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CAROLINA TIGER RESCUE
(Formerly Carnivore Preservation, Inc.)

Financial Statements

June 30, 2018 and 2017

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To the Officers and Directors
Carolina Tiger Rescue
Pittsboro, North Carolina

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Carolina Tiger Rescue (a not-for-profit organization formally known as Carnivore Preservation, Inc.), which comprise the statements of financial position as of June 30, 2018 and 2017, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carolina Tiger Rescue as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Koonce, Wooten + Haywood, LLP

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January 8, 2019

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CAROLINA TIGER RESCUE
Statements of Financial Position
June 30, 2018 and 2017

ASSETS		2018	2017
CURRENT ASSETS:			
Cash	\$	325,372	\$ 208,137
Accounts Receivables		6,862	9,623
Promises to Give		25,280	
Inventory--Gift Shop		23,391	22,863
Prepaid Expenses		6,199	9,503
Total Current Assets		387,104	250,126
PROPERTY AND EQUIPMENT:			
Land		428,940	105,000
Buildings and Improvements		239,646	238,947
Compound Improvements and Equipment		475,244	387,046
Quarantine		51,081	51,081
Vehicles		30,852	26,277
Total		1,225,763	808,351
Less Accumulated Depreciation		493,845	467,221
Net Property and Equipment		731,918	341,130
Total Assets	\$	1,119,022	\$ 591,256
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts Payable	\$	28,181	\$ 39,271
Payroll Liabilities		1,235	1,293
Accrued Vacation		21,647	24,611
Accrued Retirement		9,986	7,011
Current Maturities of Long-Term Debt		45,631	
Total Current Liabilities		106,680	72,186
LONG-TERM DEBT:			
Note Payable		141,981	
Total Liabilities		248,661	72,186
NET ASSETS:			
Unrestricted		670,099	419,716
Temporarily Restricted		200,262	99,354
Total Net Assets		870,361	519,070
Total Liabilities and Net Assets	\$	1,119,022	\$ 591,256

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

STATEMENTS OF ACTIVITIES

CAROLINA TIGER RESCUE
Statements of Activities
For The Years Ended June 30, 2018 and 2017

	2018		
	Unrestricted	Temporarily Restricted	Total
CHANGES IN NET ASSETS:			
SUPPORT AND REVENUE:			
Contributions	\$ 830,009	\$ 101,664	\$ 931,673
Tours	294,469		294,469
In-Kind Contributions	83,392		83,392
Special Events, net	72,189		72,189
Gift Shop Sales, net	40,593		40,593
Memberships	39,844		39,844
Subtotal	<u>1,360,496</u>	<u>101,664</u>	<u>1,462,160</u>
Net Assets Released from Restrictions:			
Satisfaction of Program and Timing Restrictions	<u>756</u>	<u>(756)</u>	
Total Support and Revenue	<u>1,361,252</u>	<u>100,908</u>	<u>1,462,160</u>
EXPENSES:			
Program Service	<u>875,830</u>		<u>875,830</u>
Supporting Services:			
General and Administrative	59,592		59,592
Fundraising	<u>175,447</u>		<u>175,447</u>
Total Supporting Services	<u>235,039</u>		<u>235,039</u>
Total Expenses	<u>1,110,869</u>		<u>1,110,869</u>
CHANGES IN NET ASSETS	250,383	100,908	351,291
NET ASSETS--Beginning of Year	<u>419,716</u>	<u>99,354</u>	<u>519,070</u>
NET ASSETS--End of Year	<u>\$ 670,099</u>	<u>\$ 200,262</u>	<u>\$ 870,361</u>

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

2017		
Unrestricted	Temporarily Restricted	Total
\$ 440,108	\$ 22,739	\$ 462,847
266,043		266,043
58,949		58,949
50,653		50,653
45,317		45,317
36,761		36,761
<u>897,831</u>	<u>22,739</u>	<u>920,570</u>
<u>7,520</u>	<u>(7,520)</u>	
<u>905,351</u>	<u>15,219</u>	<u>920,570</u>
<u>751,890</u>		<u>751,890</u>
67,487		67,487
<u>173,890</u>		<u>173,890</u>
<u>241,377</u>		<u>241,377</u>
<u>993,267</u>		<u>993,267</u>
(87,916)	15,219	(72,697)
<u>507,632</u>	<u>84,135</u>	<u>591,767</u>
<u>\$ 419,716</u>	<u>\$ 99,354</u>	<u>\$ 519,070</u>

