

**WILDLIFE RESCUE & REHABILITATION, INC.**

**Audited Financial Statements**

**December 31, 2018**

**AKIN, DOHERTY, KLEIN & FEUGE, P.C.**  
*Certified Public Accountants*

**WILDLIFE RESCUE & REHABILITATION, INC.**  
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**December 31, 2018**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Wildlife Rescue & Rehabilitation, Inc.  
Kendalia, Texas

*Report on the Financial Statements*

We have audited the accompanying financial statements of Wildlife Rescue & Rehabilitation, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 U. S. generally accepted accounting principles; 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U. S. generally accepted auditing standards. 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 auditor's 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 Wildlife Rescue & Rehabilitation, Inc. as of December 31, 2018 and 2017, and the results of its operations, functional expenses and its cash flows for the years then ended in accordance with U. S. generally accepted accounting principles.



Akin, Doherty, Klein & Feuge, P.C.

San Antonio, Texas

May 15, 2019

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 187,080	\$ 129,092
Investments, board designated endowment - Note C	3,723,566	4,172,850
Prepaid expenses	-	1,850
Sanctuary animals	1	1
Fixed assets, net	<u>5,027,547</u>	<u>5,194,814</u>
<b>Total Assets</b>	<u><u>\$ 8,938,194</u></u>	<u><u>\$ 9,498,607</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 45,709	\$ 35,189
Accrued expenses	53,556	56,331
Line of credit	134,797	168,670
Third-party debt	127,389	403,862
Related-party debt	<u>112,266</u>	<u>120,267</u>
Total liabilities	473,717	784,319
Net Assets:		
Without donor restrictions:		
Available for operations	4,680,911	4,444,602
Board designated	3,723,566	4,172,850
With donor restrictions	<u>60,000</u>	<u>96,836</u>
Total net assets	<u><u>8,464,477</u></u>	<u><u>8,714,288</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 8,938,194</u></u>	<u><u>\$ 9,498,607</u></u>

*See notes to audited financial statements.*

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Statement of Activities**  
**Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Support and Revenues</b>			
Support:			
Individual contributions	\$ 1,273,341	\$ -	\$ 1,273,341
Corporate contributions	22,632	-	22,632
Legacies and bequests	639,267	-	639,267
Grants	411,710	-	411,710
Donations, in-kind	172,950	-	172,950
Special events, net of expenses of \$42,401	42,535	-	42,535
Revenues:			
Investment income, net	(94,628)	-	(94,628)
Rental income	36,848	-	36,848
Other revenues	83,497	-	83,497
Total support and revenues	<u>2,588,152</u>	<u>-</u>	<u>2,588,152</u>
<b>Expenses</b>			
Program	2,334,329	-	2,334,329
General and administrative	323,022	-	323,022
Fundraising	180,612	-	180,612
Total expenses	<u>2,837,963</u>	<u>-</u>	<u>2,837,963</u>
<b>Change in Net Assets</b>	(249,811)	-	(249,811)
Released from restriction	36,836	(36,836)	-
Net assets at beginning of year	<u>8,617,452</u>	<u>96,836</u>	<u>8,714,288</u>
<b>Net Assets at End of Year</b>	<u>\$ 8,404,477</u>	<u>\$ 60,000</u>	<u>\$ 8,464,477</u>

*See notes to audited financial statements.*

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Statement of Activities**  
**Year Ended December 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Support and Revenues</b>			
Support:			
Individual contributions	\$ 1,325,952	\$ 7,655	\$ 1,333,607
Corporate contributions	856	-	856
Legacies and bequests	1,055,096	-	1,055,096
Grants	795,183	19,181	814,364
Donations, in-kind	119,874	-	119,874
Special events, net of expenses of \$56,470	1,178	-	1,178
Revenues:			
Investment income, net	372,743	-	372,743
Rental income	37,527	-	37,527
Other revenues	1,195	-	1,195
Total support and revenues	<u>3,709,604</u>	<u>26,836</u>	<u>3,736,440</u>
<b>Expenses</b>			
Program	2,004,527	-	2,004,527
General and administrative	300,149	-	300,149
Fundraising	175,265	-	175,265
Total expenses	<u>2,479,941</u>	<u>-</u>	<u>2,479,941</u>
<b>Change in Net Assets</b>	1,229,663	26,836	1,256,499
Released from restriction	60,000	(60,000)	-
Net assets at beginning of year	<u>7,327,789</u>	<u>130,000</u>	<u>7,457,789</u>
<b>Net Assets at End of Year</b>	<u>\$ 8,617,452</u>	<u>\$ 96,836</u>	<u>\$ 8,714,288</u>

