

WOLF CONSERVATION CENTER, INC.

FINANCIAL STATEMENTS

December 31, 2011

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Independent Auditors' Report

To the Board of Directors
Wolf Conservation Center, Inc.

We have audited the accompanying statement of financial position of Wolf Conservation Center, Inc. (a not-for-profit corporation) as of December 31, 2011, and the related statement of activities and changes in net assets and statement of functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wolf Conservation Center, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Wolf Conservation Center, Inc. as of December 31, 2011, and changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A statement of cash flows for the year ended December 31, 2011 has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present financial position and results in operations.



Mount Kisco, New York
August 6, 2012

WOLF CONSERVATION CENTER, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2011

ASSETS

	<u>2011</u>
Cash and cash equivalents	\$ 176,608
Grants receivable and prepaid expenses	57,967
Deposits	<u>630</u>
Total Current Assets	<u>235,205</u>
Fixed assets, net of accumulated depreciation of \$339,658	<u>1,081,745</u>
Total Assets	\$ <u>1,316,950</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 9,269
Deferred revenue (Note 8)	<u>4,358</u>
Total Current Liabilities	<u>13,627</u>
Commitments & other contingencies (Notes 5 & 7)	
Net Assets:	
Unrestricted	1,303,323
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total Net Assets	<u>1,303,323</u>
Total Liabilities & Net Assets	\$ <u>1,316,950</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

WOLF CONSERVATION CENTER, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2011

	2011		
	Unrestricted	Temporarily Restricted	Total
Revenue & Other Support:			
Contributions	\$ 173,218	\$	\$ 173,218
In-kind contributions (Note 9)	113,205		113,205
Educational program revenue	220,058		220,058
Foundation, corporate, and other grants	92,089		92,089
Fundraising revenue	185,943		185,943
Investment income	<u>(167)</u>	<u> </u>	<u>(167)</u>
 Total Revenue & Other Support	 <u>784,346</u>	 <u> </u>	 <u>784,346</u>
 Expenses:			
Program expenses	525,646		525,646
Support services	138,843		138,843
Fundraising expenses	<u>50,895</u>	<u> </u>	<u>50,895</u>
 Total Expenses	 <u>715,384</u>	 <u> </u>	 <u>715,384</u>
 Increase (decrease) in Net Assets	 68,962		 68,962
 Net Assets, beginning of year	 <u>1,234,361</u>	 <u> </u>	 <u>1,234,361</u>
 Net Assets, end of year	 \$ <u>1,303,323</u>	 \$ <u> </u>	 \$ <u>1,303,323</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

WOLF CONSERVATION CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011

	<u>2011</u>			
	<u>Program</u>	<u>Support</u>	<u>Fundraising</u>	
Expenses:	<u>Expenses</u>	<u>Services</u>	<u>Expenses</u>	<u>Total</u>
Personnel expenses	\$ 246,751	\$ 80,274	\$	\$ 327,025
In-kind services (Note 9)	82,723	18,875		101,598
Program supplies and expenses	51,187			51,187
Fundraising			50,895	50,895
Professional fees	7,014	28,054		35,068
Office expenses	17,426	3,075		20,501
Rent (includes in-kind of \$9,000) (Note 9)	18,000			18,000
Repairs & maintenance	15,107			15,107
Advertising	14,850			14,850
Utilities	8,583	2,146		10,729
Insurance	9,508	1,678		11,186
Travel	5,686	1,421		7,107
Postage	2,145	379		2,524
Miscellaneous		495		495
Contributions	250			250
Depreciation	<u>46,416</u>	<u>2,446</u>		<u>48,862</u>
Total Expenses	\$ <u>525,646</u>	\$ <u>138,843</u>	\$ <u>50,895</u>	\$ <u>715,384</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

WOLF CONSERVATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 1 – Description of Organization:

Wolf Conservation Center, Inc. (the “Organization”), was formed under the not-for-profit corporation laws of the State of New York in 1999 as an educational and charitable facility. The Organization has been recognized as a not-for-profit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code. The Organization’s exempt purpose is to promote wolf conservation through education, support reintroduction of wolves in federally designated areas and to provide a natural habitat sanctuary. The Organization is located in Westchester County, New York, near New York City.

