of The Wild Animal Sanctuary (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wild Animal Sanctuary as of December 31, 2022 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Wild Animal Sanctuary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Wild Animal Sanctuary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Wild Animal Sanctuary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Feis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
Brighton, CO

June 22, 2023

THE WILD ANIMAL SANCTUARY
(a Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

	2022
Current Assets	
Cash and cash equivalents (Note 1)	\$ 3,868,580
Cash - Restricted (Note 1)	59,663
Investments (Note 1)	305,001
Inventory (Note 1)	212,125
Prepaid expenses (Note 1)	1,602,229
Other current assets	1,028,928
Total Current Assets	7,076,526
Property and Equipment	
Property and equipment - at cost (Note 1)	40,555,023
Less: accumulated depreciation	(14,939,203)
Net Property and Equipment	25,615,820
Total Assets	\$ 32,692,346

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 173,510
Accrued liabilities	100,264
Current portion of long-term debt	467,519
Total Current Liabilities	741,293
Long-Term Debt (net of current portion)	6,551,237
Total Liabilities	7,292,530
Net Assets	
Without donor restrictions	21,153,103
With donor restrictions	4,246,713
Total Net Assets	25,399,816
Total Liabilities and Net Assets	\$ 32,692,346

See independent auditors' report.
The accompanying notes on pages 6 to 14 are an
integral part of the financial statements.

THE WILD ANIMAL SANCTUARY
(a Non-Profit Corporation)
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	2022		Totals
	Without Donor Restriction	With Donor Restriction	
Revenue and Support			
Contributions	\$ 10,448,203	\$ 7,329,065	\$ 17,777,268
Special event revenue	966,427	-	966,427
Less: direct event expenses	(113,979)	-	(113,979)
In-kind donations	10,134,354	-	10,134,354
Other income	3,487,634	-	3,487,634
Net assets released from restrictions:			
Satisfaction of program restrictions	7,329,065	(7,329,065)	-
Total Revenue and Support	<u>32,251,704</u>	<u>-</u>	<u>32,251,704</u>
Expenses			
Animal care	16,126,268	-	16,126,268
Refuge	1,935,167	-	1,935,167
Education	4,616,177	-	4,616,177
Rescue	875,913	-	875,913
Administration	1,271,753	-	1,271,753
Fundraising	621,186	-	621,186
Total Expenses	<u>25,446,464</u>	<u>-</u>	<u>25,446,464</u>
Change in Net Assets	6,805,240	-	6,805,240
Net Assets, Beginning of the year	<u>14,347,863</u>	<u>4,246,713</u>	<u>18,594,576</u>
Net Assets, End of the year	<u>\$ 21,153,103</u>	<u>\$ 4,246,713</u>	<u>\$ 25,399,816</u>

See independent auditors' report.
The accompanying notes on pages 6 to 14 are an
integral part of the financial statements.

THE WILD ANIMAL SANCTUARY
(a Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Animal Care/Op	Refuge	Education	Rescue	Total Programs	Administration	Fundraising	2022 Total Functional Expenses
Personnel	\$ 3,092,058	\$ 310,075	\$ 1,152,853	\$ -	\$ 4,554,986	\$ 1,072,743	\$ 334,680	\$ 5,962,409
Community Outreach	-	-	1,409	-	1,409	-	-	1,409
Animal Care/Maintenance	10,685,580	192,377	1,193	-	10,879,150	-	-	10,879,150
Food/Merchandise Expense	-	-	403,272	-	403,272	-	-	403,272
Program Supplies	276,918	262,733	238,171	842	778,664	1,063	12,739	792,466
Contract/Professional Svcs	150,466	50,502	405,529	-	606,497	47,812	1,054	655,363
Communications	39,764	10,821	1,278,253	27	1,328,865	30,288	773	1,359,926
Office Expense	60,306	89,715	39,220	2,281	191,522	45,706	230,260	467,488
Travel/Transportation	234,644	140,040	20,074	832,768	1,227,526	192	-	1,227,718
Staff Development/Donor Cultivation	25,341	150	17,551	-	43,042	2,295	24,592	69,929
Occupancy	189,789	119,640	499,352	-	808,781	12,513	6,806	828,100
Depreciation	1,156,524	752,742	559,300	39,995	2,508,561	43,358	10,282	2,562,201
Insurance	214,878	6,372	-	-	221,250	15,783	-	237,033
	<u>\$ 16,126,268</u>	<u>\$ 1,935,167</u>	<u>\$ 4,616,177</u>	<u>\$ 875,913</u>	<u>\$ 23,553,525</u>	<u>\$ 1,271,753</u>	<u>\$ 621,186</u>	<u>\$ 25,446,464</u>

See independent auditors' report.
The accompanying notes on pages 6 to 14 are an
integral part of the financial statements.

