WildCare and Friends of WildCare

Combined Financial Statements

For the Year Ended September 30, 2022

(with Comparative Totals For the Year Ended September 30, 2021)

WildCare and Friends of WildCare

(California Not-For-Profit Corporations)

September 30, 2022 and 2021

CONTENTS

P&C
PERROTTI & CARRADE
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Boards of Directors
WildCare and Friends of WildCare:

Opinion

We have audited the accompanying combined financial statements of WildCare and Friends of WildCare (two California nonprofit organizations), which comprise the combined statement of financial position as of September 30, 2022, and the related combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of WildCare and Friends of WildCare as of September 30, 2022, and the changes in their net assets and their 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 WildCare and Friends of WildCare 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WildCare and Friends of WildCares' ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 combined 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 combined 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 combined 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 WildCare and Friends of WildCares' 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 combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WildCare and Friends of WildCares' 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.

Report on Summarized Comparative Information

We have previously audited WildCare and Friends of WildCares' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived

February 9, 2023

Perotti & Carrade

WILDCARE and FRIENDS of WILDCARE
Combined Statement of Financial Position
September 30, 2022
(with Comparative Totals as of September 30, 2021)

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	$ 1,096,159	$ 2,414,875
Temporarily invested cash	1,504,766	-
Account and grants receivable, net	320,018	28,504
Prepaid expenses and other assets	53,231	58,106
Total current assets	2,974,174	2,501,485
Pledges receivable, net	177,783	677,783
Endowment	48,673	62,353
Deposits	17,804	-
Temporarily invested cash, restricted for facility expansion	3,002,802	-
Cash and cash equivalents, restricted for facility expansion	1,066,756	383,366
Property and equipment, net	592,321	176,081
Total assets	$ 7,880,313	$ 3,801,068

LIABILITIES AND NET ASSETS

	2022	2021
Current liabilities:		
Accounts payable and accrued liabilities	$ 83,545	$ 47,082
Payroll liabilities	91,469	82,203
Notes payable, including accrued interest	5,769	331,564
Unearned revenue	29,178	20,274
Total current liabilities	209,961	481,123
Long-term portion of debt	153,038	152,118
Net assets:		
Without donor restrictions	3,333,081	2,017,760
With donor restrictions	4,184,233	1,150,067
Total net assets	7,517,314	3,167,827
Total liabilities and net assets	$ 7,880,313	$ 3,801,068

See accompanying notes to financial statements.

WILDCARE and FRIENDS of WILDCARE
Combined Statement of Activities
Year Ended September 30, 2022
(with Comparative Totals for the Year Ended September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenues and support:				
Contributions and grants	$ 2,235,333	$ 3,491,918	$ 5,727,251	$ 2,330,727
CARES Act grants	772,565	-	772,565	329,000
Contributed nonfinancial assets	184,256	-	184,256	163,531
Bequests	242,480	-	242,480	155,908
Realized and unrealized gains/(losses)	(6,618)	2,802	(3,816)	44,350
Program fees	114,706	-	114,706	95,257
Merchandise sales	965	-	965	9,885
Interest and dividend income	30,796	528	31,324	15,772
Other revenue	22,783	-	22,783	-
	3,597,266	3,495,248	7,092,514	3,144,430
Special events:				
Special events revenue	269,870	-	269,870	294,711
Cost of direct benefits to donors	(50,998)	-	(50,998)	(29,648)
Net fundraising revenue	218,872	-	218,872	265,063
Total revenue and support before releases	3,816,138	3,495,248	7,311,386	3,409,493
Net assets released from restrictions	461,082	(461,082)	-	-
Total revenue and support	4,277,220	3,034,166	7,311,386	3,409,493
Expenses:				
Animal care	1,328,180	-	1,328,180	1,232,478
Wildlife education	790,177	-	790,177	681,445
Management and general	321,943	-	321,943	300,453
Fundraising	521,599	-	521,599	692,583
Total expenses	2,961,899	-	2,961,899	2,906,959
Change in net assets	1,315,321	3,034,166	4,349,487	502,534
Net assets, beginning of the year	2,017,760	1,150,067	3,167,827	2,665,293
Net assets, end of the year	$ 3,333,081	$ 4,184,233	$ 7,517,314	$ 3,167,827

See accompanying notes to financial statements.

