

WILDLIFE RESCUE & REHABILITATION INC

Audited Financial Statements

December 31, 2024



ADKF

CERTIFIED PUBLIC ACCOUNTANTS

WILDLIFE RESCUE & REHABILITATION, INC.
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Wildlife Rescue & Rehabilitation, Inc. (Organization) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2024 and 2023, and the results of its activities, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements – continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
June 10, 2025

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 964,542	\$ 1,303,676
Investments, board designated endowment	13,424,210	8,229,706
Prepaid expenses	82,150	81,179
Sanctuary animals	1	1
Fixed assets, net	6,894,518	5,652,779
Operating lease right-of-use assets	<u>45,572</u>	<u>143,383</u>
Total Assets	<u><u>\$ 21,410,993</u></u>	<u><u>\$ 15,410,724</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 75,084	\$ 66,820
Accrued expenses	168,700	166,443
Related-party debt, current	11,930	11,349
Operating lease liabilities, current portion	<u>18,249</u>	<u>52,875</u>
Total current liabilities	273,963	297,487
Long-term Liabilities:		
Related-party debt, non-current	39,578	51,508
Line of credit	-	100,000
Operating lease liabilities, non-current	<u>27,323</u>	<u>90,508</u>
Total long-term liabilities	<u>66,901</u>	<u>242,016</u>
Total Liabilities	340,864	539,503
Net Assets:		
Without donor restrictions:		
Available for operations	7,388,881	6,533,618
Board designated	13,424,210	8,219,522
With donor restrictions	<u>257,038</u>	<u>118,081</u>
Total net assets	<u>21,070,129</u>	<u>14,871,221</u>
Total Liabilities and Net Assets	<u><u>\$ 21,410,993</u></u>	<u><u>\$ 15,410,724</u></u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues			
Support:			
Individual contributions	\$ 2,235,231	\$ 335,388	\$ 2,570,619
Corporate contributions	28,860	-	28,860
Legacies, bequests and tributes	6,734,687	-	6,734,687
Grants	539,433	-	539,433
Donations, in-kind	157,515	-	157,515
Special events, net of expenses	32,593	-	32,593
Other Income (loss):			
Investment income, net of fees	601,196	-	601,196
Interest income	1,166	-	1,166
Miscellaneous income	5,567	-	5,567
Loss on disposal of fixed assets	(26,285)	-	(26,285)
Rental income	17,654	-	17,654
Total support and revenues	10,327,617	335,388	10,663,005
Expenses			
Program	3,734,655	-	3,734,655
General and administrative	455,942	-	455,942
Fundraising	273,500	-	273,500
Total expenses	4,464,097	-	4,464,097
Change in Net Assets	5,863,520	335,388	6,198,908
Released from restriction	196,431	(196,431)	-
Net assets at beginning of year	14,753,140	118,081	14,871,221
Net Assets at End of Year	<u>\$ 20,813,091</u>	<u>\$ 257,038</u>	<u>\$ 21,070,129</u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues			
Support:			
Individual contributions	\$ 2,706,065	\$ 211,435	\$ 2,917,500
Corporate contributions	6,474	-	6,474
Legacies, bequests and tributes	616,032	-	616,032
Grants	241,000	-	241,000
Donations, in-kind	185,449	-	185,449
Special events, net of expenses	36,743	-	36,743
Other Income (loss)			
Investment income, net of fees	645,419	-	645,419
Interest income	1,158	-	1,158
Loss on disposal of fixed assets	(89)	-	(89)
Rental income	21,138	-	21,138
Total support and revenues	4,459,389	211,435	4,670,824
Expenses			
Program	3,532,545	-	3,532,545
General and administrative	449,446	-	449,446
Fundraising	273,713	-	273,713
Total expenses	4,255,704	-	4,255,704
Change in Net Assets	203,685	211,435	415,120
Released from restriction	316,452	(316,452)	-
Net assets at beginning of year	14,233,003	223,098	14,456,101
Net Assets at End of Year	<u>\$ 14,753,140</u>	<u>\$ 118,081</u>	<u>\$ 14,871,221</u>