*See notes to audited financial statements.*

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2018**

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,160,856	\$ 174,128	\$ 116,086	\$ 1,451,070
Accounting and professional fees	12,748	15,935	3,187	31,870
Advertising and marketing	10,302	-	53,943	64,245
Animal food	159,218	-	-	159,218
Animal medical care	68,979	-	-	68,979
Animal supplies and equipment	37,429	-	-	37,429
Apprentice program	40,737	-	-	40,737
Books, subscriptions and references	952	22	-	974
Computer software and hardware	16,953	541	541	18,035
Equipment rental and maintenance	14,328	2,528	-	16,856
Facility expenses	93,608	23,402	-	117,010
Facility maintenance and repair	50,323	12,581	-	62,904
Interest expense	-	36,662	-	36,662
IT fees	34,152	14,002	634	48,788
Office supplies	4,197	1,291	969	6,457
Postage and shipping	4,018	3,186	1,186	8,390
Printing and copying	4,932	-	1,336	6,268
Travel and meetings	12,386	5,131	177	17,694
Vehicles	49,822	2,076	-	51,898
Web hosting and maintenance	21,865	-	221	22,086
In-kind expense	172,950	-	-	172,950
Depreciation	303,698	15,984	-	319,682
Other expenses	59,876	15,553	2,332	77,761
<b>Total Expenses</b>	<b>\$ 2,334,329</b>	<b>\$ 323,022</b>	<b>\$ 180,612</b>	<b>\$ 2,837,963</b>
Other expenses not included above:				
Special event expenses	\$ 8,480	\$ -	\$ 33,921	\$ 42,401

*See notes to audited financial statements.*



**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2017**

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,038,309	\$ 155,746	\$ 103,831	\$ 1,297,886
Accounting and professional fees	25,672	32,090	6,418	64,180
Advertising and marketing	17,253	-	56,150	73,403
Animal food	132,344	-	-	132,344
Animal medical care	39,057	-	-	39,057
Animal supplies and equipment	42,559	-	-	42,559
Apprentice program	27,209	-	-	27,209
Books, subscriptions and references	768	30	-	798
Computer software and hardware	17,770	637	538	18,945
Equipment rental and maintenance	28,572	5,070	-	33,642
Facility expenses	69,878	17,470	-	87,348
Facility maintenance and repair	39,674	9,918	-	49,592
Interest expense	-	25,900	-	25,900
IT fees	29,419	12,062	546	42,027
Office supplies	16,147	4,968	3,726	24,841
Postage and shipping	3,523	2,434	332	6,289
Printing and copying	1,398	-	1,220	2,618
Travel and meetings	14,803	6,077	354	21,234
Vehicles	45,863	1,911	-	47,774
Web hosting and maintenance	3,251	1,081	-	4,332
In-kind expense	119,874	-	-	119,874
Depreciation	243,256	12,803	-	256,059
Other expenses	47,928	11,952	2,150	62,030
<b>Total Expenses</b>	<b>\$ 2,004,527</b>	<b>\$ 300,149</b>	<b>\$ 175,265</b>	<b>\$ 2,479,941</b>
Other expenses not included above: Special event expenses	\$ 11,294	\$ -	\$ 45,176	\$ 56,470

*See notes to audited financial statements.*

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Operating Activities</b>		
Change in net assets	\$ (249,811)	\$ 1,256,499
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	319,682	256,059
Unrealized (gain) loss on investments	233,829	(203,449)
Realized (gain) loss on investments	35,163	(24,822)
(Gain) on sale of fixed assets	(70,345)	(500)
Changes in operating assets and liabilities:		
Accounts receivable	-	25,000
Prepaid expenses and other assets	1,850	(1,850)
Accounts payable and accrued expenses	7,745	12,845
Net cash provided by operating activities	<u>278,113</u>	<u>1,319,782</u>
<b>Investing Activities</b>		
Purchases of investments	(174,000)	(1,150,484)
Proceeds from sale of investments	354,292	678,268
Purchases of fixed assets	(347,185)	(1,525,319)
Proceeds from sale of fixed assets	265,115	500
Net cash provided (used) by investing activities	<u>98,222</u>	<u>(1,997,035)</u>
<b>Financing Activities</b>		
Borrowings on line of credit	269,920	168,670
Payments on line of credit	(303,793)	-
Payments on long-term debt, related party	(8,001)	(8,003)
Payments on long-term debt, third party	(276,473)	(13,668)
Net cash (used) provided by financing activities	<u>(318,347)</u>	<u>146,999</u>
Net change in cash and cash equivalents	57,988	(530,254)
Cash and cash equivalents at beginning of year	<u>129,092</u>	<u>659,346</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 187,080</u>	<u>\$ 129,092</u>
<b>Supplemental Disclosures</b>		
Interest paid in cash	\$ 36,662	\$ 25,900
Non-cash donations, in-kind	172,950	119,874
Income taxes paid in cash	-	-

