

WILDLIFE RESCUE & REHABILITATION, INC.

Audited Financial Statements

December 31, 2009

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

WILDLIFE RESCUE & REHABILITATION, INC.
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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Wildlife Rescue & Rehabilitation, Inc.
Kendalia, Texas

We have audited the accompanying statements of financial position of the Wildlife Rescue & Rehabilitation, Inc. (a non-profit organization) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Wildlife Rescue & Rehabilitation, Inc. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of and for the year ended December 31, 2008 were audited by other auditors, whose report dated June 25, 2009, expressed an unqualified opinion.

We conducted our audit 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 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 Wildlife Rescue & Rehabilitation, Inc. as of December 31, 2009, and its activities, functional expenses, and cash flows for the year then ended in conformity with U. S. generally accepted accounting principles.

Akin, Doherty, Klein & Feuge, P.C.
San Antonio, Texas
May 7, 2010

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Financial Position
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 191,957	\$ 107,488
Endowment investments	104,857	71,826
Accounts receivable, trade	43	1,964
Accounts receivable, employees	120	114
Pledges receivable, net	16,486	156,550
Prepaid expenses and other current assets	13,929	2,000
Fixed assets, net	<u>2,768,012</u>	<u>2,629,918</u>
Total Assets	<u><u>\$ 3,095,404</u></u>	<u><u>\$ 2,969,860</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 47,969	\$ 11,251
Accrued expenses	31,657	25,756
Deferred revenue	18,442	-
Long-term debt	<u>427,328</u>	<u>438,098</u>
Total liabilities	525,396	475,105
Net Assets:		
Unrestricted	2,448,665	2,266,379
Unrestricted, Board designated	104,857	71,826
Temporarily restricted	16,486	156,550
Total net assets	<u><u>2,570,008</u></u>	<u><u>2,494,755</u></u>
Total Liabilities and Net Assets	<u><u>\$ 3,095,404</u></u>	<u><u>\$ 2,969,860</u></u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Activities
Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Support and Revenues			
Support:			
Contributions	\$ 1,330,128	\$ 16,486	\$ 1,346,614
Donations, in-kind	108,006	-	108,006
Special events, net of expenses	64,540	-	64,540
Revenues:			
Earnings from investments	14,433	-	14,433
Thrift store, net of expenses	16,753	-	16,753
Rental income	9,685	-	9,685
Other income	27,968	-	27,968
Total support and revenues	<u>1,571,513</u>	<u>16,486</u>	<u>1,587,999</u>
Expenses			
Program service	1,317,043	-	1,317,043
General and administrative	33,885	-	33,885
Fundraising	161,818	-	161,818
Total expenses	<u>1,512,746</u>	<u>-</u>	<u>1,512,746</u>
Change in Net Assets	58,767	16,486	75,253
Net assets at beginning of year	2,338,205	156,550	2,494,755
Net assets released from restriction	<u>156,550</u>	<u>(156,550)</u>	<u>-</u>
Net Assets at End of Year	<u><u>\$ 2,553,522</u></u>	<u><u>\$ 16,486</u></u>	<u><u>\$ 2,570,008</u></u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Activities
Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Support and Revenues			
Support:			
Contributions	\$ 1,239,850	\$ -	\$ 1,239,850
Donations, in-kind	117,092	-	117,092
Special events, net of expenses	87,158	-	87,158
Revenues:			
Earnings (loss) from investments	(19,241)	-	(19,241)
Sales	10,359	-	10,359
Thrift store	15,310	-	15,310
Rental income	10,237	-	10,237
Other income	11,671	-	11,671
Total support and revenues	<u>1,472,436</u>	<u>-</u>	<u>1,472,436</u>
Expenses			
Program service	1,403,202	-	1,403,202
General and administrative	68,382	-	68,382
Fundraising	252,658	-	252,658
Total expenses	<u>1,724,242</u>	<u>-</u>	<u>1,724,242</u>
Change in Net Assets	(251,806)	-	(251,806)
Net assets at beginning of year	2,470,011	276,550	2,746,561
Net assets released from restriction	<u>120,000</u>	<u>(120,000)</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 2,338,205</u>	<u>\$ 156,550</u>	<u>\$ 2,494,755</u>