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 2,080,815	\$ 312,122	\$ 208,082	\$ 2,601,019
Accounting and professional fees	19,699	24,626	4,925	49,250
Advertising and marketing	9,953	-	52,256	62,209
Animal food	287,172	-	-	287,172
Animal medical care	113,776	-	-	113,776
Animal supplies and equipment	94,292	-	-	94,292
Books, subscriptions and references	1,469	30	-	1,499
Computer software and hardware	52,220	-	-	52,220
Equipment rental and maintenance	1,198	211	-	1,409
Facility expenses	182,148	45,537	-	227,685
Facility maintenance and repair	85,906	21,476	-	107,382
Interest expense	-	6,744	-	6,744
IT fees	39,475	16,185	733	56,393
Office supplies	5,727	859	573	7,159
Postage and shipping	3,904	586	390	4,880
Printing and copying	5,152	-	1,369	6,521
Travel and meetings	4,106	1,700	59	5,865
Vehicles	69,707	2,904	-	72,611
Web hosting and maintenance	2,590	-	26	2,616
In-kind expense	156,097	-	1,418	157,515
Depreciation	425,073	22,372	-	447,445
Other expenses	94,176	590	3,669	98,435
Total Expenses	\$ 3,734,655	\$ 455,942	\$ 273,500	\$ 4,464,097
Special event costs not included above:				
Food and beverage			\$ 9,593	
Other direct costs			11,113	
			<u>\$ 20,706</u>	

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,982,909	\$ 297,436	\$ 198,291	\$ 2,478,636
Accounting and professional fees	37,250	42,251	9,312	88,813
Advertising and marketing	11,303	-	59,338	70,641
Animal food	266,940	-	-	266,940
Animal medical care	114,877	-	-	114,877
Animal supplies and equipment	130,260	-	-	130,260
Apprentice program	5,934	-	-	5,934
Books, subscriptions and references	636	13	-	649
Computer software and hardware	27,301	-	-	27,301
Equipment rental and maintenance	3,761	664	-	4,425
Facility expenses	134,854	33,713	-	168,567
Facility maintenance and repair	47,366	11,841	-	59,207
Interest expense	-	4,212	-	4,212
IT fees	32,191	13,198	598	45,987
Office supplies	4,955	743	496	6,194
Postage and shipping	4,328	649	433	5,410
Printing and copying	4,207	-	1,118	5,325
Travel and meetings	6,994	2,898	100	9,992
Vehicles	78,016	3,251	-	81,267
Web hosting and maintenance	2,616	-	26	2,642
In-kind expense	160,194	-	1,454	161,648
Depreciation	410,268	21,593	-	431,861
Other expenses	65,385	16,984	2,547	84,916
Total Expenses	\$ 3,532,545	\$ 449,446	\$ 273,713	\$ 4,255,704
Special event costs not included above:				
Food and beverage			\$ 7,680	
Other direct costs			17,511	
			<u>\$ 25,191</u>	

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Change in net assets	\$ 6,198,908	\$ 415,120
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	447,445	431,861
Unrealized (gain) on investments	(131,063)	(347,559)
Realized (gain) loss on investments	(49,439)	57,741
Loss on disposal of fixed assets	26,285	89
Noncash operating lease expense	-	32,726
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(971)	(43,937)
Operating lease right-of-use liabilities	-	(32,726)
Accounts payable and accrued expenses	<u>10,521</u>	<u>57,970</u>
Net cash provided by operating activities	6,501,686	571,285
Investing Activities		
Net investment activity	(7,224,139)	(395,935)
Proceeds from sale of investments	2,210,137	903,029
Purchases of fixed assets	(2,030,469)	(384,520)
Proceeds from disposal of fixed assets	<u>315,000</u>	<u>800</u>
Net cash provided (used) by investing activities	(6,729,471)	123,374
Financing Activities		
Borrowings on line of credit	-	200,000
Borrowings on long-term debt	260,000	-
Payments on long-term debt	(360,000)	(100,000)
Payments on long-term debt, related party	<u>(11,349)</u>	<u>(10,797)</u>
Net cash (used) provided by financing activities	(111,349)	89,203
Net change in cash and cash equivalents	(339,134)	783,862
Cash and cash equivalents at beginning of year	<u>1,303,676</u>	<u>519,814</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 964,542</u></u>	<u><u>\$ 1,303,676</u></u>
Supplemental Disclosures		
Interest paid in cash	\$ 6,744	\$ 4,212
Non-cash donations, in-kind	157,515	161,648
Income taxes paid in cash	-	-

See notes to audited financial statements.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2024 and 2023

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, and provides assistance on a national basis to wild animals in need of rescue from its 250-acre site in Kendalia, Texas.

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 animals' 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:

Without Donor Restrictions: Net assets that are available for use in general operations and not subject to donor-imposed restrictions. Contributions gifted for recurring programs are generally not considered "restricted" under GAAP, though for internal reporting, the Organization tracks such contributions to verify that the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions – board designated.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than WRR's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as pledges that will be met with the passage of time or other events as stipulated by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: The Organization recognizes contributions and grants either when a valid promise to give (generally in writing) is received or as collected in the case of most smaller denomination gifts. Contributions and grants are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of the contribution.

