

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

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

GAINER DONNELLY & DESROCHES

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

We have audited the accompanying statement of financial position of The Wildlife Center of Texas (a Texas non-profit Organization) ("Wildlife Center") as of December 31, 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Wildlife Center of Texas's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses on page 9 is presented for purposes of additional analysis and is 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.

As discussed in Note 3 to the financial statements, the 2011 financial statements have been restated to correct rent expense and due to Houston SPCA in prior years.

Gainer Donnelly & Desroches LLP

October 15, 2012

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

ASSETS

CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 260,440
Prepaid Expenses	<u>189</u>
Total Current Assets	260,629
PROPERTY AND EQUIPMENT:	
Vehicles	20,000
Furniture and Fixtures	21,400
Equipment	11,000
Accumulated Depreciation	<u>(14,322)</u>
Property and Equipment, Net	<u>38,078</u>
TOTAL ASSETS	<u><u>\$ 298,707</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts Payable	\$ 2,442
Due to Houston SPCA	<u>201,062</u>
Total Current Liabilities	203,504
COMMITMENTS AND CONTINGENCIES	
UNRESTRICTED NET ASSETS	<u>95,203</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 298,707</u></u>

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

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

REVENUE:	
Admissions	\$ 68,337
Contributions	277,147
Fundraising	25,602
Response Training	<u>28,029</u>
TOTAL REVENUE	399,115
EXPENSES:	
Program Services	379,446
Management and General	12,786
Fundraising	<u>6,397</u>
TOTAL EXPENSES	<u>398,629</u>
CHANGE IN NET ASSETS	486
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	185,629
Prior Period Adjustment	<u>(90,912)</u>
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	<u>94,717</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u><u>\$ 95,203</u></u>

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

THE WILDLIFE CENTER OF TEXAS
(A Texas Non-Profit Organization)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 486
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used in Operating Activities:	
Depreciation	5,320
Changes in Operating Assets and Liabilities:	
Prepaid Expenses	2,717
Accounts Payable	596
Due to Houston SCPA	<u>(53,737)</u>
Net Cash Used in Operating Activities	(44,618)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Property and Equipment	<u>(11,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(55,618)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>316,058</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<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.

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 temporarily or permanently restricted net assets as of December 31, 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 \$5,320 for the year ended December 31, 2011.

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 year ended December 31, 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 a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax has been made in these financial statements.

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, 2011, 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. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Subsequent Events

The Wildlife Center has evaluated subsequent events through the date the financial statements were available for issuance on October 15, 2012. 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 – PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for 2011 have been restated to record the \$90,912 due to Houston Society for the Prevention of Cruelty to Animals (“Houston SPCA”) for rent expense under lease agreements that were previously unrecognized as of December 31, 2010. The effect of the restatement was to increase due to Houston SPCA and decrease unrestricted net assets by \$90,912 as of January 1, 2011.

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 year ended December 31, 2011, the Houston SPCA incurred \$257,077 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. As a result of this arrangement, the Wildlife Center incurred rent totaling \$23,000 in 2011.

As discussed in Note 3, certain related party rent was not recorded in prior years. As a result, the due to Houston SPCA increased \$90,912 for these rental charges. During 2011, the Wildlife Center paid \$333,814 to the Houston SPCA. As of December 31, 2011, the Wildlife Center owed Houston SPCA \$201,062 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>	
2012	\$ 27,000
2013	27,000
2014	<u>27,000</u>
Total	\$ <u>81,000</u>

Rental expense totaled \$23,000 for the year ended December 31, 2011.

SUPPLEMENTARY INFORMATION

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL EXPENSES:				
Salaries	\$ 183,941	\$ 2,000	\$ -	\$ 185,941
Benefits, Training, and Taxes	<u>19,360</u>	<u>214</u>	<u>-</u>	<u>19,574</u>
Total Personnel Expenses	203,301	2,214	-	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	<u>23,000</u>	<u>-</u>	<u>-</u>	<u>23,000</u>
TOTAL EXPENSES	<u>\$ 379,446</u>	<u>\$ 12,786</u>	<u>\$ 6,397</u>	<u>\$ 398,629</u>