See note to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Functional Expenses
Year Ended December 31, 2009

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits:				
Salaries	\$ 500,465	\$ 23,551	\$ 64,766	\$ 588,782
Payroll taxes	40,479	1,905	5,238	47,622
Employee benefits	23,765	1,118	3,075	27,958
Total salaries and benefits	<u>564,709</u>	<u>26,574</u>	<u>73,079</u>	<u>664,362</u>
Advertising and promotion	-	-	1,210	1,210
Bank service charges	8,885	418	1,150	10,453
Community animal rescue	174,432	-	-	174,432
Community education	2,393	-	-	2,393
Contract labor	4,245	-	-	4,245
Facility maintenance and repair	49,296	-	-	49,296
Fundraising	-	-	35,383	35,383
Insurance	30,607	1,440	3,961	36,008
Interest	24,018	-	-	24,018
Licenses and permits	1,099	-	-	1,099
Membership dues	1,023	-	-	1,023
Miscellaneous	2,803	-	-	2,803
Newsletter	11,431	-	11,432	22,863
Office supplies	8,787	413	1,137	10,337
Postage	2,269	2,269	4,539	9,077
Professional development	3,037	-	-	3,037
Professional fees	-	-	22,309	22,309
Stipends	48,551	-	-	48,551
Taxes	2,130	-	-	2,130
Telephone and internet	13,997	659	1,811	16,467
Travel, mileage	3,304	-	-	3,304
Utilities	44,870	2,112	5,807	52,789
Vehicle expenses	22,939	-	-	22,939
Volunteer expenses	3,779	-	-	3,779
Depreciation	180,433	-	-	180,433
In-kind expense	<u>108,006</u>	<u>-</u>	<u>-</u>	<u>108,006</u>
Total Expenses	<u><u>\$ 1,317,043</u></u>	<u><u>\$ 33,885</u></u>	<u><u>\$ 161,818</u></u>	<u><u>\$ 1,512,746</u></u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Functional Expenses
Year Ended December 31, 2008

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits:				
Salaries	\$ 502,933	\$ 37,142	\$ 86,666	\$ 626,741
Payroll taxes	37,128	2,784	6,498	46,410
Employee benefits	20,940	1,570	3,664	26,174
Total salaries and benefits	<u>561,001</u>	<u>41,496</u>	<u>96,828</u>	<u>699,325</u>
Advertising and promotion	-	-	4,068	4,068
Bank service charges	3,059	4,198	-	7,257
Community animal rescue	160,480	-	-	160,480
Community education	3,632	-	-	3,632
Contract labor	30,468	-	-	30,468
Facility maintenance and repair	43,422	-	-	43,422
Fundraising	-	-	151,762	151,762
Insurance	52,649	-	-	52,649
Interest	21,473	-	-	21,473
Licenses and permits	1,304	-	-	1,304
Membership dues	737	-	-	737
Merchandise	24,795	-	-	24,795
Miscellaneous	20,394	-	-	20,394
Newsletter	28,373	-	-	28,373
Office supplies	13,480	-	-	13,480
Postage	9,842	-	-	9,842
Professional development	4,597	2,452	-	7,049
Professional fees	-	20,236	-	20,236
Stipends	35,796	-	-	35,796
Taxes	1,026	-	-	1,026
Telephone and internet	21,828	-	-	21,828
Travel, mileage	3,461	-	-	3,461
Utilities	61,439	-	-	61,439
Vehicle expenses	25,608	-	-	25,608
Volunteer expenses	5,322	-	-	5,322
Depreciation	153,924	-	-	153,924
In-kind expense	<u>115,092</u>	<u>-</u>	<u>-</u>	<u>115,092</u>
Total Expenses	<u><u>\$ 1,403,202</u></u>	<u><u>\$ 68,382</u></u>	<u><u>\$ 252,658</u></u>	<u><u>\$ 1,724,242</u></u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Activities		
Change in net assets	\$ 75,253	\$ (251,806)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	180,433	153,924
Realized (gain)/loss on investments	(8,851)	-
Unrealized (gain)/loss on investments	(2,114)	23,474
Changes in operating assets and liabilities:		
Accounts receivable	1,915	(2,078)
Prepaid expense and other assets	(11,929)	(2,000)
Pledge receivables	140,064	(156,550)
Accounts payable and accrued expenses	42,619	13,694
Deferred revenue	18,442	-
Net cash provided (used) by operating activities	<u>435,832</u>	<u>(221,342)</u>
Investing Activities		
Net (purchases) sales of investments	(22,066)	125,213
Purchases of fixed assets	(318,527)	(207,882)
Net cash (used) by investing activities	<u>(340,593)</u>	<u>(82,669)</u>
Financing Activities		
Borrowings on long-term debt	115,000	240,379
Repayments on long-term debt	(125,770)	(7,854)
Net cash provided (used) by financing activities	<u>(10,770)</u>	<u>232,525</u>
Net change in cash	84,469	(71,486)
Cash and cash equivalents at beginning of year	<u>107,488</u>	<u>178,974</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 191,957</u></u>	<u><u>\$ 107,488</u></u>
Supplemental Disclosures		
Interest paid in cash	\$ 24,018	\$ 21,473
Income taxes paid in cash	-	-
Non-cash donations, in-kind	108,006	117,092