*See notes to audited financial statements.*

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Notes to Audited Financial Statements**  
**December 31, 2018 and 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization:* Wildlife Rescue & Rehabilitation, Inc. (WRR or the Organization) is a not-for-profit organization founded in 1977 and is dedicated to the rescue, rehabilitation, and release of orphaned, injured, and displaced wildlife. WRR provides permanent care for non-indigenous wild animals who have been victimized by the exotic pet trade, rescued from roadside zoos, or retired from research facilities. Indigenous wild animals that are deemed non-releasable due to serious injury are also given permanent care at the sanctuary. WRR serves the areas surrounding Austin and San Antonio, Texas, and provides assistance on a national basis to wild animals in need of rescue from its 212-acre site in Kendalia, Texas.

WRR opened its Sherman Animal Care Complex in San Antonio in early January 2010. This location, which was funded by the Sherman Foundation, serves as a drop-off point for injured and orphaned wildlife, a temporary rehabilitation center for certain species of orphaned mammals and birds, a small rescue and adoption site for cats, and an education center. The immediate care available at this facility is critical in saving more animals' lives and also relieves pressure on the sanctuary clinic in Kendalia during the busiest time of year.

*Basis of Presentation:* The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Without Donor Restrictions:* Net assets that are available for use in general operations and not subject to donor-imposed restrictions. Contributions gifted for recurring programs are generally not considered "restricted" under GAAP, though for internal reporting, the Organization tracks such contributions to verify that the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions – board designated.

*With Donor Restrictions:* Net assets subject to donor-imposed stipulations that are more restrictive than WRR's mission and purpose. Some donor imposed restrictions are temporary in nature, such as pledges that will be met with the passage of time or other events as stipulated by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

*Contributions:* Gifts of cash are reported as support with donor restrictions if they are received with donor stipulations outside the normal course of business that limit the use of the donated assets. Gifts of equipment and other similar assets are reported at estimated fair value as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Gifts are reported as support without donor restrictions when the donor restrictions are met during the reporting period in which the gift was received.

*Contributed Gifts and Services:* Contributed gifts and services include in-kind contributions received by the Organization. Donated materials, which include primarily animal food, are valued based on their estimated fair market value on the date of contribution. Services are valued based on an amount determined to be appropriate if individuals were employed by the Organization to perform such services.

*Functional Allocation of Expenses:* The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of time and effort, as well as depreciation, office and occupancy, which are allocated on square footage or another reasonable basis.

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Notes to Audited Financial Statements**  
**December 31, 2018 and 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Cash and Cash Equivalents:* Cash and cash equivalents consist of unrestricted cash deposits which are held by financial institutions and any equivalent securities with maturity of three months or less.

*Endowment Investments:* Investments are reported at fair market value. Investment income (realized and unrealized) is reported net of investment expense as investment earnings in the statement of activities. Donated investment instruments are recorded at estimated fair value at the date of donation.

*Grant Receivable:* Grants generally require the Organization to comply with a contractual obligation. Grants are reviewed annually for collectability. An allowance was not required at December 31, 2018 or 2017.

*Sanctuary Animals:* Substantially all animals have been donated or otherwise given to the Organization. In accordance with industry practice, the sanctuary animals are recorded at the nominal amount of \$1, as there is no objective basis for establishing value.

*Fixed Assets:* Fixed assets are stated at cost, net of accumulated depreciation. Donated assets are recorded at fair value at the date of the gift. Depreciation is provided over the estimated useful lives, generally ranging from 3 to 30 years, using the straight-line method.

