

LIONS, TIGERS & BEARS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

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Gregory V. Villard

CERTIFIED PUBLIC ACCOUNTANT

7844 LA MESA BOULEVARD
LA MESA, CA 91942
619-589-5472
619-589-5245 – FAX
info@gregvillardcpa.com

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, 2017, 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, 2017, 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 8, 2018

LIONS, TIGERS & BEARS
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash & cash equivalents	\$ 106,102	\$ 309,794	\$ 415,896
Inventory - Gift Shop	26,099	-	26,099
Inventory - Animal Food	34,425	-	34,425
Marketable Securities	17,835	-	17,835
Accounts Receivable	760	-	760
Property and equipment	<u>1,895,198</u>	<u>-</u>	<u>1,895,198</u>
 Total Assets	 <u>\$ 2,080,419</u>	 <u>\$ 309,794</u>	 <u>\$ 2,390,213</u>
 LIABILITIES AND NET ASSETS			
Liabilities			
Accounts Payable	\$ 76,071	\$ -	\$ 76,071
Accrued Wages & Payroll Taxes	3,947	-	3,947
Accrued Expenses	20,982	-	20,982
Notes Payable	119,744	-	119,744
Loans from related parties	<u>898</u>	<u>-</u>	<u>898</u>
 Total Liabilities	 <u>221,642</u>	 <u>-</u>	 <u>221,642</u>
 Net Assets			
Unrestricted	1,858,777	-	1,858,777
Temporarily restricted	<u>-</u>	<u>309,794</u>	<u>309,794</u>
 Total Net Assets	 <u>1,858,777</u>	<u>309,794</u>	<u>2,168,571</u>
 Total Liabilities and Net Assets	 <u>\$ 2,080,419</u>	<u>\$ 309,794</u>	<u>\$ 2,390,213</u>

See accompanying notes and independent auditor's report.

LIONS, TIGERS & BEARS
STATEMENT OF ACTIVITIES
MARCH 31, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 759,335	\$ 304,873	\$ 1,064,208
Gifts in Kind	260,347	-	260,347
Memberships	75,564	-	75,564
Member Visits	150,255	-	150,255
Fundraising	183,219	-	183,219
Special Events, net of expenses \$20,435	82,753	-	82,753
Gift Shop Sales, net of expenses \$19,125	33,190	-	33,190
Interest & Dividends	167	-	167
Net Unrealized Gain on Marketable Securities	1,241	-	1,241
Net Assets released from restriction by payments	333,025	(333,025)	-
 Total support and revenue	 1,879,096	 (28,152)	 1,850,944
 EXPENSES			
Program Services	1,376,099	-	1,376,099
 Supporting Services			
Management and General	208,609	-	208,609
Fundraising	131,003	-	131,003
Total Supporting Services	339,612	-	339,612
 Total Expenses	 1,715,711	 -	 1,715,711
 Change in Net Assets	 163,385	 (28,152)	 135,233
 Net Assets			
Beginning of year	1,695,392	337,946	2,033,338
End of year	 \$ 1,858,777	 \$ 309,794	 \$ 2,168,571

See accompanying notes and independent auditor's report.

LIONS, TIGERS & BEARS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

Cash Flows from Operating Activities

Change in Net Assets	\$ 135,233
Reconciliation to net cash provided by (used in) operating activities:	
Depreciation	246,792
(Increase) decrease in operating assets	(5,444)
Inventory - Gift Shop	(34,425)
Inventory - Animal Food	(16,731)
Marketable Securities	(760)
Accounts Receivable	42,777
Increase (decrease) in operating liabilities	(13,214)
Accounts Payable	8,609
Accrued Expenses	362,837
Accrued Wages & Payroll Taxes	(554,971)
Net cash provided by (used in) operating activities	<u>8,609</u>

Cash Flows from Investing Activities

Purchases and Disposals of property and equipment (net)	(554,971)
Net cash provided by (used in) investing activities	<u>(554,971)</u>

Cash Flows from Financing Activities

Note Payable	81,786
Loans from related parties	(3,852)
Net cash provided (used in) financing activities	77,934

Increase (Decrease) in Cash and Cash Equivalents \$ (114,200)

Cash and Cash Equivalents

Beginning of year	530,096
End of year	<u>\$ 415,896</u>

Supplemental Disclosure:

Interest Expense	\$ 7,331
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See accompanying notes and independent auditor's report.