STATEMENTS OF FUNCTIONAL EXPENSES

CAROLINA TIGER RESCUE
Statements of Functional Expenses
For The Years Ended June 30, 2018 and 2017

	2018			
	Program Service	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and Wages	\$ 378,034	\$ 38,068	\$ 77,978	\$ 494,080
Employee Benefits	32,025	3,280	8,388	43,693
Payroll Taxes	30,456	2,948	7,944	41,348
Total Personnel Expenses	440,515	44,296	94,310	579,121
Supplies	147,084	3,989	4,120	155,193
Professional Services	111,963	1,947	11,343	125,253
Depreciation	43,435	2,772	9,067	55,274
Printing and Copying	14,328		17,670	31,998
Equipment Repairs and Maintenance	26,978	840	2,202	30,020
Postage	8,793	718	15,403	24,914
Insurance	19,560	1,455	3,833	24,848
Conferences, Meetings and Advertising	17,310	1,710	1,857	20,877
Bank Charges and Processing Fees	7,435		7,856	15,291
Dues, Licenses, and Taxes	8,681	694	4,225	13,600
Utilities	10,274	651	2,001	12,926
Transportation and Vehicle	10,250	71	35	10,356
Telephone	6,998	449	1,525	8,972
Interest Expense and Fees	2,226			2,226
	\$ 875,830	\$ 59,592	\$ 175,447	\$ 1,110,869

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

2017			
Supporting Services			
Program Service	General and Administrative	Fundraising	Total
\$ 318,575	\$ 42,426	\$ 75,371	\$ 436,372
35,486	5,128	3,958	44,572
<u>24,697</u>	<u>4,303</u>	<u>7,635</u>	<u>36,635</u>
378,758	51,857	86,964	517,579
102,326	2,562	3,171	108,059
93,893	2,602	14,977	111,472
38,242	2,439	7,940	48,621
12,050	605	20,412	33,067
42,078	761	5,894	48,733
7,221	500	17,075	24,796
19,346	1,567	4,253	25,166
14,484	743	2,512	17,739
9,676	1,957	5,206	16,839
8,033	615	2,103	10,751
10,029	635	1,934	12,598
10,843	171	403	11,417
4,797	308	1,046	6,151
<u>114</u>	<u>165</u>	<u> </u>	<u>279</u>
<u>\$ 751,890</u>	<u>\$ 67,487</u>	<u>\$ 173,890</u>	<u>\$ 993,267</u>

CAROLINA TIGER RESCUE
Statements of Cash Flows
For The Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 351,291	\$ (72,697)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	55,685	49,029
In-Kind Contribution--Property and Equipment	(3,950)	(1,100)
Changes in Assets and Liabilities:		
Accounts Receivables	2,761	20,168
Promises to Give	(25,280)	
Inventory--Gift Shop	(528)	(7,754)
Prepaid Expenses	3,304	(45)
Accounts Payable	(11,090)	14,911
Payroll Liabilities	(58)	(3,917)
Accrued Vacation	(2,964)	564
Accrued Retirement	2,975	7,011
Net Cash Provided by Operating Activities	<u>372,146</u>	<u>6,170</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	<u>(442,523)</u>	<u>(38,825)</u>
Net Cash Used by Investing Activities	<u>(442,523)</u>	<u>(38,825)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Long-Term Debt	195,000	
Payment of Long-Term Debt	<u>(7,388)</u>	
Net Cash Provided by Financing Activities	<u>187,612</u>	
NET INCREASE (DECREASE) IN CASH	117,235	(32,655)
CASH--Beginning of Year	<u>208,137</u>	<u>240,792</u>
CASH--End of Year	<u>\$ 325,372</u>	<u>\$ 208,137</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
NONCASH TRANSACTIONS:		
Contribution of Property and Equipment	\$ 3,950	\$ 1,100
Donated Materials and Services	\$ 79,442	\$ 57,849

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

CAROLINA TIGER RESCUE
Notes to Financial Statements
June 30, 2018 and 2017

1. Organization and Purpose

Carolina Tiger Rescue (the Organization formally known as Carnivore Preservation, Inc.) is a wildlife sanctuary, saving and protecting wild cats in captivity and in the wild. The Organization maintains a population of approximately 50 animals of ten different species. The Organization works toward a day when wild cats are living in their native habitat and are not exploited by humans.

