

LIONS, TIGERS & BEARS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

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# **Gregory V. Villard**

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Lions, Tigers & Bears

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Lions, Tigers & Bears, a non-profit organization, which comprise the statement of financial position as of March 31, 2016, and the related statements of activities and 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lions, Tigers & Bears as of March 31, 2016, 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.

*Gregory V. Villard*  
La Mesa, California  
February 14, 2017

LIONS, TIGERS & BEARS  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>ASSETS</b>			
Cash & cash equivalents	\$ 192,150	\$ 337,946	\$ 530,096
Inventory - Gift Shop	20,655	-	20,655
Marketable Securities	1,104	-	1,104
Property and equipment	<u>1,587,019</u>	<u>-</u>	<u>1,587,019</u>
 Total Assets	 <u>\$ 1,800,928</u>	 <u>\$ 337,946</u>	 <u>\$ 2,138,874</u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 33,292	\$ -	\$ 33,292
Accrued Wages	10,682	-	10,682
Accrued Expenses	12,373	-	12,373
Accrued Payroll Taxes	6,479	-	6,479
Notes Payable	37,960	-	37,960
Loans from related parties	<u>4,750</u>	<u>-</u>	<u>4,750</u>
 Total Liabilities	 <u>105,536</u>	 <u>-</u>	 <u>105,536</u>
 <b>Net Assets</b>			
Unrestricted	1,695,392	-	1,695,392
Temporarily restricted	<u>-</u>	<u>337,946</u>	<u>337,946</u>
 Total Net Assets	 <u>1,695,392</u>	 <u>337,946</u>	 <u>2,033,338</u>
 Total Liabilities and Net Assets	 <u>\$ 1,800,928</u>	 <u>\$ 337,946</u>	 <u>\$ 2,138,874</u>

See accompanying notes and independent auditor's report.

**LIONS, TIGERS & BEARS**  
**STATEMENT OF ACTIVITIES**  
**MARCH 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 596,901	\$ 256,350	\$ 853,251
Gifts in Kind	167,368	-	167,368
Rescue Income	77,141	-	77,141
Memberships	87,732	-	87,732
Member Visits	105,017	-	105,017
Fundraising	215,346	-	215,346
Special Events, net of expenses \$28,702	29,855	-	29,855
Gift Shop Sales, net of expenses \$229,229	43,622	-	43,622
Interest & Dividends	152	-	152
Net Assets released from restriction by payments	<u>139,451</u>	<u>(139,451)</u>	<u>-</u>
 Total support and revenue	 <u>1,462,585</u>	 <u>116,899</u>	 <u>1,579,484</u>
 <b>EXPENSES</b>			
Program Services	988,390	-	988,390
 Supporting Services			
Management and General	168,469	-	168,469
Fundraising	<u>152,293</u>	<u>-</u>	<u>152,293</u>
Total Supporting Services	<u>320,762</u>	<u>-</u>	<u>320,762</u>
 Total Expenses	 <u>1,309,152</u>	 <u>-</u>	 <u>1,309,152</u>
 Change in Net Assets	 153,433	 116,899	 270,332
 Net Assets			
Beginning of year	<u>1,541,959</u>	<u>221,047</u>	<u>1,763,006</u>
End of year	<u>\$ 1,695,392</u>	<u>\$ 337,946</u>	<u>\$ 2,033,338</u>

See accompanying notes and independent auditor's report.

**LIONS, TIGERS & BEARS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 270,332
Reconciliation to net cash provided by (used in) operating activities:	
Depreciation	159,380
(Increase) decrease in operating assets	
Prepaid Assets	21,252
Marketable Securities	(111)
Increase (decrease) in operating liabilities	
Accounts Payable	(11,810)
Accrued Wages	(5,265)
Accrued Expenses	(17,226)
Accrued Payroll Taxes	(1,626)
Prepaid Income	(10,920)
Net cash provided by (used in) operating activities	<u>404,006</u>

**Cash Flows from Investing Activities**

Purchases and Disposals of property and equipment (net)	<u>(275,144)</u>
Net cash provided by (used in) investing activities	<u>(275,144)</u>

**Cash Flows from Financing Activities**

Note Payable	321
Loans from related parties	(14,250)
Net cash provided (used in) financing activities	<u>(13,929)</u>

**Increase (Decrease) in Cash and Cash Equivalents** \$ 114,933

**Cash and Cash Equivalents**

Beginning of year	<u>415,163</u>
End of year	<u>\$ 530,096</u>

See accompanying notes and independent auditor's report.