WILDCARE and FRIENDS of WILDCARE
Combined Statement of Functional Expenses
Year Ended September 30, 2022
(With Comparative Totals for the Year Ended September 30, 2021)

	Program Activities			Supporting Activities		2022	2021
	Animal Care	Wildlife Education	Total	Management & General	Fundraising	Total Expenses	Total Expenses
Salaries and wages	$ 740,244	$ 438,489	$ 1,178,733	$ 138,305	$ 254,606	$ 1,571,644	$ 1,424,333
Payroll taxes	59,262	35,104	94,366	11,072	20,383	125,821	138,904
Employee benefits	109,550	64,893	174,443	20,470	37,680	232,593	202,249
Total salaries, taxes, and benefits	909,056	538,486	1,447,542	169,847	312,669	1,930,058	1,765,486
Advertising and promotion	9,325	5,524	14,849	1,744	3,207	19,800	12,560
Animal care and food	54,936	-	54,936	-	-	54,936	54,465
Bad debt expense	-	-	-	-	-	-	200,000
Depreciation	7,749	4,590	12,339	1,447	2,665	16,451	16,314
Direct marketing	87,011	43,506	130,517	-	87,011	217,528	200,658
Dues, fees, and other charges	21,770	12,896	34,666	6,690	7,488	48,844	43,661
Equipment leases and purchase	6,692	3,963	10,655	1,249	2,301	14,205	14,216
Meals and entertainment	-	-	-	-	50,998	50,998	29,649
Hospital supplies and services	37,242	-	37,242	-	-	37,242	37,630
In-kind legal and professional services	46,064	46,064	92,128	92,128	-	184,256	163,532
Insurance	12,770	7,564	20,334	2,387	4,392	27,113	25,440
Interest expense	-	-	-	4,125	-	4,125	4,081
Maintenance and repair	15,972	9,461	25,433	2,988	5,494	33,915	23,734
Meetings and conferences	-	-	-	7,159	-	7,159	-
Miscellaneous	501	297	798	95	172	1,065	132
Occupancy	768	455	1,223	143	264	1,630	482
Outside services	65,800	51,796	117,596	23,120	74,711	215,427	209,668
Postage and delivery	2,265	1,342	3,607	423	779	4,809	6,889
Printing and publications	2,495	2,495	4,990	-	4,991	9,981	7,733
Program materials	-	23,147	23,147	-	-	23,147	26,795
Property taxes	1,638	970	2,608	306	564	3,478	4,264
Scholarships, grants, and awards	700	300	1,000	-	-	1,000	1,000
Supplies	2,298	1,361	3,659	430	790	4,879	3,843
Telephone and internet	15,572	9,224	24,796	2,910	5,356	33,062	37,909
Transportation and travel costs	5,850	14,227	20,077	1,094	2,012	23,183	6,278
Utilities	19,577	11,596	31,173	3,658	6,733	41,564	38,613
Volunteer expenses	2,129	913	3,042	-	-	3,042	1,576
Total expenses	1,328,180	790,177	2,118,357	321,943	572,597	3,012,897	2,936,608
Less expenses included with revenues on the statements of activities							
Cost of direct benefits to donors	-	-	-	-	(50,998)	(50,998)	(29,649)
Total expenses included in expense section of the statement of activities	$ 1,328,180	$ 790,177	$ 2,118,357	$ 321,943	$ 521,599	$ 2,961,899	$ 2,906,959

See accompanying notes to financial statements.

WILDCARE and FRIENDS OF WILDCARE
Combined Statement of Cash Flows
Year Ended September 30, 2022
(With Comparative Totals for the Year Ended September 30, 2021)