*Income Taxes:* The Organization is a tax-exempt under Internal Revenue Service Code Section 501(c)(3) therefore, no provision for income taxes has been provided in these financial statements. In addition, WRR is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code; accordingly, donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. WRR is not subject to the Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its tax returns for the last four years remain subject to examination.

*Retirement Plan:* The Organization has a 403(b) defined contribution plan which is available to substantially all full-time employees. WRR did not contribute to the Plan in 2018 or 2017.

*Concentrations of Credit Risk:* Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. WRR maintains cash deposits and investments with financial institutions and major brokerage companies and limits the amount of credit exposure, although it may from time to time have cash balances or investments in excess of that insured by the FDIC and SIPC. Management believes its risk of loss is minimized due to the diversity of the underlying investments.

*Subsequent Events:* Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

*New Accounting Pronouncements:* In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Notes to Audited Financial Statements**  
**December 31, 2018 and 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Recently Adopted Accounting Pronouncement:* In August 2016, the FASB issued Accounting Standards Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017, with early adoption encouraged. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expenses by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. The Organization early adopted this new pronouncement effective January 1, 2017.

*Use of Estimates:* The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B – FIXED ASSETS**

Fixed assets consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 1,622,958	\$ 1,668,958
Buildings	2,128,391	2,350,691
Cages, fencing and enclosures	3,458,179	3,208,064
Vehicles	222,376	200,812
Other equipment	533,361	484,841
Construction in progress	-	17,345
Total fixed assets	<u>7,965,265</u>	<u>7,930,711</u>
Less accumulated depreciation	<u>(2,937,718)</u>	<u>(2,735,897)</u>
Net fixed assets	<u>\$ 5,027,547</u>	<u>\$ 5,194,814</u>

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Notes to Audited Financial Statements**  
**December 31, 2018 and 2017**

**NOTE C – BOARD DESIGNATED ENDOWMENT INVESTMENTS**

The Organization’s endowment investments are established through Board designations. WRR does not have any donor-restricted endowments. Accordingly, the State of Texas Prudent Management Institutional Funds Act (SPMIFA) is not currently applicable. Other policies, objectives and strategies include:

*Return Objectives and Risk Parameters:* The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to its programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested in a manner that is intended to produce results that equal or exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to generate a return which exceeds the rate of inflation. Actual returns in any given year may vary from this amount.

*Strategies Employed for Achieving Objectives:* To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that allows flexibility in investment options, based on market conditions, to achieve its long-term return objectives within prudent risk constraints.

*Spending Policy and How the Investment Objectives Relate to Spending Policy:* The Board of Directors has developed a flexible spending policy that allows it to be responsive to the needs of the Organization while trying to build the endowments’ corpus for future generations.

A rollforward of the endowment investments, all board designated, is as follows:

Endowment investments at January 1, 2017	\$ 3,472,363
Additions	327,744
Interest and dividends, net of fees	144,472
Realized gain on sales	24,822
Net unrealized gain	<u>203,449</u>
Endowment investments at December 31, 2017	4,172,850
Withdrawals	(354,656)
Interest and dividends, net of fees	174,364
Realized loss on sales	(35,163)
Net unrealized loss	<u>(233,829)</u>
Endowment investments at December 31, 2018	<u><u>\$ 3,723,566</u></u>

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Notes to Audited Financial Statements**  
**December 31, 2018 and 2017**

**NOTE D – LONG-TERM DEBT**

Long term debt consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Line of credit with Texas Heritage Bank, with total available borrowings of \$200,000, interest only payments at 5.00% until November 14, 2019 when the outstanding balance is due, secured by real estate and deposit accounts.	\$ 134,797	\$ 168,670
Note payable to Texas Heritage Bank, due in monthly installments of \$2,668, including interest of 4.4%, secured by real estate, matures on August 8, 2021.	127,389	403,862
Unsecured related party promissory note payable to Lynn Cuny, due in monthly installments of \$1,186, including interest at 5.00%, matures on May 1, 2028. See Note E	<u>112,266</u>	<u>120,267</u>
Total long-term debt	<u>\$ 374,452</u>	<u>\$ 692,799</u>

Year Ending December, 31:

2019	\$ 158,850
2020	25,189
2021	106,057
2022	10,271
2023	10,797
Thereafter	<u>63,288</u>
	<u>\$ 374,452</u>

**NOTE E – LONG -TERM DEBT, RELATED PARTY**

In accordance with a long-standing agreement with its founder and CEO, Lynn Cuny, the Organization purchased a residence located on the property from the founder in 2013. The Organization paid cash of \$100,000 and entered into a \$150,000 note with Ms. Cuny and Mr. Brestrup. The note is due in monthly installments of \$1,186 including interest at 5% and matures in 2028.

