wildcare

and

Friends of wildcare

Significant Factors for Reviewing the Audited Financial Statements
For the Fiscal Years Ended September 30, 2017 through 2019
and Evaluating Current Financial Factors

San Rafael, California, June 30, 2020. This discussion is to provide some supplementary information that may be helpful to financial statement readers in reviewing the audited financial statements and Form 990's of WildCare and Friends of WildCare of the last several years and in looking at the current financial environment.

Fiscal 2020. In mid-March 2020 upon the advent of the world-wide pandemic, WildCare evaluated financial conditions, made necessary changes to operations, and enlisted governmental CARES Act programs for additional support. The Board and management have maintained full operations of animal care services as WildCAre was deemed an essential service and are modifying educational services to transition to virtual formats. Although there is no certainty of future financial effects of recent changes to the economy, to date WildCare appears to be financially as strong as in the comparable period of the prior year.

Fiscal 2019. The audit report of the most recent fiscal year ended September 30, 2019, reflects net income of $883K and an exceptionally strong current ratio of 4.52: 1 (i.e., $1,689K in current assets were 450% of current liabilities of $374K.) Total assets were $2.7 million and total net assets were $2.4 million; there was no long-term debt. Included in current assets was a significant bequest receivable which was received in the current fiscal year.

Three factors in analysis of ratios on the Statements of Functional Expenses warrant discussion regarding the effect of audit and accounting rules (GAAP—Generally Accepted Accounting Principles in the United States) on results, considering that program expenses at 61% of total expenses appear to be down compared to prior years. One effecting factor is in-kind legal expenses (value of the non-cash donations of pro-bono legal services) which is classified entirely as Management and General expense. Another factor affecting allocation percentages is a non-cash posting of allowance to doubtful accounts/bad debt expense of $115,000 against pledges from fiscal year 2017 which is classified entirely as Fundraising Expense. Lastly, WildCare would have significant in-kind revenue/expense from the donated services of volunteer animal care hospital workers which would be entirely categorized in the Program Expenses category and which would increase the overall percentage of Program Activities Expense if these donated services could be posted to financial records; however, unlike in-kind legal services, GAAP does not allow the value of these donated hospital volunteer services to be recognized in the accounting records. All of these items are correctly accounted for, but they should be considered in understanding total allocations as percentages.

Fiscal 2018. There was a significant delay in release of the 2018 audit report and Form 990's because the prior Director of Finance worked while suffering periodic long hiatuses during an extended illness, finally passing away in November, 2018. His condition resulted in deficiencies in completion and quality of accounting records over an 18-month period which were not fully understood until after his passing. Upon realization of the extent of the reporting problems, the Board and management identified and hired accounting staff able to update records, upgrade systems and procedures, and produce documentation required for completion of the audit report and filing of Form 990's.

Fiscal 2018 and 2017. Over several years WildCare underwent a campaign to obtain new facilities at a long-term leasehold property, subsequently determining the revised estimated cost of improvements would be prohibitive. Settlement costs from the discontinued operation resulted in large losses in years ending September 2017 and 2018. In December 2017 the Board established a separate not-for-profit corporation, Friends of WildCare, having the sole purpose of holding assets of about $1.5 million in cash and pledges restricted to identifying and securing a new facility to advance the mission of caring for injured wildlife and educating the public on living well with wildlife and continuing fund-raising efforts for the project which is ongoing.

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