	2022	2021
Operating activities:		
Change in net assets	$ 4,349,487	$ 502,534
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,451	16,314
Unrealized (gains) losses on endowment	13,680	65,351
Loss (Gain) on sale of assets	-	(1,060)
Forgiveness of Debt - PPP Loans	(329,000)	(329,000)
Changes in operating assets and liabilities:		
Accounts, grants, and pledges receivable	208,486	185,001
Prepaid expenses and other assets	4,875	8,855
Deposits	(17,804)	3,482
Accounts payable and accrued liabilities	36,463	7,934
Accrued interest payable	4,125	3,440
Payroll liabilities	9,266	(27,215)
Unearned revenue	8,904	13,032
Net cash provided by operating activities	4,304,933	448,668
Investing activities:		
Additions to construction in process	(432,691)	(109,059)
Proceeds from sale of fixed assets	-	4,067
Additions in temporarily invested cash	(4,507,568)	-
Net cash used by investing activities	(4,940,259)	(104,992)
Financing activities:		
Proceeds from notes payable	-	329,000
Net cash provided by financing activities	-	329,000
Net increase (decrease) in cash and cash equivalents	(635,326)	672,676
Cash and cash equivalents, at beginning of year	2,798,241	2,125,565
Cash and cash equivalents, at end of year	$ 2,162,915	$ 2,798,241
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Statement of Financial Position:		
Cash and cash equivalents	$ 1,096,159	$ 2,414,875
Cash and cash equivalents, restricted for facility expansion	1,066,756	383,366
Cash and cash equivalents, at end of year	$ 2,162,915	$ 2,798,241
Supplementary Information:		
Interest paid	$ -	$ 4,081

See accompanying notes to financial statements.

1. Organization

WildCare is a California-based 501(c)(3) nonprofit public benefit corporation which was created in 1994 as the result of a merger between the California Center for Wildlife and the Terwilliger Nature Education Center. Friends of WildCare is a 501(c)(3) nonprofit organization incorporated in California on December 18, 2017, for the purpose of holding assets and raising funds in support of acquiring and developing expanded facilities for WildCare. WildCare and Friends of WildCare operate on the same site as the predecessor organization, which had been operating there since 1954.

WildCare is a wildlife hospital and environmental education center based in San Rafael, California. For over 60 years, WildCare has been a first responder to wildlife that share the same habitat as humans. Annually, its hospital provides emergency and ongoing medical care to about 3,500 animals from more than 200 distinct species. Nearly 99% of the wild animals assisted by the organization have been injured in some way as a result of human interaction. In addition to giving sick and injured wild animals and birds a second chance at life, WildCare works to encourage humans to live well with wildlife. To that end, its environmental education programs reach over 35,000 school children and adults annually. WildCare maintains a hotline responding to callers seeking information about local wildlife and advising home-owners on solutions to handle wildlife issues.

2. Summary of Significant Accounting Policies

Basis of Accounting - The combined financial statements of WildCare and Friends of WildCare (jointly the "Entities") have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation - The Entities present combined financial statements because they have common control through the same Board of Directors and management. All significant intercompany accounts and transactions have been eliminated in the combined financial statements.

The Entities report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Entities and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Entities. The Entities' board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Entities or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

2. Summary of Significant Accounting Policies (continued)

Contributions - Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted or conditioned contributions whose restrictions or conditions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are released from restriction upon acquisition of the assets.

Approximately 48% of the Entities total revenue and support came from two donors.

Grants and Accounts Receivable Realization - An allowance for doubtful accounts reflects management's best estimate of probable losses inherent in grants and accounts receivable balances. Management primarily determines the allowance based on the aging of accounts receivable balances. Receivables are generally considered past due once a receivable is not paid within thirty days of contract terms. It is the Entities' policy to not charge interest on its receivables. Receivables are written off once management has determined the ability to collect is not possible.

Cash and Cash Equivalents - The Entities consider all highly liquid investments (checking, savings, money markets, and certificates of deposits) with a maturity of three months or less when purchased to be cash equivalents.

The Entities maintain a majority of their cash in bank deposit accounts which, at times, may exceed the $250,000 insurance limitation of the Federal Deposit Insurance Corporation ("FDIC"). The Entities attempt to limit credit risks associated with cash equivalents by utilizing highly rated financial institutions. Management believes the Entities are not exposed to any significant credit risk relating to its cash deposits.

Temporarily Invested Cash - The Entities consider investments in certificates of deposits and United States Treasury securities with a maturity of more than three months are considered temporarily invested cash.

Endowment – The endowment include cash, stocks, and mutual funds. Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in

2. Summary of Significant Accounting Policies (continued)

Endowment, continued - accordance with donor restrictions as investment return. Investment return is presented net of investment fees.

The Entities adopted a framework for measuring fair value. Fair value is defined as the price that would be received to sell the asset or would be paid to transfer the liability in an orderly transaction between market participants. The entities' financial assets reported at fair value include accounts, grants and pledges receivable.

Unearned Revenue - Unearned revenue represents amounts billed or received in advance for educational programs scheduled to be given during the following year. Such amounts have been reflected as a current liability on the combined statement of financial position and will be recognized as earned revenue in the subsequent year when the programs are provided.