**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Notes to Audited Financial Statements**  
**December 31, 2018 and 2017**

**NOTE F – OPERATING LEASE**

The Organization has several operating lease agreements for office equipment and communication systems. Rent expense associated with these non-cancellable operating lease agreements totaled approximately \$17,000 in 2018 and \$34,000 in 2017. Future commitments related to these lease agreements are as follows:

Year Ending December, 31:

2019	\$	14,900
2020		10,264
2021		5,628
2022		5,628
2023		1,407

**NOTE G – IN-KIND REVENUE AND EXPENSES**

In-kind donations consist of the following during the years ended December 31:

	<u>2018</u>	<u>2017</u>
Animal food	\$ 83,023	\$ 76,214
Program supplies	<u>89,927</u>	<u>43,660</u>
Total	<u>\$ 172,950</u>	<u>\$ 119,874</u>



**WILDLIFE RESCUE & REHABILITATION, INC.**  
**Notes to Audited Financial Statements**  
**December 31, 2018 and 2017**

**NOTE H – FAIR VALUE MEASUREMENTS**

In accordance with U.S. generally accepted accounting principles, the Organization utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or liability
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth, by level within the fair value hierarchy, the Organization's investments measured at fair value as follows:

	<b>Fair Value Measurements Using</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>December 31, 2018:</i>				
Cash and money markets	\$ 15,758	\$ -	\$ -	\$ 15,758
Equities	1,070,400	-	-	1,070,400
Mutual funds	256,689	-	-	256,689
Fixed income	-	2,199,901	-	2,199,901
Total investments at fair value	<u>\$ 1,342,847</u>	<u>\$ 2,199,901</u>	<u>\$ -</u>	<u>\$ 3,542,748</u>
Investments held at San Antonio				
Area Foundation measured at NAV <sup>(a)</sup>				<u>180,818</u>
Total investments				<u>\$ 3,723,566</u>

**WILDLIFE RESCUE & REHABILITATION, INC.**  
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**NOTE H – FAIR VALUE MEASUREMENTS (continued)**

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<i>December 31, 2017:</i>				
Cash and money markets	\$ 19,294	\$ -	\$ -	\$ 19,294
Equities	1,375,651	-	-	1,375,651
Mutual funds	314,821	-	-	314,821
Fixed income	-	2,266,485	-	2,266,485
Total investments at fair value	<u>\$ 1,709,766</u>	<u>\$ 2,266,485</u>	<u>\$ -</u>	<u>\$ 3,976,251</u>
Investments held at San Antonio Area Foundation measured at NAV <sup>(a)</sup>				<u>196,599</u>
Total investments				<u>\$ 4,172,850</u>

<sup>(a)</sup> Investments held at the San Antonio Area Foundation are measured at net asset value (NAV) per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy as they are not publicly traded. Such investments are measured at the fair value of the underlying investments. These investments have a daily redemption frequency and a twelve-month redemption period.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

*Cash and Money Markets:* Valued at stated principal, as adjusted for interest earnings

*Equities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual Funds:* Valued at the daily closing price (net asset value) as reported by the fund.

*Fixed Income:* Valued using evaluations that may be matrix or model-based maximizing the use of observable inputs when available for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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**NOTE I – ALLOCATION OF JOINT COSTS**

Wildlife Rescue & Rehabilitation, Inc. conducted activities that included requests for contributions, as well as program components. Those activities included a quarterly newsletter. The cost of the newsletter totaled approximately \$21,800 in 2018 and \$16,550 in 2017; such costs are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2018</u>	<u>2017</u>
Newsletter:		
Fundraising	\$ 8,720	\$ 6,620
Program	13,080	9,930

**NOTE J – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

On December 31, 2018 the Organization had \$3,910,646 in financial assets available to meet cash needs for general expenditure. This consists of cash of \$187,080 and investments of \$3,723,566. These financial assets are not subject to donor or other contractual restrictions that would make them unavailable for general expenditure if needed. The Organization's primary source of cash flow during the year was through contributions and bequests given by individuals. The Organizations goal is to maintain suitable reserves to fund normal operations for a six-month period.