**THE WILD ANIMAL SANCTUARY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022**

	2022
Cash Flow from Operating Activities:	
Change in Net Assets	\$ 6,805,240
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Gain (Loss) on sale of assets	(1,669)
Unrealized gain on investments	59,364
PPP Loan forgiveness	-
Depreciation	2,562,201
Change in:	
Other assets	(356,765)
Inventory	(30,426)
Prepays	(1,542,518)
Accounts payable	(25,000)
Accrued liabilities	(126,327)
Net Cash Provided By (Used in) Operating Activities	7,344,100
Cash Flow from Investing Activities:	
Proceeds from sale of equipment	-
Purchases of property and equipment	(3,159,253)
Purchases of investments	(152,170)
Proceeds from sale of investments	380,636
Net Cash Used In Investing Activities	(2,930,787)
Cash Flow from Financing Activities:	
Proceeds from long-term debt	58,890
Payments on long-term debt	(3,503,082)
Net Cash Used In Investing Activities	(3,444,192)
Net Increase (Decrease) In Cash and Cash Equivalents	969,121
Cash and Cash Equivalents, Beginning of the year	2,899,459
Cash and Cash Equivalents, End of the year	\$ 3,868,580

See independent auditors' report.
The accompanying notes on pages 6 to 14 are an
integral part of the financial statements.

**THE WILD ANIMAL SANCTUARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. Summary of Significant Accounting Policies

A. Purpose

The Sanctuary is a 501(c)(3) public nonprofit organization dedicated to saving and providing lifelong homes for exotic and endangered captive large carnivores for nearly 41 years. The Sanctuary specializes in the rescue and rehabilitation of Lions, Tigers, Bears, Leopards, Mountain Lions, Wolves and other captive large carnivores that have been abused, abandoned, exploited or kept illegally. Of only 10 such refuges in the country that are "true" sanctuaries for the animals (no breeding, selling or training), The Wild Animal Sanctuary is the only one to provide large habitats (5-300 acres) that replicate free-roaming territories in the wild for the various species. The Sanctuary operates through a large community-based volunteer program, as dedicated people assist with everything from feeding, cleaning and maintenance to public presentations.

B. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and determined to be realizable; contributions are reported when cash, other assets, or an unconditional promise to give is received; and expenses are recognized when the product or service has been received and the liability incurred.

C. Estimates in the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See independent auditors' report.

**THE WILD ANIMAL SANCTUARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. Summary of Significant Accounting Policies - (continued)

D. Financial Statement Presentation

The financial statements of The Wild Animal Sanctuary are prepared based upon accounting principles generally accepted in the United States of America for not-for-profit entities. The Organization has adopted the provisions of Statement of Financial Accounting Standards Codification 958 (*ASC 958*) Financial Statements of *Not-for-Profit Organizations*. Under this statement, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. In addition, contributions received are recorded as with donor restrictions support based on the existence and nature of any donor restrictions. The two classes of net assets are as follows:

Without donor restrictions

Without donor restrictions are net assets currently available at the discretion of the Board for the use in the Organization's operations.

With donor restrictions

With donor restrictions are net assets which are stipulated by donors or grantors for specific operating purposes or future periods.

E. Net Assets

The Organization reports all contributions and grants as unrestricted revenue unless the donor imposes specific restrictions as to the use of the contribution or grant.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Amounts included in restricted cash represent funds set aside in an endowment fund. Restricted cash has been separately stated on the balance sheet. Restricted cash balance at December 31, 2022 is \$59,663.

See independent auditors' report.

**THE WILD ANIMAL SANCTUARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. Summary of Significant Accounting Policies - (continued)

G. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Organization places its cash and cash equivalents with creditworthy, high-quality, financial institutions. Concentration risks associated with accounts receivable are limited as no significant balances are due from any single entity.