Functional Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs, including personnel costs, insurance, depreciation, and rent, have been allocated among animal services programs, educational programs, and supporting services benefited. Such allocations are determined by management based upon an analysis of time and effort spent on the programs and supportive services.

Advertising costs – Advertising costs of $19,800 are expensed when incurred.

Use of Estimates - The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America 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 combined financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Property, Equipment, and Improvements - Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets with lives that range from building and improvements (5-10 years); furniture and equipment (3-15 years). The cost of property and equipment which benefit future periods is capitalized and depreciated over the estimated useful life of each class of depreciable asset. At the early stages of constructing a new replacement building on the Entities' wholly-owned land, construction in process includes consulting fees for architects, environmental study engineers, campaign funding, and governmental review fees.

Contributed Nonfinancial Assets - Contributed nonfinancial assets are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

2. Summary of Significant Accounting Policies (continued)

Income Taxes - Both of the Entities have received notification from the Internal Revenue Service and the State of California that they qualify for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that the Entities continue to satisfy all federal and state statutes in order to qualify for continued tax exemption status. Accordingly, the Entities are generally exempt from federal and state income taxes. The Entities' informational returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively, after they are filed.

3. Accounts, Grants, and Pledges Receivable

Accounts, grants, and pledges receivable are expected to be collected as follows:

Accounts and grants receivable due within one year	$ 320,018
Pledges receivable due after one year, net	217,583
Subtotal	537,601
Less: unamortized discount	(39,800)
Subtotal	497,801
Total amounts due within one year	(320,018)
Total Pledges receivable long-term, net	$ 177,783

Accounts, grants, and pledges receivable represent amounts due from various sources, including foundations, individuals, and others. Accounts, grants, and pledges receivable due in more than one year, net of allowance for doubtful accounts of $115,000 to pledges with donor restrictions, are reflected at the present value of estimated future cash flows using a discount rate of 4% per annum (based on certain relevant data regarding the type of receivable).

The Entities are in the process of a campaign to replace the existing building on the wholly-owned location. The accounts, grants, and pledges receivable due in more than one year are pledges received to help finance the project. The pledges are not required to be collected until a facilities expansion project is solidified. During the year a donation of $3 million was received, of which $500,000 was payment of a prior year pledge.

4. Available Resources and Liquidity

The Finance Committee and senior management of the Entities regularly monitor liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Entities have various sources of liquidity at their disposal, including cash and cash equivalents, receivables, and pledges and access to a $250,000 line of credit.

4. Available Resources and Liquidity (continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, management of the Entities considers all expenditures related to ongoing activities of the conduct of animal healthcare services, research, and teaching youth, family, and the general public about living well with wildlife and related environmental health concerns.

In addition to financial assets available to meet general expenditures over the next 12 months, the Entities operate with a balanced budget and anticipate collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of September 30, 2022, the following table shows the total financial assets held by the Entities which the Entities believe could readily be made available within one year of the balance sheet date to meet general expenditures.

Financial assets at year-end:	
Cash and cash equivalents	$ 1,096,159
Temporarily invested cash	1,504,766
Temporarily invested cash, restricted for facility expansion	3,002,802
Cash and cash equivalents, restricted for facility expansion	1,066,756
Accounts and grants receivable, current	320,018
Pledges receivable, non-current	177,783
Endowment	48,673
Less: Donor restricted net assets not available for general expenditures	(4,184,233)
Financial assets available to meet general expenditures over the next twelve months	$ 3,032,724

Cash and receivables with donor restrictions are assets of the Friends of WildCare Facilities Expansion fund dedicated to a new facility expansion project for WildCare and have not been taken into consideration as the resources will be used for property acquisition and renovations.

5. Property and Equipment

Property and equipment consist of the following at September 30, 2022:

Land	$ 15,000
Building and improvements	182,901
Construction in process	532,376
Furniture and equipment	513,177
Less: accumulated depreciation	(651,133)
Total property and equipment, net	$ 592,321

6. Endowment

WildCare has an investment in a perpetual trust as well as being a designated beneficiary of another perpetual trust, both administered by Marin Community Foundation (MCF) which has variance power. The terms of the trusts mandate perpetual control of the corpus by the named trustee. WildCare is entitled to receive annually a portion of the funds' investment earnings in accordance with the MCF's spending policy. Excess earnings are applied toward the principal balance for future distribution. During the year ended September 30, 2022, WildCare received a distribution of $2,548 from the investment in perpetual trust and $22,001 from the designated beneficiary trust.

