

WildCare and Friends of WildCare

Combined Financial Statements

For the Year Ended September 30, 2023

(With Summarized Comparative Information For the Year Ended September 30, 2022)

WildCare and Friends of WildCare
(California Not-For-Profit Corporations)
September 30, 2023 and 2022

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INDEPENDENT AUDITOR'S 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, 2023, 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, 2023, 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 Auditor's 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 WildCare's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's 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 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 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' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

March 21, 2024

Perotti & Canade

WILDCARE and FRIENDS of WILDCARE
Combined Statement of Financial Position
September 30, 2023
(with Summarized Comparative Information as of September 30, 2022)

	ASSETS	
	2023	2022
Current assets:		
Cash and cash equivalents	\$ 493,133	\$ 1,096,159
Temporarily invested cash	3,118,490	1,504,766
Accounts, grants, and pledges receivable, net	73,847	320,018
Prepaid expenses and other assets	59,562	53,231
Total current assets	3,745,032	2,974,174
Non-current assets:		
Grants and pledges receivable, net	20,000	177,783
Investments and endowment	51,293	48,673
Deposits	-	17,804
Cash and cash equivalents, restricted for facility expansion	133,534	1,066,756
Temporarily invested cash, restricted for facility expansion	5,034,440	3,002,802
Property and equipment, net	1,256,546	592,321
Total non-current assets	6,495,813	4,906,139
Total assets	\$ 10,240,845	\$ 7,880,313
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 260,726	\$ 83,545
Payroll liabilities	110,433	91,469
Current portion of long-term debt and accrued interest	4,125	5,769
Unearned revenue	33,323	29,178
Total current liabilities	408,607	209,961
Long-term portion of debt and accrued interest	152,350	153,038
Net assets:		
Without donor restrictions	4,265,034	3,333,081
With donor restrictions	5,414,854	4,184,233
Total net assets	9,679,888	7,517,314
Total liabilities and net assets	\$ 10,240,845	\$ 7,880,313

See accompanying notes to financial statements.

WILDCARE and FRIENDS of WILDCARE
Combined Statement of Activities
Year Ended September 30, 2023
 (with Summarized Comparative Information for the Year Ended September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenues and support:				
Contributions and grants	\$ 2,573,192	\$ 1,244,799	\$ 3,817,991	\$ 5,727,251
CARES Act grants	-	-	-	772,565
Contributed nonfinancial assets	58,603	-	58,603	184,256
Bequests	554,153	-	554,153	242,480
Program fees	109,347	-	109,347	114,706
Merchandise sales	267	-	267	965
Other revenue	-	-	-	22,783
Realized and unrealized gains/(losses)	129,904	156,093	285,997	(3,816)
Interest and dividend income	27,835	2,452	30,287	31,324
Special events:				
Special events revenue	489,238	-	489,238	269,870
Cost of direct benefits to donors	(112,029)	-	(112,029)	(50,998)
Net fundraising revenue	<u>377,209</u>	-	<u>377,209</u>	<u>218,872</u>
Total revenue and support before releases	3,830,510	1,403,344	5,233,854	7,311,386
Net assets released from restrictions	<u>172,723</u>	<u>(172,723)</u>	<u>-</u>	<u>-</u>
Total revenue and support	4,003,233	1,230,621	5,233,854	7,311,386
Expenses:				
Animal care	1,385,308	-	1,385,308	1,328,180
Wildlife education	830,500	-	830,500	790,177
Management and general	288,785	-	288,785	321,943
Fundraising	566,687	-	566,687	521,599
Total expenses	<u>3,071,280</u>	-	<u>3,071,280</u>	<u>2,961,899</u>
Change in net assets	931,953	1,230,621	2,162,574	4,349,487
Net assets, beginning of the year	3,333,081	4,184,233	7,517,314	3,167,827
Net assets, end of the year	\$ 4,265,034	\$ 5,414,854	\$ 9,679,888	\$ 7,517,314

See accompanying notes to financial statements.

