

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011



GAINER | DONNELLY

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Wildlife Center of Texas
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of The Wildlife Center of Texas (a nonprofit organization) (the "Wildlife Center") which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets 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 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wildlife Center of Texas as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 10 and 11 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gainer Donnelly LLP

September 12, 2013

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 120,947	\$ 260,440
Prepaid Expenses	<u>348</u>	<u>189</u>
Total Current Assets	121,295	260,629
PROPERTY AND EQUIPMENT:		
Vehicles	20,000	20,000
Furniture and Fixtures	21,400	21,400
Equipment	11,000	11,000
Accumulated Depreciation	<u>(22,392)</u>	<u>(14,322)</u>
Property and Equipment, Net	<u>30,008</u>	<u>38,078</u>
TOTAL ASSETS	<u>\$ 151,303</u>	<u>\$ 298,707</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts Payable	\$ 3,108	\$ 2,442
Due to Houston SPCA	<u>102,830</u>	<u>201,062</u>
Total Current Liabilities	105,938	203,504
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	14,261	95,203
Temporarily Restricted	<u>31,104</u>	<u>-</u>
TOTAL NET ASSETS	<u>45,365</u>	<u>95,203</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 151,303</u>	<u>\$ 298,707</u>

The accompanying notes are an integral part of these financial statements.

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE:						
Admissions	\$ 84,898	\$ -	\$ 84,898	\$ 68,337	\$ -	\$ 68,337
Contributions	233,280	11,104	244,384	277,147	-	277,147
Fundraising	35,269	-	35,269	25,602	-	25,602
Response and Training	45,302	20,000	65,302	28,029	-	28,029
Other	9,749	-	9,749	-	-	-
TOTAL REVENUE	408,498	31,104	439,602	399,115	-	399,115
EXPENSES:						
Program Services	416,325	-	416,325	358,246	-	358,246
Management and General	37,777	-	37,777	12,786	-	12,786
Fundraising	35,338	-	35,338	27,597	-	27,597
TOTAL EXPENSES	489,440	-	489,440	398,629	-	398,629
CHANGE IN NET ASSETS	(80,942)	31,104	(49,838)	486	-	486
NET ASSETS AT BEGINNING OF YEAR	95,203	-	95,203	94,717	-	94,717
NET ASSETS AT END OF YEAR	\$ <u>14,261</u>	\$ <u>31,104</u>	\$ <u>45,365</u>	\$ <u>95,203</u>	\$ <u>-</u>	\$ <u>95,203</u>

The accompanying notes are an integral part of these financial statements.

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (49,838)	\$ 486
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	8,070	5,320
Changes in Operating Assets and Liabilities:		
Prepaid Expenses	(159)	2,717
Accounts Payable	666	596
Due to Houston SCPA	<u>(98,232)</u>	<u>(53,737)</u>
Net Cash Used in Operating Activities	(139,493)	(44,618)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	<u>-</u>	<u>(11,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(139,493)	(55,618)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>260,440</u>	<u>316,058</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 120,947</u>	<u>\$ 260,440</u>

The accompanying notes are an integral part of these financial statements.

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

The Wildlife Center of Texas (the “Wildlife Center”), a Texas non-profit organization, was formed to meet the increasing need for wildlife assistance in the Greater Houston and Upper Gulf Coast. The mission of the Wildlife Center is to care for injured, ill and orphaned wildlife through rehabilitation, public education, and release. The Wildlife Center is funded primarily by donations.

Each year, thousands of injured, ill or orphaned wild birds and mammals are received by the Center and treated by licensed rehabilitators.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Wildlife Center’s financial records have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Wildlife Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor imposed restrictions. The Wildlife Center has no permanently restricted net assets as of December 31, 2012 and 2011.

Cash Equivalents

The Wildlife Center considers all highly liquid investments with initial maturities of three months or less at the time of purchase to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost if purchased, or in the case of donated property, at the estimated fair market value at the date of donation. The Wildlife Center capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed by use of the straight-line method for financial reporting purposes over a period of three to twenty years. Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred. Expenditures, which materially increase values or extend useful lives of property and equipment, are capitalized. Depreciation expense totaled \$8,070 and \$5,320 for the years ended December 31, 2012 and 2011, respectively.

Contributions

The Wildlife Center’s contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted net assets. When a donor stipulated time restriction ends or stipulated purpose 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. Donor restricted contributions whose restrictions are met within the same year as received are generally reported as unrestricted contributions in the accompanying financial statements.