WildCare has reflected its investment in the perpetual trust given it was the donor which originated the investment. The investment in the perpetual trust at September 30, 2022 had a fair value of $48,673.

WildCare has not reflected in the financial statements the funds held in the account in which WildCare is solely the designated beneficiary as WildCare was not the original investor.

Endowment net asset composition by type of fund is summarized as follows as of September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Perpetual endowment	$ 4,726	$ 43,947	$ 48,673

Changes in endowment net assets for the fiscal year ended September 30, 2022 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	$ 18,406	$ 43,947	$ 62,353
Investment return and contributions:			
Investment income	547	-	547
Unrealized losses	(11,196)	-	(11,196)
Total investment changes	(10,649)	-	(10,649)
Grants paid	(2,548)	-	(2,548)
Investment fees	(483)	-	(483)
Endowment net assets at end of year	$ 4,726	$ 43,947	$ 48,673

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the Entities to retain as a fund of perpetual duration. There were no deficiencies of this nature that are required to be reported in net assets without donor restrictions as of September 30, 2022. Although there were no such deficiencies at September 30, 2022, future deficiencies could result from unfavorable market fluctuations that occur after the investment of new

6. Endowment (continued)

Funds with Deficiencies, continued - restricted contributions and continued appropriation for certain programs that are deemed prudent by the Board of Directors. Investments of the Entities may decline below their original basis due to market fluctuations and unrealized losses which are beyond the control of management. Deficiencies of this nature, if any, would be reported in net assets without donor restrictions.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Entities follow MCF's policy of appropriating for distribution each year a flexible amount that ensures spending will continue without deterioration of endowment principal. For the year ended September 30, 2022, MCF approved a spending level of 4.5% of the fair market value of the invested endowment fund.

7. Fair Value Measurements

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as a company's own estimates and pricing models.

Composition of assets utilizing fair value measurements on a recurring basis at September 30, 2022, is as follows:

	Total	Level 1	Level 2	Level 3
Temporarily invested cash, restricted for facility expansion	$ 4,507,568	$4,507,568	$ -	$ -
Endowment	48,673	-	-	48,673
Accounts, grants, pledges receivable	497,801	-	320,018	177,783
Totals	$ 5,054,042	$4,507,568	$320,018	$226,456

The fair value of the equities is measured at quoted prices in active markets on the last trade day of the fiscal year. The Entities consider the measurement of its perpetual trust to be a Level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Entities do not have the ability to direct the trustee on its investments.

7. Fair Value Measurements (continued)

A reconciliation of the activity during the year ended September 30, 2022 for the beneficial interest in the perpetual trust which are assets measured at fair value based on significant unobservable (nonmarket) information is as follows:

Balance at September 30, 2021	$ 62,353
Investment income	547
Unrealized losses	(11,196)
Distributions and fees	(3,031)
Balance at September 30, 2022	$ 48,673

The significant unobservable inputs used in the fair value measurement of the entity's receivables are the estimated present values of the future estimated cash flows. The income approach uses valuation techniques to convert future amounts (cash flows) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques principally include present value formulas which incorporate certain rate of return assumptions. There was no change in the Entities' receivables measured at fair value based on significant unobservable information during the year ended September 30, 2022.

8. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended September 30, 2022 consisted of the following:

	9/30/2021	Contributions	Releases	9/30/2022
Facility expansion fund, net	$1,056,120	$3,495,248	$(450,494)	$4,100,874
Restricted in perpetuity	43,947	-	-	43,947
Grants for various animal care and wildlife education purposes	50,000	-	(10,588)	39,412
Totals	$1,150,067	$3,495,248	$(461,082)	$4,184,233

9. Line of Credit

The Entities have access to a $250,000 line of credit from a local bank secured by a wholly-owned property consisting of land and building. The line matures on December 5, 2023. Amounts drawn on the line of credit accrue interest at the greater of the prime rate plus 1.00% (7.25% September 30, 2022) or the floor rate of 4.25%. The Entities did not draw down on the line during the year ended September 30, 2022.