WILDCARE and FRIENDS of WILDCARE
Combined Statement of Functional Expenses
Year Ended September 30, 2023
(with Summarized Comparative Information for the Year Ended September 30, 2022)

	Program Activities			Supporting Activities		2023	2022
	Animal Care	Wildlife Education	Total	Management & General	Fundraising	Total Expenses	Total Expenses
Salaries and wages	\$ 795,194	\$ 499,148	\$ 1,294,342	\$ 168,678	\$ 258,180	\$ 1,721,200	\$ 1,571,644
Payroll taxes	65,451	41,084	106,535	13,883	21,250	141,668	125,821
Employee benefits	112,256	70,464	182,720	23,811	36,447	242,978	232,590
Total salaries, taxes, and benefits	972,901	610,696	1,583,597	206,372	315,877	2,105,846	1,930,055
Advertising and promotion	11,333	7,114	18,447	2,404	3,680	24,531	19,798
Animal care and food	65,911	-	65,911	-	-	65,911	54,936
Bad debt expense	-	-	-	-	20,283	20,283	-
Depreciation	7,978	5,008	12,986	1,692	2,590	17,268	16,452
Direct marketing	89,685	44,878	134,563	59	89,498	224,120	217,528
Dues, fees, and other charges	19,079	11,975	31,054	6,452	6,194	43,700	48,843
Equipment leases and purchase	5,549	3,483	9,032	1,177	1,802	12,011	14,206
Meals and entertainment	-	-	-	-	112,029	112,029	50,998
Hospital supplies and services	44,900	-	44,900	-	-	44,900	37,242
In-kind legal and professional services	8,688	8,688	17,376	17,377	-	34,753	184,256
Insurance	18,569	11,656	30,225	3,939	6,029	40,193	27,112
Interest expense	-	-	-	4,078	-	4,078	4,125
Maintenance and repair	12,401	7,784	20,185	2,630	4,026	26,841	33,911
Meetings and conferences	-	-	-	187	-	187	7,159
Miscellaneous	398	248	646	84	128	858	1,078
Occupancy	9,160	5,750	14,910	1,943	2,974	19,827	1,630
Outside services	60,908	54,336	115,244	29,745	92,243	237,232	215,425
Postage and delivery	3,365	2,112	5,477	714	1,093	7,284	4,809
Printing and publications	2,535	2,535	5,070	-	5,069	10,139	9,981
Program materials	-	14,193	14,193	-	-	14,193	23,147
Property taxes	2,411	1,513	3,924	511	783	5,218	3,478
Scholarships, grants, and awards	700	300	1,000	-	-	1,000	1,000
Supplies	1,920	1,205	3,125	407	623	4,155	4,878
Telephone and internet	17,243	10,823	28,066	3,658	5,598	37,322	33,062
Transportation and travel costs	4,062	11,008	15,070	862	1,319	17,251	23,182
Utilities	21,185	13,298	34,483	4,494	6,878	45,855	41,564
Volunteer expenses	4,427	1,897	6,324	-	-	6,324	3,042
Total expenses	1,385,308	830,500	2,215,808	288,785	678,716	3,183,309	3,012,897
Less expenses included with revenues on the statements of activities							
Cost of direct benefits to donors	-	-	-	-	(112,029)	(112,029)	(50,998)
Total expenses included in expense section of the statement of activities	\$ 1,385,308	\$ 830,500	\$ 2,215,808	\$ 288,785	\$ 566,687	\$ 3,071,280	\$ 2,961,899

See accompanying notes to financial statements.

WILDCARE and FRIENDS OF WILDCARE
Combined Statement of Cash Flows
Year Ended September 30, 2023
 (with Summarized Comparative Information for the Year Ended September 30, 2022)

	<u>2023</u>	<u>2022</u>
Operating activities:		
Change in net assets	\$ 2,162,574	\$ 4,349,487
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,268	16,452
Donated services capitalized as part of construction in process	(23,850)	-
Unrealized (gains) losses on investments	(285,997)	13,680
Forgiveness of Debt - PPP Loans	-	(329,000)
Changes in operating assets and liabilities:		
Accounts, grants, and pledges receivable	403,954	208,486
Prepaid expenses and other assets	(6,331)	4,875
Deposits	17,804	(17,804)
Accounts payable and accrued liabilities	177,181	36,463
Accrued interest payable	(2,332)	4,125
Payroll liabilities	18,964	9,266
Unearned revenue	4,145	8,904
Net cash provided by operating activities	<u>2,483,380</u>	<u>4,304,934</u>
Investing activities:		
Purchases of treasury bills within temporarily invested cash	(12,909,985)	(4,507,568)
Proceeds from treasury bill sales within temporarily invested cash	9,548,000	-
Acquisition of construction in process	(627,242)	(432,692)
Acquisition of property and equipment	(30,401)	-
Net cash used by investing activities	<u>(4,019,628)</u>	<u>(4,940,260)</u>
Net decrease in cash and cash equivalents	(1,536,248)	(635,326)
Cash and cash equivalents, at beginning of year	<u>2,162,915</u>	<u>2,798,241</u>
Cash and cash equivalents, at end of year	<u>\$ 626,667</u>	<u>\$ 2,162,915</u>
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Statement of Financial Position:		
Cash and cash equivalents	\$ 493,133	\$ 1,096,159
Cash and cash equivalents, restricted for facility expansion	133,534	1,066,756
Cash and cash equivalents, at end of year	<u>\$ 626,667</u>	<u>\$ 2,162,915</u>
Supplementary Information:		
Interest paid	<u>\$ 6,410</u>	<u>\$ -</u>