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.

Notes to Audited Financial Statements

December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Wildlife Rescue & Rehabilitation, Inc. (WRR or 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 187 acre site in Kendalia, Texas. WRR also provides assistance on a national basis to wild animals in need of rescue.

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 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.

Donated Services: Donated services include in-kind contributions received by WRR. Such services are valued based on an amount determined to be appropriate if individuals were employed by WRR to perform such services.

Functional Allocation of Expenses: The costs of providing services and other activities 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.

Special Events: Special event revenues are reported net of expenses, which amounted to approximately \$43,500 in 2009 and \$66,000 in 2008.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2009 and 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents: Cash consists of cash deposits which are held in checking, savings, Treasury money market accounts, and mutual fund money market accounts, all readily available sources of cash.

Endowment Investments: Investments are carried at fair market value and consist primarily of money market accounts, certificates of deposit, corporate bonds, and common stocks.

Pledges Receivable: Pledges receivable are individually analyzed for purposes of determining collectability at year end. Management has determined that an allowance for uncollectible pledges is not required at year end.

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.

Subsequent Events: Subsequent events have been evaluated by management through the date of the report of the independent auditors. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements: The Company 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.

Concentrations of Credit Risk: Financial instruments that potentially subject WRR to concentrations of credit risk consist principally of cash and cash equivalents, and pledges receivable. WRR maintains cash deposits with major banks which, from time-to-time, may exceed federally insured limits. WRR periodically accesses the financial condition of the institutions and believes the risk of any loss is minimal. Substantially all cash and cash equivalents were federally insured at December 31, 2009.

Pledges receivable primarily have been received from prominent businesses, individuals and other organizations within the San Antonio and Austin area. WRR believes the risk of non-collection of these pledges is minimal.

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 for 2008, none of which are significant, have been reclassified for comparative purposes to 2009. Permanently restricted net assets as of December 31, 2009 have been reclassified to unrestricted board designated net assets to reflect board intentions.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2009 and 2008

NOTE B – PLEDGES RECEIVABLE

Pledges receivable are expected to be collected as follows at December 31:

	<u>2009</u>	<u>2008</u>
Less than one year	\$ 16,486	\$ 156,550

NOTE C – FIXED ASSETS

Fixed assets consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 1,236,858	\$ 1,190,858
Buildings	904,071	670,574
Cages, fencing and enclosures	1,446,018	1,418,528
Vehicles	89,826	146,808
Other equipment	<u>172,473</u>	<u>266,926</u>
Total fixed assets	3,849,246	3,693,694
Less accumulated depreciation	<u>(1,081,234)</u>	<u>(1,063,776)</u>
Net fixed assets	<u>\$ 2,768,012</u>	<u>\$ 2,629,918</u>

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$16,486 at December 31, 2009 and \$156,550 at December 31, 2008 consist of pledges receivable. The pledges are classified as temporarily restricted since they will not be collected until future periods. See note B.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2009 and 2008

NOTE E –ENDOWMENT INVESTMENTS AND NET ASSETS

A rollforward of earnings and losses for endowment investments is as follows for the years ended December 31, 2008 and 2009:

	Board- Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds at December 31, 2007	\$ 75,840	\$ -	\$ -	\$ 75,840
Interest and dividends	1,174	-	-	1,174
Net realized gains on sales	-	-	-	-
Net unrealized losses	(22,968)	-	-	(22,968)
Contributions	17,780	-	-	17,780
Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment funds at December 31, 2008	71,826	-	-	71,826
Interest and dividends	2,554	-	-	2,554
Net realized gains on sales	8,851	-	-	8,851
Net unrealized gains	2,114	-	-	2,114
Contributions	19,512	-	-	19,512
Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment funds at December 31, 2009	<u>\$ 104,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,857</u>

Endowment investments consist of the following:

	Board- Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds at December 31, 2008				
Donor-restricted endowment funds	\$ -	\$ -	\$ -	\$ -
Board-designated endowment funds	<u>71,826</u>	<u>-</u>	<u>-</u>	<u>71,826</u>
Total endowment funds	<u>\$ 71,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,826</u>
Endowment funds at December 31, 2009				
Donor-restricted endowment funds	\$ -	\$ -	\$ -	\$ -
Board-designated endowment funds	<u>104,857</u>	<u>-</u>	<u>-</u>	<u>104,857</u>
Total endowment funds	<u>\$ 104,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,857</u>

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2009 and 2008

NOTE E – ENDOWMENT INVESTMENTS AND NET ASSETS - continued

Interpretation of Relevant Law: The Board of Directors of WRR has interpreted the State of Texas Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WRR classifies as permanently restricted net assets: (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure. The following factors, among others, are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Organization and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Organization.
- 7) The investment policies of the Organization.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of SPMIFA required WRR to retain as a fund of perpetual duration. There were no such deficiencies at December 31, 2009 or 2008.

Return Objectives and Risk Parameters: The Board has adopted investment and spending policies for endowment investments that attempt to provide a predictable stream of funding to programs supported by its endowment 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. Endowment funds over time are expected to provide a positive rate of return. 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 Board targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Board has not established a rigid policy for distributions. Interest and dividends earned are used for operations and programs.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2009 and 2008

NOTE F – LONG-TERM DEBT

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

	<u>2009</u>	<u>2008</u>
Notes payable to Frost Bank, due in monthly installments of \$1,981, including interest at 7.75%, and beginning August 12, 2012, monthly installments of \$2,205, including interest at 8.25%, collateralized by land and all attached buildings and structures, with a maturity date of July 22, 2022.	\$ 189,179	\$ 197,719
Note payable to Frost Bank, with interest at prime plus 1.75%; collateralized by land and all attached buildings and structures, with a maturity date of November 10, 2015.	123,149	125,000
Line of credit to Frost Bank in the amount of \$125,000, interest is due monthly at prime plus 1%, collateralized by land and all attached buildings and structures.	<u>115,000</u>	<u>115,379</u>
Total long-term debt	<u>\$ 427,328</u>	<u>\$ 438,098</u>

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

<u>Year Ending December 31:</u>	<u>Amount</u>
2010	\$ 142,930
2011	29,634
2012	31,673
2013	33,946
2014	36,048
Thereafter	<u>153,097</u>
	<u>\$ 427,328</u>

NOTE G – OPERATING LEASE

WRR entered into a lease agreement in November 2008 for office space at 515 North Main in Boerne for The Squirrel's Nest Thrift Shop. The lease expires on November 30, 2010. Monthly lease payments totaled \$19,800 in 2009 and \$-0- in 2008.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2009 and 2008

NOTE H – IN-KIND REVENUE AND EXPENSES

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

	<u>2009</u>	<u>2008</u>
Animal food	\$ 82,965	\$ 101,183
Program supplies	<u>25,041</u>	<u>15,909</u>
Total	<u>\$ 108,006</u>	<u>\$ 117,092</u>

NOTE I – FAIR VALUE MEASUREMENTS

Generally accepted accounting principle 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 developed 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 Fair Value measurement Standard requires financial assets and liabilities to be classified based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels. The following table presents financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2009, by level within the fair value hierarchy:

	<u>Fair Value Measurements Using</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment investments:			
Bonds	\$ 2,744	\$ -	\$ -
Mutual funds	102,113	-	-