

WILDLIFE RESCUE & REHABILITATION, INC.

Audited Financial Statements

December 31, 2013

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

WILDLIFE RESCUE & REHABILITATION, INC.
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Thomas A. Akin
David J. Doherty
Howard H. Klein, Jr.
Scott C. Kopecky
Joseph A. Hernandez
Susan M. Valdez

Member of AICPA and TSCPA
Registered with Public Company
Accounting Oversight Board

www.adkf.com

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 balance sheets as of December 31, 2013 and 2012, 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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MAIN OFFICE

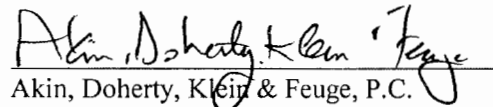
507 East Blanco, Suite 101
Boerne, Texas 78006
Phone: 830 815-1100
Fax: 830 249-3714

8610 North New Braunfels, Suite 101
San Antonio, Texas 78217
Phone: 210 829-1300
Fax: 210 829-4080

672 Ridge Hill Drive, Suite A
New Braunfels, Texas 78130
Phone: 830 387-4441
Fax: 830 625-3456

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, 2013 and 2012, and the results of its operations 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 16, 2014

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Financial Position
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 149,332	\$ 242,181
Investments, Board designated endowments	166,155	149,635
Accounts receivable, trade	1,802	2,046
Prepaid expenses and other current assets	12,530	14,199
Sanctuary animals	1	1
Fixed assets, net	<u>3,263,421</u>	<u>2,634,630</u>
Total Assets	<u><u>\$ 3,593,241</u></u>	<u><u>\$ 3,042,692</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 38,967	\$ 28,248
Accrued expenses	16,901	13,785
Deferred revenue	14,260	10,250
Long term debt, related-party	150,000	-
Long term debt, third-party	<u>249,179</u>	<u>168,228</u>
Total liabilities	469,307	220,511
Net Assets:		
Unrestricted	2,952,779	2,647,546
Unrestricted, Board designated	166,155	149,635
Temporarily restricted	<u>5,000</u>	<u>25,000</u>
Total net assets	<u>3,123,934</u>	<u>2,822,181</u>
Total Liabilities and Net Assets	<u><u>\$ 3,593,241</u></u>	<u><u>\$ 3,042,692</u></u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.**Statements of Activities****Year Ended December 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Support and Revenues			
Support:			
Contributions	\$ 2,087,277	\$ 5,000	\$ 2,092,277
Donations, in-kind	162,879	-	162,879
Special events, net of expenses	105,498	-	105,498
Revenues:			
Earnings from investments	6,192	-	6,192
Realized gain from investments	973	-	973
Unrealized gain from investments	14,019	-	14,019
Thrift store, net	17,444	-	17,444
Rental income	17,794	-	17,794
Other income	12,317	-	12,317
Total support and revenues	<u>2,424,393</u>	<u>5,000</u>	<u>2,429,393</u>
Expenses			
Program service	1,785,895	-	1,785,895
General and administrative	132,037	-	132,037
Fundraising	209,707	-	209,707
Total expenses	<u>2,127,639</u>	<u>-</u>	<u>2,127,639</u>
Change in Net Assets	296,754	5,000	301,754 *
Net assets at beginning of year	2,797,180	25,000	2,822,180
Net assets released from restriction	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 3,118,934</u>	<u>\$ 5,000</u>	<u>\$ 3,123,934</u>

* Included in this figure is \$300,000 that was contributed toward purchase of land and improvements that expanded the facility.

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.**Statements of Activities****Year Ended December 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Support and Revenues			
Support:			
Contributions	\$ 1,621,222	\$ 25,000	\$ 1,646,222
Donations, in-kind	198,732	-	198,732
Special events, net of expenses	137,512	-	137,512
Revenues:			
Earnings from investments	9,311	-	9,311
Thrift store, net	5,526	-	5,526
Rental income	11,111	-	11,111
Other income	27,658	-	27,658
Total support and revenues	<u>2,011,072</u>	<u>25,000</u>	<u>2,036,072</u>
Expenses			
Program service	1,516,669	-	1,516,669
General and administrative	125,862	-	125,862
Fundraising	242,754	-	242,754
Total expenses	<u>1,885,285</u>	<u>-</u>	<u>1,885,285</u>
Change in Net Assets	125,787	25,000	150,787
Net assets at beginning of year	2,671,393	-	2,671,393
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 2,797,180</u>	<u>\$ 25,000</u>	<u>\$ 2,822,180</u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Functional Expenses
Year Ended December 31, 2013