**LIONS, TIGERS & BEARS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2016**

	Management			
	Program	& General	Fundraising	Total
Salaries	\$ 227,258	\$ 50,064	\$ 8,576	\$ 285,898
Payroll taxes	23,538	5,480	897	29,915
Worker's Comp	<u>18,359</u>	<u>3,729</u>	<u>683</u>	<u>22,771</u>
Total salaries and related expenses	269,155	59,273	10,156	338,584
Animal Care	221,158	-	-	221,158
Credit Card Fees	-	11,929	-	11,929
Licenses, Permits & Dues	4,773	6,324	-	11,097
Educational	26,338	-	-	26,338
Equipment Rental	1,137	-	-	1,137
Insurance	45,053	5,006	-	50,059
Interest	-	2,896	-	2,896
Legal/Professional Fees	28,862	17,512	-	46,374
Marketing	15,940	5,939	-	21,879
Miscellaneous	4,331	482	-	4,813
Fundraising Expenses	-	-	122,149	122,149
Outside Services	-	-	19,988	19,988
Office Expenses	11,549	34,649	-	46,198
Rent	47,760	11,940	-	59,700
Occupancy Costs	2,318	579	-	2,897
Rapairs & Maintenance	32,033	1,685	-	33,718
Travel & Meetings	14,340	-	-	14,340
Utilities	58,522	5,088	-	63,610
Vehicle Expenses	26,303	1,980	-	28,283
Volunteer & Employee Relations	<u>22,625</u>	<u>-</u>	<u>-</u>	<u>22,625</u>
Total expenses before depreciation	832,197	165,282	152,293	1,149,772
Depreciation	<u>156,193</u>	<u>3,187</u>	<u>-</u>	<u>159,380</u>
<b>Total Expenses</b>	<b><u>\$ 988,390</u></b>	<b><u>\$ 168,469</u></b>	<b><u>\$ 152,293</u></b>	<b><u>\$ 1,309,152</u></b>

See accompanying notes and independent auditor's report.

**LIONS, TIGERS & BEARS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES**

Lions, Tigers & Bears is a California nonprofit public benefit corporation (the "Organization"). Incorporated on January 3, 2001, the Organization was organized under the Nonprofit Public Benefit Corporation Law for the following charitable purposes:

- A. Preserve, protect, and provide lifetime, safe havens for endangered, injured, abused, unwanted, and abandoned exotic cats and animals.
- B. Provide educational experiences, mentorship programs, consultation services, and opportunities to display and exchange information regarding endangered, injured, abused, unwanted, and abandoned exotic animals.
- C. Conduct and disseminate qualitative and quantitative research regarding the breeding, care, preservation, protection, and environmental and other impacts upon endangered, injured, unwanted, and abandoned exotic animals.
- D. Establish a wildlife sanctuary, museum, and education facility dedicated to informing the public concerning the protection, preservation, and care of such animals.
- E. Engage in such other activities as will facilitate, or which are necessary or incidental to, achieving the foregoing charitable purposes.

The Organization operates out of and is located on a leased facility located in Alpine, California.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, "Not for Profit Entities".

**Accounting Method**

The Organization utilizes the accrual method of accounting for financial statement presentation, in accordance with accounting principles generally accepted in the United States of America.

**Revenue Recognition**

Revenue from donations, visits, auxiliary activities and grants, fund raisers, etc. are available for general use unless specifically restricted by the donor. Other than promises to give, revenue from donations and bequests are not recognized until received.

The Organization has six (6) levels of membership allowing varying benefits based upon membership fees paid. Memberships are for one year from the date of payment. Membership dues are recognized upon collection as fees and are not refundable and are considered a charitable donation.

The Organization's largest fundraiser during the year was an event called Wild in the Country.

Merchandise sales include clothing and other materials that generally have the Organization's logo.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance, if applicable, is based on prior years' experience and management's analysis of specific promises made.

**LIONS, TIGERS & BEARS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**Contributed Services and Materials**

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Contributed services are reflected in the accompanying financial statements at fair value of the services received, if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing these skills and would otherwise need to be purchased if not provided by donation. Such items are capitalized or charged to operations as appropriate.

The Organization received a substantial amount of services donated by volunteers in carrying out the Organization's program services. No amounts have been recorded for these services as they do not meet the requirements for recognition under generally accepted accounting principles as contributions in the financial statements.

**Inventory**

Inventory, consisting of clothing and other retail items that generally have the Organization's logo are stated at lower of cost or market value.

**Basis of Presentation**

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, restricted, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets contain donor-imposed restrictions that permit the Organization to use or expend the assets only as specified. These restrictions are satisfied either by the passage of time or by the Organization's expenditure for the specified purpose.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

**Use of Estimates**

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Restricted Support and Net Assets**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period, are reported as unrestricted support in the period.

**LIONS, TIGERS & BEARS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

The Organization reports gifts of land, buildings, and equipment as unrestricted support 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 and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Property and Equipment**

Land, buildings and improvements, transportation vehicles, and office furniture and equipment have been recorded at cost if purchased or at fair market value at the date of contribution of assets to the Organization. Depreciation is provided over the estimated useful lives of the respective depreciable assets on a straight-line basis. It is the Organization's policy to capitalize property acquisitions that exceed \$750 in cost or donated value. The Organization's expenditures for ordinary repairs and maintenance are charged to operations as incurred.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents.