LIONS, TIGERS & BEARS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2017

	Management			
	Program	& General	Fundraising	Total
Salaries	\$ 310,892	\$ 68,488	\$ 11,732	\$ 391,112
Payroll taxes	30,220	7,136	1,599	38,955
Worker's Comp Insurance	38,344	7,788	1,426	47,558
Total salaries and related expenses	<u>379,456</u>	<u>83,412</u>	<u>14,757</u>	<u>477,625</u>
Animal Care	371,907	-	-	371,907
Credit Card and Bank Fees	-	25,170	-	25,170
Licenses, Permits & Dues	6,518	8,636	-	15,154
Educational	33,695	-	-	33,695
Insurance	79,714	8,857	-	88,571
Interest	4,974	2,357	-	7,331
Legal/Professional Fees	10,036	6,089	-	16,125
Marketing	14,753	5,496	-	20,249
Miscellaneous	6,010	667	-	6,677
Fundraising Expenses	-	-	86,748	86,748
Outside Services	-	-	29,498	29,498
Office Expenses	11,346	34,038	-	45,384
Rent	49,360	12,340	-	61,700
Occupancy Costs	1,923	480	-	2,403
Rapairs & Maintenance	51,523	2,710	-	54,233
Travel & Meetings	35,581	-	-	35,581
Utilities	50,551	4,395	-	54,946
Vehicle Expenses	21,716	1,613	-	23,329
Volunteer & Employee Relations/Training	<u>12,413</u>	<u>-</u>	<u>-</u>	<u>12,413</u>
Total expenses before depreciation	1,141,476	196,260	131,003	1,468,739
Depreciation	<u>234,623</u>	<u>12,349</u>	<u>-</u>	<u>246,972</u>
Total Expenses	<u>\$1,376,099</u>	<u>\$ 208,609</u>	<u>\$ 131,003</u>	<u>\$ 1,715,711</u>

See accompanying notes and independent auditor's report.

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

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, 2017

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

Gift shop inventory, consisting of clothing and other retail items that generally have the Organization's logo are stated at lower of cost or market value. Animal food inventory consists of food held in storage for feeding the animals on the premises.

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, 2017

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, 2017. The Organization has determined that no impairment has occurred for the fiscal year ended March 31, 2017.

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 3. PROPERTY AND EQUIPMENT

Property and Equipment at March 31, 2017 are summarized as follows:

Habitats and Improvements	\$1,910,424
Transportation and Equipment	<u>966,842</u>
	<u>\$2,877,266</u>
Less accumulated depreciation	<u>(982,068)</u>
	<u>\$1,895,198</u>

Included in the transportation and equipment of \$966,842 is a special truck for hauling animals. This truck was purchased for \$192,275 by Lions, Tigers, & Bears, LLC, which is solely owned by Lions, Tigers, & Bears.

NOTE 4. NOTES PAYABLE

Long-term debt at March 31, 2017 was comprised of the following:

Note payable for a 60 month term at 2.9% interest collateralized by a truck	\$ 1,215
Note payable for a 60 month term at 3.9% interest collateralized by a truck	21,473
Note payable for a 60 month term with monthly payments of \$177.47 collateralized by a copy machine	7,491
Note payable for a 60 month term with monthly payments of \$1,884.83 at 4.95% interest collateralized by a truck for hauling animals	<u>89,565</u>
	119,744
Less Current Portion	(25,289)
Long-Term Debt	<u>\$ 94,455</u>

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

2018	\$24,420
2019	23,985
2020	23,676
2021	<u>22,374</u>
	<u>\$94,455</u>

NOTE 5. 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 the Co-Founder provides assistance on a part-time basis and equipment to maintain the Organization's Alpine Facility.

The Founder and Co-Founder have made non-interest bearing Related Party Advances to the Organization through and as of March 31, 2017 totaling \$898.

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of March 31, 2017 consist of the following funds:

Brix Mobile Medical Unit	\$ 20,000
Watering Hole	7,875
Linking Love to Lives	53,906
Glide Foundation	5,000
Rescue Fund	20,000
Emergency File	8,780
Mercedes Raffle Funds	10,357
Rescue Equipment Replacement Funds	27,530
Meatball's Pool Funds	49,000
Bear Habitat 2 Funds	1,806
McCaw Foundation Veterinary Care	45,810
DJ&T Mobile Medical Unit Funds	8,839
Other	561
Zoe Pool Funds	<u>50,330</u>
 Total temporarily restricted net assets	 \$309,794

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. If mutually agreed upon by both parties, the Organization has the option to add acreage to the lease at the monthly rate of \$500 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, 2017 was \$61,700.

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

Years Ending March 31	
2018	\$ 61,700
Thereafter	<u>343,275</u>
	<u><u>\$ 404,975</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.

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

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 8, 2018, the date that the financial statements were available to be issued.