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits:				
Salaries	\$ 756,211	\$ 43,286	\$ 74,239	\$ 873,736
Payroll taxes	61,017	3,560	6,105	70,682
Employee benefits	27,202	15,349	5,583	48,134
Total salaries and benefits	<u>844,430</u>	<u>62,195</u>	<u>85,927</u>	<u>992,552</u>
Advertising and promotion	7,715	1,234	21,909	30,858
Bank service charges	-	1,513	8,476	9,989
Community animal rescue	216,074	-	-	216,074
Community education	3,017	-	-	3,017
Contract labor	14,195	3,614	-	17,809
				-
Facility maintenance and repair	52,727	13,349	667	66,743
Fundraising	-	-	58,455	58,455
Insurance	35,966	7,682	2,093	45,741
Interest	6,947	10,255	-	17,202
Licenses and permits	1,156	13	16	1,185
				-
Membership dues	2,125	805	217	3,147
Merchandise	-	-	-	-
Miscellaneous	22	2,145	-	2,167
Newsletter	10,061	-	10,062	20,123
Office supplies	7,577	4,822	5,305	17,704
Postage	3,650	7,904	5,988	17,542
				-
Professional development	10,304	2,023	627	12,954
Professional fees	7,126	9,939	1,688	18,753
Stipends	76,917	-	-	76,917
Telephone and internet	29,687	2,382	4,581	36,650
Travel, mileage	2,198	72	276	2,546
				-
Utilities	62,635	1,545	3,085	67,265
Vehicle expenses	43,155	545	335	44,035
Volunteer expenses	1,585	-	-	1,585
Depreciation	183,747	-	-	183,747
In-kind expense	<u>162,879</u>	<u>-</u>	<u>-</u>	<u>162,879</u>
Total Expenses	<u><u>\$ 1,785,895</u></u>	<u><u>\$ 132,037</u></u>	<u><u>\$ 209,707</u></u>	<u><u>\$ 2,127,639</u></u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Functional Expenses
Year Ended December 31, 2012

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits:				
Salaries	\$ 515,990	\$ 76,591	\$ 129,980	\$ 722,561
Payroll taxes	42,612	6,281	10,658	59,551
Employee benefits	33,023	4,600	8,319	45,942
Total salaries and benefits	<u>591,625</u>	<u>87,472</u>	<u>148,957</u>	<u>828,054</u>
Advertising and promotion	-	-	8,550	8,550
Bank service charges	-	4,170	7,742	11,912
Community animal rescue	175,991	-	-	175,991
Community education	1,916	-	-	1,916
Contract labor	5,136	-	-	5,136
Facility maintenance and repair	78,395	-	-	78,395
Fundraising	-	-	37,815	37,815
Insurance	38,028	598	-	38,626
Interest	10,052	559	558	11,169
Licenses and permits	1,773	-	-	1,773
Membership dues	3,581	300	1,200	5,081
Merchandise	-	-	16,970	16,970
Miscellaneous	11,066	2,213	1,476	14,755
Newsletter	10,388	-	10,389	20,777
Office supplies	3,971	4,348	3,566	11,885
Postage	1,524	3,300	2,500	7,324
Professional development	4,722	470	710	5,902
Professional fees	-	19,202	-	19,202
Stipends	79,323	-	-	79,323
Telephone and internet	21,350	3,230	2,160	26,740
Travel, mileage	350	-	161	511
Utilities	60,778	-	-	60,778
Vehicle expenses	42,433	-	-	42,433
Volunteer expenses	4,064	-	-	4,064
Depreciation	171,471	-	-	171,471
In-kind expense	<u>198,732</u>	<u>-</u>	<u>-</u>	<u>198,732</u>
Total Expenses	<u><u>\$ 1,516,669</u></u>	<u><u>\$ 125,862</u></u>	<u><u>\$ 242,754</u></u>	<u><u>\$ 1,885,285</u></u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Activities		
Change in net assets	\$ 301,754	\$ 150,787
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	183,747	171,471
Unrealized (gain) on investments	(14,019)	-
Realized (gain) on investments	(973)	(7,866)
Realized (gain) on sale of fixed asset	(2,970)	-
Changes in operating assets and liabilities:		
Accounts receivable	244	(1,664)
Prepaid expense and other assets	1,669	7,823
Accounts payable and accrued expenses	13,835	30,943
Deferred revenue	4,010	(6,000)
Net cash provided by operating activities	<u>487,297</u>	<u>345,494</u>
Investing Activities		
Changes in investments	(1,528)	(3,633)
Purchases of fixed assets	(815,463)	(167,331)
Proceeds from sale of fixed assets	5,895	-
Net cash (used) by investing activities	<u>(811,096)</u>	<u>(170,964)</u>
Financing Activities		
Borrowings on long-term debt, related-party	150,000	-
Borrowings on long-term debt	102,000	159,592
Repayments on long-term debt	(21,050)	(179,050)
Net cash provided (used) by financing activities	<u>230,950</u>	<u>(19,458)</u>
Net change in cash	(92,849)	155,072
Cash and cash equivalents at beginning of year	<u>242,181</u>	<u>87,109</u>
Cash and Cash Equivalents at End of Year	<u>\$ 149,332</u>	<u>\$ 242,181</u>
Supplemental Disclosures		
Interest paid in cash	\$ 17,202	\$ 11,169
Income taxes paid in cash	-	-
Non-cash donations, in-kind	162,879	198,732