The Organization did not have any material contract assets or contract liabilities as of December 31, 2024 and 2023.

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.

Investments: Investments are reported at fair market value determined by quoted market prices. Gains and losses (realized and unrealized) are reported net of investment expense as investment earnings in the statement of activities. Donated investment instruments are recorded at estimated fair value at the date of donation.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Leases: Lease assets and obligations are recognized at the lease commencement date based on present value of lease payments over the term of the lease. The Organization generally uses the risk-free rate, according to the Organization's elected policy. The Organization has multiple operating leases for offices and showrooms. Operating lease expense is recognized in continuing operations by amortizing the amount recorded as an asset on a straight-line basis over the lease term. Renewal or termination options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised.

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: The Organization is a tax-exempt 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.

Employee Benefit Plan: The Organization has a 403(b) defined contribution plan which is available to substantially all full-time employees. Employees may contribute a percentage of their annual compensation up to the limit allowed by the IRS. WRR did not contribute to the Plan in 2024 or 2023.

Functional Allocation of Expenses: The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of time and effort, as well as depreciation, office and occupancy, which are allocated on square footage or another reasonable basis.

Advertising: Advertising and marketing costs are expenses as incurred.

Special Events: Costs associated with special events are netted against the related revenue.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization 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.

Concentrations of Donations: In the current year, a significant amount of contributions were provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Reclassification: Certain prior year amounts, none of which were significant, were reclassified to conform with current year presentation.

NOTE B – FIXED ASSETS

Fixed assets consist of the following at December 31:

	2024	2023
Land and improvements	\$ 2,175,304	\$ 1,570,850
Buildings	3,189,862	2,430,367
Cages, fencing and enclosures	4,854,146	4,657,516
Vehicles	271,132	296,126
Other equipment	785,378	687,726
Construction in progress	36,660	48,292
Total fixed assets	11,312,482	9,690,877
Less accumulated depreciation	(4,417,964)	(4,038,098)
Net fixed assets	<u>\$ 6,894,518</u>	<u>\$ 5,652,779</u>

NOTE C – BOARD DESIGNATED ENDOWMENT INVESTMENTS

The Organization's investments are considered to be endowed 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. The Organization's income exceeded expenses by a significant margin during the reporting period. The resulting surplus was transferred to the board designated endowment to support the long-term sustainability of the Organization's mission. Other policies, objectives and strategies include:

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. Actual returns in any given year may vary from this amount.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE C – BOARD DESIGNATED ENDOWMENT INVESTMENTS (continued)

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' corpus for future generations.

A rollforward of the endowment investments, all board designated, is as follows:

Endowment investments at January 1, 2023	\$ 8,446,982
Contributions	40,334
Withdrawals	(903,029)
Interest and dividends, net of fees	355,601
Realized (loss) on sales	(57,741)
Net unrealized gain	<u>347,559</u>
Endowment investments at December 31, 2023	8,229,706
Contributions	6,803,445
Withdrawals	(2,210,137)
Interest and dividends, net of fees	420,700
Realized gain on sales	49,432
Net unrealized gain	<u>131,064</u>
Endowment investments at December 31, 2024	<u><u>\$ 13,424,210</u></u>

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE D – LONG-TERM DEBT AND LINE OF CREDIT

Long term debt consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Line of credit (\$250,000) to Texas Heritage Bank with interest at prime plus 0.50% (prime was 8.50% at December 31, 2023), due in May 2026, secured by real estate and deposit accounts.	\$ -	\$ 100,000
Unsecured related party promissory note payable to Lynn Cuny, founder, due in monthly installments of \$1,186, including interest at 5.00%, matures on May 1, 2028. See below.	<u>51,508</u>	<u>62,857</u>
	<u>\$ 51,508</u>	<u>\$ 162,857</u>

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

Year Ending December, 31:

2025	\$ 11,930
2026	12,540
2027	13,182
2028	<u>13,856</u>
	<u>\$ 51,508</u>

In accordance with a long-standing agreement with its founder and CEO, Lynn Cuny, the Organization purchased a residence located on the property from the founder in 2013. The Organization paid cash of \$100,000 and entered into a \$150,000 note with Ms. Cuny and Mr. Brestrup. The note is due in monthly installments of \$1,186 including interest at 5% and matures in 2028.

Line of Credit: WRR has a \$250,000 line of credit with Texas Heritage Bank that accrued interest at the prime rate and matures May 8, 2026, and which accrues interest at a rate of 0.50% over the prime rate. Accounts receivable serve as collateral.