See accompanying notes to financial statements.

WildCare and Friends of WildCare
Notes to Combined Financial Statements
For the Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

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 a new facility project for WildCare being built at its current location. 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 with 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.

WildCare and Friends of WildCare
Notes to Combined Financial Statements
For the Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

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 38% 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 not to charge interest on its receivables. Receivables are written off once management has determined the ability to collect is not possible. As of September 30, 2023 no allowance was deemed necessary.

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.

WildCare and Friends of WildCare
Notes to Combined Financial Statements
For the Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

2. Summary of Significant Accounting Policies (continued)

Endowment – The endowment includes 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 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 are expensed when incurred and were \$24,531 during the year ended September 30, 2023.

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.

WildCare and Friends of WildCare
Notes to Combined Financial Statements
For the Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

2. Summary of Significant Accounting Policies (continued)

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.

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. Accordingly, the Entities are generally exempt from federal and state income taxes. The Entities have evaluated their current tax positions as of September 30, 2023 and are not aware of any significant uncertain tax positions for which a reserve would be necessary. 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, grants, and pledges receivable due within one year	\$ 73,847
Grants and pledge receivable, restricted and due after one year	20,000
Total accounts, grants and pledges receivable	\$ 93,847

Accounts, grants, and pledges receivable represent amounts due from various sources, including foundations, individuals, and others.

The Entities are in the process of a campaign to replace the existing building on the wholly-owned location. The pledge receivable is to help finance the project. The pledges are not required to be collected until a facilities expansion project is solidified.

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, pledges, and access to a \$250,000 line of credit.

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.

WildCare and Friends of WildCare
Notes to Combined Financial Statements
For the Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

4. Available Resources and Liquidity (continued)

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, 2023, 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	\$ 493,133
Temporarily invested cash	3,118,490
Temporarily invested cash, restricted for facility expansion	133,534
Cash and cash equivalents, restricted for facility expansion	5,034,440
Accounts, grants, and pledges receivable, current	73,847
Grants and pledges receivable - restricted	20,000
Endowment – restricted	51,293

Less: Donor restricted net assets not available for general expenditures:

Endowment fund balance	(43,947)
Facility expansion – fund balance	<u>(5,338,775)</u>

Financial assets available to meet general expenditures over
the next twelve months

\$ 3,542,015

Substantially all 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 development and renovations.

5. Property and Equipment

Property and equipment consist of the following at September 30, 2023:

Land	\$ 15,000
Building and improvements	182,901
Furniture and equipment	543,578
Construction in process	1,183,468
Less: accumulated depreciation	(668,401)
Total property and equipment, net	<u>\$ 1,256,546</u>

WildCare and Friends of WildCare
Notes to Combined Financial Statements
For the Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

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, 2023, WildCare received a distribution of \$2,454 from the investment in perpetual trust and \$17,104 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, 2023 had a fair value of \$51,293.

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, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Perpetual endowment	\$ 7,346	\$ 43,947	\$ 51,293

Changes in endowment net assets for the fiscal year ended September 30, 2023 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ 4,726	\$ 43,947	\$ 48,673
Investment return and contributions:			
Investment income	648	-	648
Unrealized gains	4,938	-	4,938
Total investment changes	5,586	-	5,586
Grants paid	(2,454)	-	(2,454)
Investment fees	(512)	-	(512)
Endowment net assets at end of year	\$ 7,346	\$ 43,947	\$ 51,293

WildCare and Friends of WildCare
Notes to Combined Financial Statements
For the Year Ended September 30, 2023
(With Summarized Comparative Information for the Year Ended September 30, 2022)

6. Endowment (continued)

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, 2023. Although there were no such deficiencies at September 30, 2023, future deficiencies could result from unfavorable market fluctuations that occur after the investment of new 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, 2023, 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, 2023, is as follows:

	Total	Level 1	Level 2	Level 3
Temporarily invested cash	\$ 3,118,490	\$3,118,490	\$ -	\$ -
Temporarily invested cash, restricted for facility expansion	5,034,440	5,034,440	-	-
Endowment	51,293	-	-	51,293
Totals	\$ 8,204,223	\$8,152,930	\$ -	\$ 51,293

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.