As of December 31, 2022, the organization's cash deposits had a carrying balance of \$3,868,580 and corresponding bank balances as follows:

	<u>2022</u>
Insured Deposits	\$ 250,000
Cash on hand	389,047
Uninsured	<u>3,229,533</u>
Total Cash and Cash Equivalents	<u>\$ 3,868,580</u>

H. Advertising

The Organization uses various advertising, communications and public relations strategies to promote its programs amongst the audience it serves, and expenses all costs as incurred. Advertising, communications and public relations expense for the year ended December 31, 2022 was \$1,070,741.

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 the indirect method based on management's estimates.

J. Promises to Give

Promises to give are recorded at their estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Organization estimates the allowance based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. At December 31, 2022, management of the Organization considers all promises to be collectible; therefore, no allowance has been recorded. Promises to give for the year ended December 31, 2022 were \$0.

See independent auditors' report.

**THE WILD ANIMAL SANCTUARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. Summary of Significant Accounting Policies - (continued)

K. Fair Value Measurements

In accordance with the requirements of Statement of Financial Accounting Standards Codification 820, *Fair Value Measurements*, the Organization uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1), inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2), and unobservable inputs from the asset or liability (Level 3).

The Organization's financial instruments include cash and cash equivalents, receivables, and accounts payable. The fair value of these financial instruments approximates their carrying amounts based on current market indicators such as prevailing interest rates and their nearness to maturity.

L. Property and Equipment

Property and equipment valued at \$5,000 or more are recorded at cost and depreciated using the straight-line method over an estimated useful life of three to forty years.

As of December 31, 2022, the organization's property and equipment consisted of the following:

Land and Improvements	\$ 14,642,234
Buildings and Equipment	16,094,020
Habitat	405,378
Vehicles and Machinery	<u>9,413,391</u>
Total Fixed Assets	\$ 40,555,023
Less: Accumulated Depreciation	<u>(14,939,203)</u>
	<u>\$ 25,615,820</u>

Depreciation expense for the year ended December 31, 2022 was \$2,562,201.

M. Prepaid Expenses

Prepaid expenses are expenditures made in advance of when the economic benefit of the cost will be realized, and which will be expensed in future periods. Prepaid expenses primarily consist of deposit for land purchase, prepaid insurance and dues. Prepaid expenses for the year ended December 31, 2022 was \$1,602,229.

See independent auditors' report.

**THE WILD ANIMAL SANCTUARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. Summary of Significant Accounting Policies - (continued)

N. Inventory

Inventory is valued at cost using the first-in-first-out costing method. The balance in inventory for the year ended December 31, 2022 was \$212,125.

O. Asset Liquidity

From time to time, the Organization may receive support from restricted contributions. Because a donors' restriction requires resources to be used in a particular manner in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Financial current assets at year end	\$7,076,526
Less: current liabilities	<u>(741,293)</u>
Financial assets available to meet cash needs within one year	<u>\$ 6,335,233</u>

2. Income Taxes

The Organization is exempt from income tax under Internal Revenue Code Section 501(c) (3).

In accordance with accounting principles generally accepted in the United States of America, a private entity is required to disclose any material uncertain tax positions that management believes does not meet a "more-likely-than-not" standard of being sustained under an income tax audit and to record a liability for any such income tax, including penalties and related interest expense. Management has not identified any uncertain tax positions that require the recording of a liability mentioned above or further disclosure. Tax years ending December 31, 2020 through 2022 remain subject to examination by the Internal Revenue Service.

See independent auditors' report.

**THE WILD ANIMAL SANCTUARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

3. Contributions and In-kind Donations

Contributions and in-kind donations are recorded as without donor restriction or with donor restriction depending on the existence or nature of donor restrictions. All unconditional unrestricted contributions are considered to be available for unrestricted use in the accounting period when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in with donor restriction net assets depending on the nature of the restrictions. When a time restriction ends or a purpose restriction is accomplished, with donor restrictions are reclassified to without donor restricted net assets. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as restricted and shows funds released from restriction when the restricted purpose is met. Donations of property, equipment, supplies and other goods and services are recorded as support at their estimated fair market value on the date of gift. These donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets, goods and services donated with explicit restrictions regarding their use are reported as with donor restricted support and reclassified to without donor restriction net assets when placed in service. During the year ended December 31, 2022, the Organization received in-kind donations that totaled \$10,134,354. The in-kind contributions consisted primarily of donated animal food.

4. Investments

The Wild Animal Sanctuary investments at December 31, 2022 are described below. The investments have a readily determinable value and are considered as Level 1 investments based on the fair value measurement described in Note 1. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

See independent auditors' report.