2. Summary of Significant Accounting Policies

A. Basis of Presentation:

The accompanying financial statements have, in all material respects, been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Net assets and support, revenue, expenses, gains, and losses are classified based on the existence or absence of externally-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets--Net assets that are not subject to externally-imposed restrictions. Certain net assets classified as unrestricted may, from time to time, be designated for specific purposes or uses under various internal operating budgets or for board designated purposes.

Temporarily Restricted Net Assets--Net assets subject to externally-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets—Net assets subject to externally-imposed restrictions that they be maintained permanently by the Organization. The Organization currently has no permanently restricted net assets.

B. Promises to Give:

The Organization recognizes as support and revenues, contributions received and made, including unconditional, legally enforceable promises to give, in the period in which the Organization is notified that the donor has made a promise to give. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designed for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Unconditional promises to give expected to be collected within one year are recorded at net realizable value and at the present value of estimated future cash flows if expected to be collected beyond one year. Amortization of the discount is included in contribution revenue. Unconditional promises are also recorded net of an allowance for uncollectible promises. The allowance is based on management's analysis of specific promises to give and current economic conditions. All unconditional promises to give at June 30, 2018 are expected to be collected within one year.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2018, unconditional promises to give were \$25,280. There were no promises to give at June 30, 2017.

CAROLINA TIGER RESCUE
Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies (Continued)

C. Contributions:

Contributions of cash and other assets, as well as grants, are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any externally-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is presented as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions.

D. Functional Allocation of Expenses:

The costs of providing program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. The allocation of these costs has been based on time records and estimates made by the Organization's management. Support services include expenses which are not directly identifiable with specific programs but provide support for the Organization's overall operations.

E. Donated Services and Materials:

The Organization regularly receives a substantial amount of services donated by volunteers interested in the Organization's program. For the years ended June 30, 2018 and 2017, the Organization received approximately 12,896 hours (includes regular volunteer hours, community service hours, and workgroup hours) and 11,758 hours of volunteer services, respectively. These services include the performance of animal care and maintenance chores, the presentation of in-school and on-site educational programs, mission programs, preparation and production of newsletters and fundraising materials, and various professional and trade services. A percentage of food and medical supplies required to support this population is donated. In addition, the Organization's officers and board of directors serve without compensation.

Amounts have been reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. For the year ended June 30, 2018, there were \$1,819 recorded donated services for professional services. For the year end June 30, 2017, there were \$2,393 recorded donated services for professional services. Donated materials are recorded at the fair value at the date of the gift. For the years ended June 30, 2018 and 2017, donated materials were \$81,573 and \$56,556, respectively.

F. Accounts Receivable:

Accounts receivable relates principally to amounts due to the Organization for tours. The Organization estimates the collectability of its accounts receivable and establishes an allowance for the amount of receivables that it estimates to be uncollectible. The Organization bases the allowance on its historical collection experience, the length of time its receivables are outstanding, and the financial condition of individual customers. No allowance was considered necessary at June 30, 2018 and 2017.

G. Inventory:

Inventory, which consists of gift shop items, is valued at cost using the first-in, first-out method.

CAROLINA TIGER RESCUE
Notes to Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (Continued)

H. Property and Equipment:

Property and equipment is stated at original cost if purchased or at fair market value if donated at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the property ranging from five to forty years. A capitalization threshold of \$500 is utilized. Depreciation expense for the years ended June 30, 2018 and 2017 totaled \$55,685 and \$49,029, respectively.

I. Compensated Absences:

Employees of the Organization vest in vacation pay earned but unused. The aggregate amount of vacation pay due has been accrued on the statement of financial position of the Organization.

J. Income Tax Status:

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the appropriate state tax statutes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) of the Internal Revenue Code. Further, the Organization has been classified as an organization other than a private foundation under Section 509(a)(1) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for income taxes.

The Organization files income tax returns in the U.S. federal jurisdiction. These returns are subject to examination by the Internal Revenue Service for a period of three years after the respective filing deadlines.

K. Accounting 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions are used for, but not limited to, the fair value of in-kind contributions, discounted to net present value for promises to give, depreciable lives of property and equipment, and functional allocation of expenses.