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7. Fair Value Measurements (continued)

A reconciliation of the activity during the year ended September 30, 2023 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, 2022	\$ 48,673
Investment income	648
Unrealized gains	4,938
Distributions and fees	<u>(2,966)</u>
Balance at September 30, 2023	<u><u>\$ 51,293</u></u>

8. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended September 30, 2023 consisted of the following:

	9/30/2022	Contributions	Releases	9/30/2023
Facility expansion fund, net	\$4,100,874	\$1,398,344	\$(160,443)	\$5,338,775
Restricted in perpetuity	43,947	-	-	43,947
Grants for various animal care and wildlife education purposes	<u>39,412</u>	<u>5,000</u>	<u>(12,280)</u>	<u>32,132</u>
 Totals	 <u>\$4,184,233</u>	<u>\$1,403,344</u>	<u>\$(172,723)</u>	<u>\$5,414,854</u>

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 matured on December 5, 2023 and an extension until March 5, 2024 was obtained. The Entities are working to extend the line of credit for an additional year. Amounts drawn on the line of credit accrue interest at the greater of the prime rate (8.50% September 30, 2023) plus 1.00% or the floor rate of 4.25%. The Entities did not draw down on the line during the year ended September 30, 2023.

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 an EIDL (Economic Injury Disaster Loan) of \$150,000. 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.

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10. Notes Payable and Accrued Interest (continued)

WildCare obtained a \$329,000 PPP (Paycheck Protection Program) loan. The first loan was forgiven during the year ended September 30, 2021. 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 as of September 30, 2022 and was received subsequently during the year ended September 30, 2023.

As of September 30, 2023, the \$150,000 EIDL loan and accrued interest consists of the following:

Current portion of long-term debt and accrued interest	\$ 4,125
Long-term portion of debt and accrued interest	<u>152,350</u>
Total long-term debt	<u>\$ 156,475</u>

As of September 30, 2023, the future minimum principal payments due are as follows:

2024	\$ 1,189
2025	3,645
2026	3,747
2027	3,851
2028	3,968
Thereafter	<u>133,600</u>
Total	<u>\$ 150,000</u>

Interest incurred and paid on the EIDL loan totaled \$4,078 and \$6,410, respectively, during the year ended September 30, 2023. No other debt incurred any interest. No payments of principal occurred during the year ended September 30, 2023.

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11. Contributed Nonfinancial Assets

The Entities' have received, valued, and recorded professional in-kind services. Contributed nonfinancial assets did not have donor-imposed restrictions, unless otherwise noted. Donated legal 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 \$34,753 in the statement of functional expenses. Donated services were received from architects and construction management consultants who have donated design services and construction management services for a new facility in the amount of \$23,850 and are included in the financial statements as contributed nonfinancial assets within revenue on the statement of activities. These amounts were capitalized as part of the construction in process. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

12. Commitments

The Entities are renting temporary space while renovations occur. The lease expires on November 30, 2025. The Entities can extend the lease any number of times on a month-to-month basis or up to one-year at a time. Total rent expense for the year ended September 30, 2023 was \$19,827.

Future minimum lease payments under noncancelable operating leases discounted to present value are presented in the following table, for the years ending September 30:

2024	\$ 31,250
2025	32,813
2026	5,513
Total	<hr/> \$ 69,576

13. 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 \$49,973 for the year ended September 30, 2023.

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14. Allocation of Joint Costs

The Entities incurred allocable joint costs during the year ended September 30, 2023 of \$224,120 for the informational materials and activities that included fundraising appeals. Of those costs, \$89,498 was allocated to fundraising expense and \$134,563 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.

15. Summarized 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, 2022, and for the year then ended, from which the summarized information was derived.

16. Subsequent Events

Management of the Entities has evaluated events and transactions subsequent to September 30, 2023, for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through March 21, 2024, the date the financial statements were available to be issued.