**THE WILD ANIMAL SANCTUARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

5. Long-Term Debt

The following is a summary of all long-term debt for the year ended December 31, 2022.

	December 31, 2022
Notes payable - various equipment, (carrying amount of \$1,997,690), due in monthly installments ranging from \$617 to \$11,806 with interest ranging from 0.00% to 17.41% through 2028.	\$ 704,598
Note payable on land to Metro City Bank, (carrying amount of \$5,750,000), due in monthly installments of \$42,481 with interest at 6.753% through November 2037.	4,948,087
Note payable on land to Metro City Bank, (carrying amount of \$1,500,000), due in monthly installments of \$10,397 with interest at 7.5% through September 2041.	1,366,071
Total debt	\$ 7,018,756
Less: Current Maturities	(467,519)
Long-term debt	\$ 6,551,237

Maturities of long-term debt are as follows:

Maturities of long-term debt are as follows:

December 31, 2023	\$	467,519
2024		352,760
2025		365,969
2026		205,893
2027		1,249,403
2028-2032		1,812,842
2033-2037		2,564,370
Total	\$	7,018,756

Interest expense for the year ended December 31, 2022, totaled \$521,523.

See independent auditors' report.

**THE WILD ANIMAL SANCTUARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

6. Related Party Transactions

During fiscal year 2022, the Organization adopted the provisions of Statement of Financial Accounting Standards Codification 842 (*ASC 842, Leases*) Financial Statements of *Not-for-Profit Organizations*, which required the Organization to evaluate all of its lease and financing agreements for proper financial statement reporting of the lease liabilities and related assets in accordance with this standard. Furthermore, *ASC 842, Leases*, establishes a single model for lease accounting base on the foundational principal that leases are financings of the right to use underlying asset, known as a "right-to-use asset." The standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This standard does not have a material effect on the financial statements of the Organization as this standard applies to leases with a period greater than 12 months.

The Organization leases office space and a veterinarian clinic from the founder and Executive Director, based on leases signed in September 2012 and July 2013, respectively, and are renewable annually. Lease expense as of the year ended December 31, 2022, totaled \$4,130.

In July of 2022, purchased the properties and no longer has a lease with the Executive Director.

7. Note Receivable Related Party

In 2020, the Organization acquired and invested in The International Exotic Animal Sanctuary (IEAS). Beginning in fiscal year 2020, the Organization provided financial support to assist in the operations of IEAS. IEAS is considered a related party to the Organization and as of December 31, 2022, the note receivable from IEAS includes a balance due of \$942,546. The note receivable, is an installment note bearing 0% interest, with the full balance due by December 31, 2022. IEAS is expected to transfer ownership of assets to the Organization to pay off the note in fiscal year 2023. Fair market value will be used to calculate the value of the fixed assets to be transferred.

8. Conservation Easement

The Wild Animal Sanctuary has secured a conservation easement on the property known as the Wild Animal Refuge for preservation of the land. "Conservation easement" is the generic term for easements granted for preservation of land areas for outdoor recreation, protection of a relatively natural habitat for fish, wildlife, or plants, or a similar ecosystem, preservation of open space for the scenic enjoyment of the public or pursuant to a Federal, State, or local governmental conservation policy, and preservation of a historically important land area or historic building.

See independent auditors' report.

**THE WILD ANIMAL SANCTUARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

9. Subsequent Events

In accordance with the provisions of Statement of Financial Accounting Standards Codification 855, Subsequent Events, management must evaluate, through the date the financial statements are issued or are available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's financial statements were available to be issued on the date of the auditor's report and this is the date through which subsequent events were evaluated. Management has identified the following subsequent events requiring disclosure.

On January 4, 2023, the Organization purchased 22,500 acres of land for \$12,900,000. The land will be the new Wild Horse Refuge and be used to save wild mustangs. The Land is located in Craig, Colorado. As of December 31, 2022, the Organization has on deposit approximately \$1,325,167 for a down payment associated with this property, which is included in Prepaid Expenses.

On April 20, 2023 the Organization purchased 4 lots of land (lot 8348, 8332, 8331, 8333) for \$2,500,000. The land is adjacent to the Sanctuary and will be used for additional habitats for current and future animals. As of December 31, 2022, the Organization has on deposit approximately \$160,000 for a down payment associated with this property, which is included in Prepaid Expenses.

See independent auditors' report.