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Services

The Wildlife Center recognizes donated services at their fair value in the period received if the services received create or enhance nonfinancial assets that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No donated services were recognized during the years ended December 31, 2012 and 2011.

A substantial number of unpaid volunteers make significant contributions of their time to develop the Wildlife Center's programs. The value of the contributed time is not reflected in these statements because it does not require a specialized skill or create or enhance a nonfinancial asset.

Functional Expenses

The majority of expenses can generally be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among the programs and supporting services benefited based on various determinations by management.

Federal Income Taxes

The Wildlife Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Wildlife Center accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of December 31, 2012, management believes there were no uncertain tax positions.

Use of Estimates

The preparation of the 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 amount of assets and liabilities, the amounts of reported revenues and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used. Estimates that have the most impact on financial position and results of operations primarily relate to allocation of expenses by function and useful lives of property and equipment. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. The reclassifications had no effect on changes in net assets.

Subsequent Events

The Wildlife Center has evaluated subsequent events through the date the financial statements were available for issuance on September 12, 2013. No matters were identified affecting the accompanying financial statements and related disclosures.

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2012, temporarily restricted net assets of \$31,104 were available for purchases of enclosures and oil response tanks.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Wildlife Center contracts with the Houston SPCA, a related party, to receive organizational and personnel support. The Wildlife Center reimburses the Houston SPCA for personnel, veterinary services, and administrative support. For the years ended December 31, 2012 and 2011, the Houston SPCA incurred \$329,226 and \$257,077, respectively, in expenses for these support services provided to the Wildlife Center.

Additionally, the Houston SPCA leases office space to the Wildlife Center (see Note 5). The lease terms require the Wildlife Center to reimburse the Houston SPCA for the costs of operating and maintaining the leased portion of the building.

The Wildlife Center paid \$454,458 and \$333,814 to the Houston SPCA in 2012 and 2011, respectively. As of December 31, 2012 and 2011, the Wildlife Center owed Houston SPCA \$102,830 and \$201,062, respectively, for charges incurred on their behalf.

NOTE 5 – OPERATING LEASES

The Wildlife Center leases its office space from the Houston SPCA under an operating lease expiring in 2014 with an option to renew at expiration. Future minimum rental payments for the noncancellable lease is as follows:

<u>Year Ending</u> <u>December 31,</u>	
2013	\$ 27,000
2014	<u>27,000</u>
Total	\$ <u>54,000</u>

Rental expense totaled \$27,000 and \$23,000 for the years ended December 31, 2012 and 2011, respectively.

SUPPLEMENTARY INFORMATION

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL EXPENSES:				
Salaries	\$ 211,108	\$ 17,382	\$ 21,445	\$ 249,935
Benefits, Training, and Taxes	<u>22,615</u>	<u>1,025</u>	<u>1,244</u>	<u>24,884</u>
 Total Personnel Expenses	 233,723	 18,407	 22,689	 274,819
 Community Outreach and Education	 23,286	 -	 -	 23,286
Animal Food and Animal Supplies	71,950	-	-	71,950
Administrative Support	13,366	19,370	-	32,736
Fundraising	-	-	12,649	12,649
Utilities	25,788	-	-	25,788
Maintenance	4,494	-	-	4,494
Insurance	8,648	-	-	8,648
Depreciation	8,070	-	-	8,070
Lease	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
 TOTAL EXPENSES	 <u>\$ 416,325</u>	 <u>\$ 37,777</u>	 <u>\$ 35,338</u>	 <u>\$ 489,440</u>

See Independent Auditor's Report

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services	Management and General	Fundraising	Total
PERSONNEL EXPENSES:				
Salaries	\$ 163,941	\$ 2,000	\$ 20,000	\$ 185,941
Benefits, Training, and Taxes	18,160	214	1,200	19,574
Total Personnel Expenses	182,101	2,214	21,200	205,515
Community Outreach and Education	22,676	-	-	22,676
Animal Food and Animal Supplies	75,855	-	-	75,855
Administrative Support	8,004	10,572	-	18,576
Fundraising	-	-	6,397	6,397
Utilities	32,290	-	-	32,290
Maintenance	3,630	-	-	3,630
Insurance	5,370	-	-	5,370
Depreciation	5,320	-	-	5,320
Lease	23,000	-	-	23,000
TOTAL EXPENSES	\$ 358,246	\$ 12,786	\$ 27,597	\$ 398,629

See Independent Auditor's Report