WILDLIFE RESCUE & REHABILITATION, INC.
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE E – IN-KIND REVENUE AND EXPENSES

The Organization receives donated animal food and supplies which are used in its daily program operations. Food and supplies are valued based on the fair market value of similar or like items as if the Organization had purchased them on the open market.

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

	<u>2024</u>	<u>2023</u>
Animal food	\$ 112,479	\$ 133,733
Program supplies	<u>45,036</u>	<u>51,716</u>
Total	<u><u>\$ 157,515</u></u>	<u><u>\$ 185,449</u></u>

NOTE F – OPERATING LEASES

The Organization determines if an arrangement is an operating lease or financing lease at commencement of the lease. The Organization has determined that it has no finance lease arrangements at December 31, 2024 or 2023.

The Organization's leases may include a non-lease component representing additional services transferred to the Organization, such as common area maintenance for real estate. The Organization elected an accounting policy to treat each separate lease component and its related non-lease components as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

The Organization has an operating lease for a copier machine and computers with managed services. Operating lease expense is recognized in general and administrative expenses on a straight-line basis over the lease term. The lease term for the copier extends through May 2027. Lease expense associated with the non-cancellable lease agreements approximated \$36,00 in 2024 and \$59,000 in 2023.

In determining lease asset values, the Organization considers fixed and variable payment terms, prepayments, incentives, and options to extend, terminate or purchase. Renewal, termination, or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. There is currently not an option to renew the copier machine lease.

At December 31, 2024, the weighted-average remaining lease term was 2.41 years and the weighted-average discount rate was 4.58%. At December 31, 2023, the weighted-average remaining lease term was 1.92 years and the weighted-average discount rate was 2.0%. Future commitments relating to these lease agreements are as follows:

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NOTE F – OPERATING LEASES (continued)

<u>Year Ending December, 31:</u>	
2025	\$ 19,956
2026	19,956
2027	<u>8,315</u>
Total minimum future payments	48,227
Less: imputed interest	<u>(2,655)</u>
Present value of leaes liability	<u><u>\$ 45,572</u></u>

NOTE G – ALLOCATION OF JOINT COSTS

The Organization has a quarterly newsletter that includes requests for contribution as well as program components. The cost of the newsletter totaled \$29,743 in 2024 and \$28,248 in 2023; such costs are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2024</u>	<u>2023</u>
Newsletter:		
Fundraising	\$ 4,759	\$ 4,520
Program	<u>24,984</u>	<u>23,728</u>
	<u><u>\$ 29,743</u></u>	<u><u>\$ 28,248</u></u>

NOTE H – FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, the Organization utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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NOTE H – FAIR VALUE MEASUREMENTS (continued)

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 investments measured at fair value as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<i>December 31, 2024:</i>				
Cash and money markets	\$ 3,227,980	\$ -	\$ -	\$ 3,227,980
Equities	5,557,781	-	-	5,557,781
Mutual funds	388,278	-	-	388,278
Fixed income	-	3,977,208	-	3,977,208
Total investments at fair value	<u>\$ 9,174,039</u>	<u>\$ 3,977,208</u>	<u>\$ -</u>	\$ 13,151,247
Investments held by San Antonio Area Foundation and measured at NAV				<u>272,963</u>
Total investments				<u>\$ 13,424,210</u>

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<u>December 31, 2023:</u>				
Cash and money markets	\$ 548,674	\$ -	\$ -	\$ 548,674
Equities	3,421,443	-	-	3,421,443
Mutual funds	192,388	-	-	192,388
Fixed income	-	3,815,740	-	3,815,740
Total investments at fair value	<u>\$ 4,162,505</u>	<u>\$ 3,815,740</u>	<u>\$ -</u>	\$ 7,978,245
Investments held by San Antonio Area Foundation and measured at NAV				<u>251,461</u>
Total investments				\$ 8,229,706

NAV: Investments held at the San Antonio Area Foundation are measured at net asset value (NAV) per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy as they are not publicly traded. Such investments are measured at fair market value of their underlying investments. These investments have a daily redemption frequency and a twelve-month redemption period.

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NOTE H – FAIR VALUE MEASUREMENTS (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Cash and money markets: Valued at stated principal, as adjusted for interest earnings.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price (net asset value) as reported by the fund.

Fixed income: Valued using evaluations that may be matrix or model-based maximizing the use of observable inputs when available for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

On December 31, 2024, the Organization had approximately \$14,300,000 in financial assets available to meet cash needs for general expenditure. This consists of both cash and investments. These financial assets are not subject to donor or other contractual restrictions that would make them unavailable for general expenditure. The Organization's primary source of cash flow during the year was through contributions and bequests given by individuals. The Organization's goal is to maintain reserves to fund operations for a six-month period.