

South Florida Wildlife Center, Inc.

Financial Statements

December 31, 2020

Table of Contents

Independent Auditors' Report.....	1 – 2
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements	7 – 14

Independent Auditors' Report

To the Board of Directors
South Florida Wildlife Center, Inc.
Fort Lauderdale, Florida

We have audited the accompanying financial statements of South Florida Wildlife Center, Inc. (the "Organization"), which comprise the statement of financial position at December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Wagtail Capital LLP

Boca Raton, Florida
November 19, 2021

South Florida Wildlife Center, Inc.
Statement of Financial Position
December 31, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$	3,239,188
Service fee receivables		39,175
Investments		2,375,679
Prepaid expenses and other current assets		34,966

Total current assets 5,689,008

Property and equipment, net 292,113

Total assets \$ 5,981,121

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$	49,637
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Total liabilities 49,637

Commitments and contingencies

Net assets:

Without donor restriction	5,033,558
With donor restriction	897,926

Total net assets 5,931,484

Total liabilities and net assets \$ 5,981,121

See accompanying notes to the financial statements.

South Florida Wildlife Center, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Support and revenues:			
Grants	\$ 4,054,500	\$ -	\$ 4,054,500
Contributions	2,239,210	75,000	2,314,210
Program support	757,974	-	757,974
Bequests	562,326	-	562,326
Net investment income	293,070	-	293,070
Contributed animal food	186,766	-	186,766
Total support and revenues	8,093,846	75,000	8,168,846
Expenses:			
Program services	1,896,040	8,775	1,904,815
Supporting services:			
Management and general	372,404	-	372,404
Fundraising	154,318	-	154,318
Total supporting services	526,722	-	526,722
Total expenses	2,422,762	8,775	2,431,537
Changes in net assets	5,671,084	66,225	5,737,309
Net assets at the beginning of the year	(637,526)	831,701	194,175
Net assets at the end of the year	\$ 5,033,558	\$ 897,926	\$ 5,931,484

See accompanying notes to the financial statements.

South Florida Wildlife Center, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Support Services	
Payroll and payroll taxes	\$ 1,115,270	\$ 106,216	\$ 106,216	\$ 212,432	\$ 1,327,702
Payroll benefits	215,149	27,453	20,440	47,893	263,042
Contributed animal food	186,766	-	-	-	186,766
Repairs and maintenance	148,048	28,388	9,004	37,392	185,440
Professional fees	-	165,688	-	165,688	165,688
Supplies and field expenses	131,469	498	250	748	132,217
Depreciation	53,936	-	-	-	53,936
Insurance	41,925	5,000	-	5,000	46,925
Bank and investment fees	46	36,366	5,106	41,472	41,518
Conference and travel	-	570	11,254	11,824	11,824
Education material	10,116	530	-	530	10,646
Telephone	-	1,549	2,048	3,597	3,597
Postage and shipping	2,090	146	-	146	2,236
Total expenses	\$ 1,904,815	\$ 372,404	\$ 154,318	\$ 526,722	\$ 2,431,537

See accompanying notes to the financial statements.

South Florida Wildlife Center, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:

Change in net assets	\$ 5,737,309
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Adjustments to reconcile the changes in net assets to net cash provided by operating activities:	
Depreciation	53,936
Realized and unrealized gains on investments	(284,731)
Changes in operating assets and liabilities:	
Service fee receivables	(11,374)
Prepaid expenses and other current assets	(15,613)
Accounts payable and accrued expenses	(137,148)
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Net cash provided by operating activities 5,342,379

Cash flows from investing activities:

Purchases of investments	(6,134,193)
Proceeds from sales of investments	4,043,125
Purchases of property and equipment	(37,116)
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Net cash used in investing activities (2,128,184)

Net cash provided by financing activities -

Net increase in cash and cash equivalents 3,214,195

Cash and cash equivalents at the beginning of the year 24,993

Cash and cash equivalents at the end of the year \$ 3,239,188

Supplemental disclosure of noncash investing and financing activities:

Receipt of donated stock	\$ 97,876
Transfer of assets from HSUS (see Note 9)	\$ 831,701
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See accompanying notes to the financial statements.