10. Notes Payable and Accrued Interest

During the fiscal year ended September 30, 2022 as well as the two prior years, WildCare obtained funding pursuant to the CARES Act that Congress passed to provide emergency support to entities affected by the economic effects of the Covid-19 pandemic that struck the world in early 2020. In the fiscal year ended September 30, 2020, WildCare was granted a PPP (Paychex Protection Program) loan of $329,000, an EIDL (Economic Injury Disaster Loan) of $150,000, and an EIDL Advance of $10,000. The EIDL loan accrues interest at 2.75% with payment to be deferred until June 15, 2021, at which time a payment of $641 was due and paid. Further payment was deferred until December, 2022. The PPP loan had a forgiveness factor which was subject to an application with the SBA (U.S. Small Business Administration) and the entire $329,000 was forgiven as of December 10, 2020 at which time it was recognized as forgiveness of debt and reflected as income under the CARES Act grant income on the statement of activities.

A second draw, commonly referred to as PPP2, in the same amount of $329,000 was received on February 10, 2021 and recorded as a loan payable. In December 2021, the entire second draw of $329,000 was forgiven. The forgiveness was reflected as income under the CARES Act grant income on the statement of activities.

During the year ended September 30, 2022, the Entities filed amended Form 941 payroll tax forms for five quarters of payroll taxes paid in calendar years 2020 and 2021 in accordance with the CARES Act Employee Retention Credit (ERC) program. The ERC provided IRS refund revenue of $450,743 which included $7,178 in interest. The ERC was reflected as income under the CARES Act grant income on the statement of activities. Of the total amount, $274,369 was included in accounts, grants, and pledges receivable, net and was received subsequent to year end.

As of September 30, 2022, the $150,000 EIDL loan and accrued interest consists of the following:

Current portion of long-term debt and accrued interest	$ 5,769
Long-term portion of debt and accrued interest	153,038
Total long-term debt	$ 158,807

As of September 30, 2022, the future minimum principal was as follows:

2023	$ -
2024	-
2025	1,189
2026	3,645
2027	3,747
Thereafter	141,418
Total	$ 150,000

10. Notes Payable and Accrued Interest (continued)

Interest incurred on the EIDL loan totaled $4,125 during the year ended September 30, 2022. No other debt incurred any interest. No payments of principal or interest occurred during the year ended September 30, 2022.

11. Contributed Nonfinancial Assets

The Entities adopted accounting standard ASU 2020-07 during the year ended September 30, 2022. No restatement was required. The standard required additional disclosures surrounding contributed nonfinancial assets. Contributed nonfinancial assets did not have donor-imposed restrictions, unless otherwise noted. The Entities' have received, valued, and recorded professional in-kind services. Donated services are included in the financial statements as contributed nonfinancial assets within revenue on the statement of activities and under in-kind legal and professional services of $184,256 in the statement of functional expenses. Donated services are received from attorneys who donate their time to provide legal services to the Entities in the amount of $163,166 and architects who have donated design services for a new facility in the amount of $21,090. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

12. Retirement Plan

WildCare maintains a 401(k) safe harbor profit sharing pension plan covering all eligible employees who have attained twenty-one years of age and have completed twelve months of service. Employees are eligible to make elective contributions up to the maximum amount allowed by the Internal Revenue Code under safe harbor rules. WildCare makes 100% matching contributions up to 3% of the employees' eligible compensation plus 50% of additional contributions made up to a total of 5% of eligible compensation, resulting in an effective 4% contribution for employees who elect to contribute 5% or more of their salary. WildCare contributed $45,141 for the year ended September 30, 2022.

13. Allocation of Joint Costs

The Entities incurred allocable joint costs during the year ended September 30, 2022 of $217,528 for the informational materials and activities that included fundraising appeals. Of those costs, $87,011 was allocated to fundraising expense and $130,517 was allocated to public education. WildCare's mission is care of injured wild animals and education of the public on living well with nature. Whereas half of the Entities' mission is education, nearly all of the printed and online materials have educational aspects. These allocations were based on analyses of the costs pertaining to the underlying direct mail program and the educational and fundraising activities associated with various mailings.

14. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Entities' financial statements as of September 30, 2021, and for the year then ended, from which the summarized information was derived.

15. Subsequent Events

Management of the Entities has evaluated events and transactions subsequent to September 30, 2022, for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through February 9, 2023, the date the financial statements were available to be issued.