L. Advertising:

The Organization expenses the cost of advertising as it is incurred. Advertising expense for the years ended June 30, 2018 and 2017 totals \$6,945 and \$8,528, respectively. These expenses promote the Organization's programs.

3. Temporarily Restricted Net Assets

At June 30, 2018 and 2017, temporarily restricted net assets of \$200,262 and \$99,354, respectively, were restricted for expenses related to food, food preparation, rescue, facilities and maintenance, and equipment at the Organization's facilities.

CAROLINA TIGER RESCUE
Notes to Financial Statements
June 30, 2017 and 2016

4. Special Events

Special events consist of the following fundraising activities:

	<u>2018</u>	<u>2017</u>
Gross Proceeds	\$ 122,098	\$ 98,768
Direct Costs	<u>(49,909)</u>	<u>(48,115)</u>
	<u>\$ 72,189</u>	<u>\$ 50,653</u>

5. Gift Shop Activity

The Organization operates a gift shop. Gift shop activity for the years ended June 30, 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017</u>
Revenues	\$ <u>122,698</u>	\$ <u>117,483</u>
Expenses:		
Gift Shop Merchandise	59,530	50,892
Salaries and Benefits	21,677	20,347
Utilities	487	519
Depreciation	<u>411</u>	<u>408</u>
Total Expenses	<u>82,105</u>	<u>72,166</u>
Gift Shop Sales, net	<u>\$ 40,593</u>	<u>\$ 45,317</u>

6. Concentrations

The Organization receives a major portion of its support and revenue from contributions and tours. A reduction in the level of support could possibly have a significant effect on the Organization's programs and activities.

The Organization maintains its operating bank accounts at a financial institution located in North Carolina. Balances in interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018 the Organization had an uninsured balance of \$99,864. At June 30, 2017, the Organization had no uninsured balance.

7. Subsequent Events

Subsequent events have been evaluated through January 8, 2019, which is the date the financial statements were available to be issued. The Organization terminated an employee in April 2017. In September 2017, the former employee, through legal counsel, alleged a claim against the Organization for unpaid overtime, but no claim has been formally filed. In response, the Organization asserted the former employee was an exempt employee and due no overtime pay. Appropriate documentation from the Organization for this counterclaim was delivered October 2017. The Organization has contested the alleged claim and intends to continue to do so. The Organization's legal counsel has received no additional correspondence. According to the Organization's legal counsel, the former employee's alleged claim has a two year statute of limitations from April 2017 based on the circumstances of this alleged claim.

CAROLINA TIGER RESCUE
Notes to Financial Statements
June 30, 2018 and 2017

8. Retirement Plan

Effective July 2016, the Organization established a Simplified Employee Pension (SEP) plan for its eligible employees. To become a participant, an employee must meet the current eligibility requirements established by the Employee Retirement and Income Security Act (ERISA) of 1974 and the Internal Revenue Code. The Organization may make discretionary contributions based on the participant's compensation. The Organization contributed 3.0% for the year ended June 30, 2018. Contributions made by the Organization on behalf of its eligible employees for the year ended June 30, 2018 were \$9,986. The Organization contributed 3.3% for the year ended June 30, 2017. Contributions made by the Organization on behalf of its eligible employees for the year ended June 30, 2017 were \$7,011.

9. Long-Term Debt

Long-term debt relates to the financing of the purchase of land for the new building and consists of the following at June 30, 2018:

Note payable with First Citizens Bank and Trust Company in order to finance the purchase of land. The total financing available through the note payable is \$195,000. The note matures April 2022 and bears interest at 4.8%. Monthly principal and interest payments of \$4,480 commence May 2018 with final payment scheduled for April 2022. The note payable is collateralized by land and \$50,000 cash at Chatham County Economic Development Corporation.	\$ 187,612
Less Amount Classified as Current Liability	<u>45,631</u>
Amount Due After One Year	\$ <u><u>141,981</u></u>

Scheduled maturities of long-term debt are as follows:

<u>Year Ending</u> <u>December 31</u>	
2019	\$ 45,631
2020	47,888
2021	50,286
2022	<u>43,807</u>
	<u><u>\$ 187,612</u></u>

At June 30, 2017, there was no long-term debt.

10. Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. Such reclassifications have no effect on net assets or cash flows as previously reported.