Note 1 – Nature of Organization

South Florida Wildlife Center, Inc. (the “Organization”) was incorporated in 1969 and helps animals in South Florida’s tri-county region (Palm Beach, Broward and Miami-Dade). Staff members rescue, rehabilitate and release harmed or displaced native wildlife; and teach the public about living alongside our wild neighbors. As one the largest wildlife trauma hospital and rehabilitation center in the nation, based on intake numbers, the Organization performs daily field rescues of injured, orphaned, and imperiled animals. The Organization personnel restore mobility and function to injured wildlife, provide rehabilitative care in enriched, species-specific habitats, and release rehabilitated animals back into the wild.

The Center’s support and revenues are received from grants designated for certain projects or programs, contributions from private sources, and other miscellaneous sources

On May 1, 2020, the Humane Society of the United States and Affiliates (“HSUS”) Board of Directors approved a resolution to disaffiliate the Organization from the HSUS. The transaction closed on July 1, 2020. (See Note 9).

Note 2 – Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are described below:

Basis of Presentation

The accompanying financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 Organization. These net assets may be used at the discretion of Organization’s management and the Board of Directors.

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statement of activities and changes in net assets. Certain program and support expenses, such as salaries, benefits and other administrative costs, are allocated among program services, management and general and fundraising based on management’s analysis of these costs.

Note 2 –Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with U.S. 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. Such estimates also affect the reported amounts of revenues and expenses during the reporting year. Actual results may differ from estimates under different assumptions or conditions.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. Unconditional promises to give are presumed to be time-restricted by the donor until collected and are reported as net assets with donor restriction.

Conditional promises to give, including those received under multi-year grant agreements are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before the Organization is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise. A transfer of assets from a donor that contains donor conditions is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor.

Wills are recorded as bequest revenue when the probate courts declare the wills valid and the proceeds are measurable.

Contributions are recorded at fair value, which is net of estimated uncollectible amounts. The Organization uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on past experience as well as management's analysis of factors such as prior collection history, type of contribution, and nature of activity.

All other revenues are recognized when earned.

Cash Equivalents

Cash equivalents consist principally of money market funds and amounts held for operations in interest or non-interest-bearing accounts with original maturities of three (3) months or less and exclude cash equivalents held temporarily for long-term investment purposes by investment custodians.

Service Fee Receivables

Service fee receivables represent amounts due for expenditures incurred prior to year-end. Management evaluates all receivables on a periodic basis. Management believes that service fee receivables are fully collectible.

Note 2 –Summary of Significant Accounting Policies, continued

Investments

The Organization reports investments at fair value. Net investment income (loss) consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Net investment income (loss) is reported in the statement of activities and changes in net assets as a change in net assets without donor restriction unless the use of the income is limited by donor-imposed restrictions.

Property and Equipment

Property and equipment is stated at historical cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is included in the results of activities for the respective period. Depreciation and amortization of property and equipment is computed on a straight-line basis over the estimated useful lives of five (5) to forty (40) years. Property and equipment, if donated, is recorded at the approximate fair value on the date of the donation.

Contributed Services and In-Kind Contributions

Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"), except for income from activities not related to its tax-exempt purpose, which primarily includes rental income. No provision for income taxes was recorded during the year ended December 31, 2020 since the Organization had no significant unrelated business income. The Organization is not a private foundation pursuant to section 509(a)(1) of the IRC.

In accordance with U.S. GAAP on accounting for uncertainty in income taxes, the Organization recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Organization's tax years subject to examination by tax authorities generally remain open for three (3) years from the date of filing.

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets under authoritative guidance issued by the Financial Accounting Standards Board ("FASB"), which requires that long-lived assets and certain intangible assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Note 2 – Summary of Significant Accounting Policies, continued

Valuation of Long-Lived Assets, continued

Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified for the year ended December 31, 2020.

Fair Value of Financial Instruments

The fair value of the Organization's cash and cash equivalents, service fee receivables, investments, and accounts payable and accrued expenses approximates their carrying amounts due to the relatively short maturity of these items.

Concentrations of Credit Risk

The Organization's assets that are exposed to credit risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2020 totaled \$709,157. The Organization maintains its investments with high-quality financial institutions. The Organization performs yearly evaluations of these institutions for relative credit standing. Management regularly monitors the composition and maturities of investments. Investments are subject to market fluctuations that may materially affect the investment balances.