**Income Tax Status**

Lions, Tigers & Bears is an organization formed under Internal Revenue Code Section 501 (c)(3) and Section 23701(a) of the California code. The Organization had no unrelated business income during the year and is therefore not liable for any income tax. Accordingly, no provision for Federal and California income taxes has been made in these financial statements.

The Organization recognized the financial statement benefit of tax positions, such as its income tax exempt filing status, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

**Allocation of Functional Expenses**

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Concentration of Cash and Cash Equivalents Held in Banks**

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Impairment of Long-lived Assets**

The Organization accounts for impairment of long-lived assets in accordance with FASB ASC 360, "Property, Plant, and Equipment, with Regard to Impairment and Disposal of Long-lived Assets." This analysis included a review for a significant decrease in market value below book value, the extent and manner for which the long-lived assets are used, a review of legal factors and business climate, and a review of the costs of new construction and cash flows generated by the Organization in the fiscal year ended March 31, 2016. The Organization has determined that no impairment has occurred for the fiscal year ended March 31, 2016.

LIONS, TIGERS & BEARS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and Equipment at March 31, 2016 are summarized as follows:

Habitats and Improvements	\$1,647,862
Transportation and Equipment	<u>735,793</u>
	<u><u>\$2,383,655</u></u>
Less accumulated depreciation	(796,636)
	<u><u>\$1,587,019</u></u>

**NOTE 4. NOTES PAYABLE**

At March 31, 2016, long-term debt was comprised of the following:

The Organization has two notes payable used to purchase two trucks.	\$ 4,117
The interest rate of the first truck is 2.9% and the term is 60 months.	<u>28.843</u>
The interest rate of the second truck is 2.5% and the term is 60 months	37,960
The trucks are pledged as collateral on the notes.	
Less Current Portion	( 8,977)
Long-Term Debt	<u><u>\$28,983</u></u>

The future maturities of long-term debt are as follows:

2017	\$10,653
2018	9,901
2019	<u>8,429</u>
	<u><u>\$28,983</u></u>

**NOTE 5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of March 31, 2016 consist of the following funds:

New Bear Habitat	\$ 96
The Weiner Family Foundation	2,500
Linking Love to Lives	1,200
Zoe McCrea Pool Fund	50,000
Ohio Animal Health Foundation	5,500
GFAS	4,150
Recovery Room Funds	16,454
Mercedes Raffle Funds	21,370
Rescue Equipment Replacement Funds	31,958
Meatball's Pool Funds	49,000
Bear Habitat 2 Funds	29,629
Ark Antiques	18,376
Wendy P. McCaw Foundation	43,465
Jane Meier Veterinary Fund	6,656
DJ&T Mobile Medical Unit Funds	55,000
McGrath Educational Kiosk Funds	2,139
Zoe	<u>453</u>
Total temporarily restricted net assets	\$337,946

LIONS, TIGERS & BEARS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016

**NOTE 6. RELATED PARTY ADVANCES AND OTHER TRANSACTIONS**

The Organization's founder is the Chairman of the Board of Trustees and President (the "Founder") and her husband is a Trustee (the "Co-Founder"). The Founder manages and operates the Organization on a full-time basis and has received no compensation from inception through March 31, 2016. The Co-Founder provides assistance on a part-time basis and equipment to maintain the Organization's Alpine Facility. The Co-Founder has received no compensation since inception.

The Founder and Co-Founder have made non-interest bearing Related Party Advances to the Organization through and as of March 31, 2106 totaling \$4,750.

**NOTE 7. RELATED PARTY OPERATING LEASE**

On March 29, 2008, as amended on March 10, 2010, as restated on January 1, 2015, the Organization entered into a Related Party Triple – Net Operating Lease with the Founder and Co-Founder to lease approximately seven (7) acres of land and improvements in Alpine, California, the Alpine Facility, for an initial term on ten (10) years from January 1, 2015 (the "Related party Operating lease"). The Alpine Facility leased by the Organization under the Related Party Operating Lease is owned by the Founder and Co-Founder and is part of a parcel of 93 acres of land upon which their residence is located. Monthly rental for the Related Party Operating lease during the ten (10) year term is \$4,975. Monthly rental for Related Party Operating Lease for the period April 1 to December 31, 2014 was \$4,000 per month. If mutually agreed upon by both parties, the Organization has the option to add acreage to the lease at the monthly rate of \$100 per acre. The Organization has an option to extend the Related Party Operating Lease for an additional five (5) year term with a minimum of 180 days written notice prior to the expiration of the initial lease term. Rent expense for the fiscal year ended March 31, 2016 was \$59,700.

The Related Party Operating Lease annual minimum lease commitments are as follows:

Years Ending March 31	
2017	\$ 59,700
2018	59,700
Thereafter	<u>343,275</u>
	<u><u>\$ 462,675</u></u>

The Related Party Operating Lease for the Alpine Facility is likely under market rental rates for the location. The Organization has not recorded as contributed services and additional rent an amount for the below market lease rate.

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

Other than the Related Party Operating Lease and Notes Payable, there are no known commitments or contingencies.

**NOTE 9. DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 14, 2017, the date that the financial statements were available to be issued.