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2013 and 2012

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, from its 212 acre site in Kendalia, Texas. WRR also provides assistance on a national basis to wild animals in need of rescue.

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 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:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions. Assets restricted solely through actions of the Board are reported as designated, unrestricted net assets.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed restrictions that will be met by actions of WRR and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that such assets be maintained permanently by WRR. Generally, the donors of these assets permit the use of all or part of the income earned on the investments to be used for general or specific purposes. WRR does not have any permanently restricted net assets.

Contributions: Gifts of cash are reported as restricted support if they are received with donor stipulations that limit their use. Gifts of equipment and other similar assets are reported at estimated fair value 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 are reported as restricted support. 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 unrestricted support 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 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: Functional expenses are allocated on the basis of estimates by management. These estimates are based primarily on the nature of the expense concerned and percentages of time allocated to program services, general and administrative and fundraising.

Special Events: Special event revenues are reported net of expenses, which expenses amounted to approximately \$46,000 in 2013 and \$62,000 in 2012.

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.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2013 and 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments: WRR's investments, which are pooled under a managerial agency agreement, include cash equivalents, corporate obligations, equity securities and other investments. Unrealized gains and losses are reported in the statements of activities. Donated investment instruments are initially recorded at estimated fair value at the date of donation. All of the Organization's investments are considered Board-designated endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization does not have any donor-funded endowments.

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: Wildlife Rescue & Rehabilitation, Inc. is a tax-exempt organization 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: WRR has a 403(b) defined contribution plan in which select employees are eligible to participate. WRR did not contribute to the Plan in 2013 or 2012.

Concentrations of Credit Risk: Financial instruments that potentially subject WRR 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. See Note I.

New Accounting Pronouncements: Management is not aware of any new accounting pronouncements that have been released, and are not yet effective, which will have a significant impact to its financial position or results of operations in future periods.

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.

Reclassifications: Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation. These reclassifications had no effect on the previously reported change in net assets.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2013 and 2012

NOTE B – FIXED ASSETS

Fixed assets consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 1,538,855	\$ 1,240,073
Buildings	1,247,847	997,846
Cages, fencing and enclosures	1,850,474	1,664,928
Vehicles	166,072	118,917
Other equipment	<u>264,895</u>	<u>234,816</u>
Total fixed assets	5,068,143	4,256,580
Less accumulated depreciation	<u>(1,804,722)</u>	<u>(1,621,950)</u>
Net fixed assets	<u>\$ 3,263,421</u>	<u>\$ 2,634,630</u>

NOTE C – ENDOWMENT INVESTMENTS AND NET ASSETS

A rollforward of earnings and losses for endowment investments is as follows for the years ended December 31, 2013 and 2012:

	<u>Board- Designated Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment investments and net assets at December 31, 2011	\$ 138,136	\$ -	\$ -	\$ 138,136
Interest and dividends, net of fees	1,933	-	-	1,933
Net realized gains on sales	7,866	-	-	7,866
Contributions	1,700	-	-	1,700
Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment investments and net assets at December 31, 2012	149,635	-	-	149,635
Interest and dividends, net of fees	3,061	-	-	3,061
Net realized gains on sales	973	-	-	973
Unrealized gains	14,019	-	-	14,019
Contributions	8,467	-	-	8,467
Appropriations	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Endowment investments and net assets at December 31, 2013	<u>\$ 166,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,155</u>

Board Designated and SPMIFA: The Organization's endowments 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.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2013 and 2012

NOTE C – ENDOWMENT INVESTMENTS AND NET ASSETS (continued)

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 over time. 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' principal for future generations.

NOTE D – LONG -TERM DEBT

Long-term debt consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Note payable to Texas Heritage Bank, due in monthly installments of \$1,765, including interest of 5.50%, secured by real estate and deposit accounts, matures on November 27, 2017.	\$ 148,487	\$ 158,570
Note payable to American Honda Finance Corp., with interest at 4.80%, collateralized by vehicle, with final payment on April 28, 2014.	3,207	9,658
Note payable to Texas Heritage Bank, due in monthly installments of \$868, including interest at 5.50%, secured by real estate, matures on January 23, 2018.	<u>97,485</u>	<u>-</u>
Total long-term debt	<u>\$ 249,179</u>	<u>\$ 168,228</u>

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2013 and 2012

NOTE D – LONG -TERM DEBT (continued)

Maturities of long-term debt will require the following principal payments:

<u>Year Ending December 31:</u>	<u>Amount</u>
2014	\$ 21,957
2015	19,803
2016	20,916
2017	111,862
2018	74,641
Thereafter	-----
	<u>\$ 249,179</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 the residence located on the property from the founder in 2013. The Organization paid cash of \$100,000 plus entered into a \$150,000 note with Ms. Cuny. The note will be due in 15 years with interest of 5%. A monthly amortization schedule is not yet established.

NOTE F – OPERATING LEASE

WRR leases office space at 255 S. Main Street in Boerne, Texas for the Squirrel’s Nest Thrift Shop on a month-to-month basis with monthly lease payments of \$1,400. This facility was closed in early 2014, see Note I. WRR has a copier lease agreement, through March 2017, with monthly rental payments of \$251. Lease payments are \$3,012 from 2014 through 2016 and \$753 in 2017. Rent expense was \$16,785 in 2013 and \$15,400 in 2012.

NOTE G – IN-KIND REVENUE AND EXPENSES

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

	<u>2013</u>	<u>2012</u>
Animal food	\$ 131,722	\$ 170,950
Program supplies	25,724	10,566
Equipment	-	16,110
Services	<u>5,433</u>	<u>1,106</u>
Total	<u>\$ 162,879</u>	<u>\$ 198,732</u>

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2013 and 2012

NOTE H – FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board has established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs that reflect assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities,
- Level 2: Quoted prices in active markets for similar assets and liabilities that are observable for the asset or liability; or
- Level 3: Unobservable pricing inputs that are generally less observable from objective sources, such as discounted cash flow models or valuations.

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 assets at fair value:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<i>December 31, 2013</i>				
Investments held at San Antonio Area Foundation (SAAF)	\$ -	\$ 166,155	\$ -	\$ 166,155
<i>December 31, 2012</i>				
Investments held at San Antonio Area Foundation (SAAF)	\$ -	\$ 149,635	\$ -	\$ 149,635

SAAF pooled investments are valued based on the aggregated value of the underlying investment of the beneficial interest. Accordingly, management considers this to be a Level 2 investment since there is no potential market for the beneficial interests or similar assets. The underlying investments include cash equivalents, corporate obligations, equity securities and other investments. The fair values of the underlying investments are based on quoted prices from active and inactive markets.

NOTE I – SUBSEQUENT EVENTS

In April 2014, WRR ceased operations of its thrift store, The Squirrel’s Nest. Net income from this activity has not produced significant sources of income in the past, thus its discontinuance is not expected to negatively impact operations of the organization.