Recent Accounting Pronouncements

In June 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-08 – Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. ASU No. 2018-08 should assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (ii) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2019. The Organization adopted ASU No. 2018-08 effective January 1, 2020 and there was no material effect on the financial statements and disclosures.

Date of Management Review

Management has evaluated subsequent events through November 19, 2021, the date on which the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditure, without donor or other restrictions limiting their use, within one year at December 31, 2020 consist of:

Cash	\$	3,239,188
Service fee receivables		39,175
Investments		2,375,679
Total financial assets		5,654,042
Less: financial assets unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions		(897,926)
Total financial assets unavailable for general expenditures		(897,926)
Total financial assets available within one year to meet cash needs for general expenditures	\$	4,756,116

Note 4 – Investment Income

Net investment income consists of the following for the year ended December 31, 2020:

Net unrealized and realized gain on investments	\$	284,731
Interest and dividend income		8,339
	\$	293,070

Note 5 – Property and Equipment

Property and equipment consists of the following at December 31, 2020:

Buildings	\$	1,210,219
Vehicles		253,339
Furniture and fixtures		219,375
Leasehold improvements		11,552
		1,694,485
Less: accumulated depreciation and amortization		(1,402,372)
	\$	292,113

Depreciation expense for the year ended December 31, 2020 totaled \$53,936.

Note 6 – Fair Value Measurements

Certain financial assets are recorded at fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Fair value is based on assumptions market participants would make in pricing the asset. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Organization's assets recorded at fair value are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1** - Inputs are based upon quoted prices for identical instruments traded in active markets.
- **Level 2** - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.
- **Level 3** - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following section describes the valuation methodologies the Organization uses to measure its assets at fair value.

- Equity securities, money market funds, real estate, and commodities – equity securities, money market funds, real estate and commodities are valued at the quoted net asset value of shares reported in the active market in which the funds are traded.
- Fixed income bonds – represents bonds valued based upon comparable securities of issuers with similar yield and similar credit ratings.

Note 6 – Fair Value Measurements, continued

Fair Value on a Recurring Basis

Investments measured at fair value on a recurring basis are summarized below at December 31, 2020:

<i>Description</i>	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Investments:				
Equity securities	\$ 1,231,950	\$ 1,231,950	\$ -	\$ -
Fixed income funds	956,002	956,002	-	-
Real estate and commodities	187,727	187,727	-	-
Total investments	\$ 2,375,679	\$ 2,375,679	\$ -	\$ -

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following at December 31, 2020:

Purpose restrictions:	
Animal hospital	\$ 791,701
Building renovations and equipment	41,225
Animal care and habitat upgrades	65,000
	\$ 897,926

Note 8 – Net Assets Released from Donor Restrictions

Net assets released from donor restrictions consists of the following for the year ended December 31, 2020:

Purpose restrictions:	
Building renovations	\$ 8,775

Note 9 – Disaffiliation with The Humane Society of the United States and Affiliates

On May 1, 2020, the HSUS Board of Directors approved a resolution to disaffiliate the Organization from the HSUS. The transaction closed on July 1, 2020. As part of the agreement, the HSUS provided the Organization a one-time grant totaling \$4,050,000 and transferred to the Organization all remaining unused restricted net assets. The transferred restricted assets totaled \$831,701 and are subject to purpose restrictions as defined by the donors. At December 31, 2020, these restricted assets are included in net assets with donor restriction in the accompanying statement of financial position.

Note 10 – In-Kind Contributions

For the year ended December 31, 2020, in-kind contributions recognized within revenue in the statement of activities included \$186,766 in contributed animal food. These contributed nonfinancial assets did not have donor-imposed restrictions. Contributed animal food was utilized in the animal shelter and the food pantry. In valuing the animal food, the Organization estimated the fair value on the basis of wholesale values that would be paid for purchasing similar products in the United States.

Note 11 – Commitments and Contingencies

Operating Lease

The property at the Organization's headquarters is leased from Broward County for \$200 per year through September 30, 2025. The fair value of the operating land lease expense cannot be reasonably estimated and, as such, is not reflected in the accompanying financial statements.

Legal Matters

From time to time, the Organization may be involved in various asserted claims and legal proceedings arising in the ordinary course of business, some of which may involve claims for substantial amounts. Management provides provisions for these items to the extent that the losses are deemed both probable and reasonably estimable. No provisions were required for the year ended December 31, 2020.

COVID-19 Pandemic

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for 2021.