Wolf Conservation Center Foundation (the “Foundation”) was organized as, and will operate as, a supporting organization within the meaning of sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Foundation’s exclusive purpose is to receive and administer funds and property and to operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Wolf Conservation Center, Inc. The Foundation may not operate to support or benefit any organization other than the Wolf Conservation Center, Inc.

The Foundation will assist the Wolf Conservation Center, Inc. with fundraising and conservation programs. The Foundation is a membership form of a New York nonprofit corporation, with the Wolf Conservation Center, Inc. being the sole member. The Foundation expects to contract with the Wolf Conservation Center, Inc. for any administrative and clerical services they need.

The Board of Directors of the Organization believes that the creation of the Foundation will best serve the Organization’s interests and those of the wolves the organization is attempting to save from extinction.

Note 2 – Summary of Significant Accounting Policies:

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when incurred.

WOLF CONSERVATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 2 – Summary of Significant Accounting Policies (continued):

b. Net Assets

The accompanying financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are not subject to donor stipulation restricting their use but may be designate for specific purposes by management.

Temporarily restricted net assets are subject to donor stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations.

Permanently restricted net assets are subject to donor stipulations requiring they be maintained permanently.

The Organization reports gifts of cash and other assets as restricted support of they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted Net Assets released from restrictions.

c. Volunteer Time

A substantial number of volunteers made significant contributions of their time to the Organization's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

d. Cash and Cash Equivalents

The Organization considers cash on hand, deposits in banks, certificates of deposit, and short-term marketable securities as cash and cash equivalents. Such cash equivalents have original maturities of less than 90 days.

e. Subsequent Events

Subsequent events have been evaluated through August 6, 2012 which is the date the financial statements were available to be issued.

WOLF CONSERVATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 3 – Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation. These assets are being depreciated over their estimated useful lives which are determined to be 20-39 years for habitats, buildings & improvements and 5-7 years for vehicles, machinery & equipment and 12 years for Ambassador Wolves.

Fixed assets of the Organization consist of the following:

	<u>2011</u>
Land	\$ 479,644
Leasehold improvements	448,529
Species survival plan facility	364,791
Vehicles	73,349
Buildings and sheds	28,363
Machinery & equipment	18,615
Ambassador Wolves	<u>8,112</u>
Total	1,421,403
Accumulated depreciation	<u>(339,658)</u>
	<u>\$ 1,081,745</u>

Note 4 – Income Tax Status:

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from New York State Franchise Tax.

The Organization adopted the provision pertaining to uncertain tax positions and has determined that there were no material uncertain tax positions that require recognition or disclosure in the financial statements.

Note 5 – Use of Estimates:

The preparation of financial statements in conformity with 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.

WOLF CONSERVATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 6 – Functional Expenses:

The breakdown of functional expenses into program services, and supporting services is as provided by management using their best estimates as to the appropriate allocation.

Note 7 – Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time exceed the federal depository coverage limit during the fiscal year.

Note 8 – Deferred Revenue:

Deferred revenue represents amounts received in the current year for events or programs scheduled to occur in the subsequent year.

Note 9 – In-Kind Contributions:

For the year ended December 31, 2011, the Organization has recorded in-kind contributions for the following professional services:

Legal services	\$ 77,326
Website development	18,875
Veterinary services	<u>5,397</u>
Total in-kind services	\$ <u>101,598</u>

Additionally, the Organization recognized an in-kind rental contribution of \$9,000 and other in-kind contributions of \$2,607. (See Note 10)

Note 10 – Subsequent Events and Related Party Transactions:

The Organization utilizes property owned by an officer and former officer for a wolf habitat sanctuary. The lease is for a 10 ten year period from June 1, 2007 to May 31, 2017. The Organization is recognizing \$9,000 per year of in-kind contribution for the use of the property, which is deemed to be rented at less than fair market value.

On April 27, 2012, the Organization received a grant of \$307,000 from the Foundation for the restricted purpose to purchase land and an easement over an adjacent property in South Salem, NY, currently leased by the Organization for a wolf habitat sanctuary. The Organization completed the purchase of this property on April 30, 2012 for \$300,000.

WOLF CONSERVATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 10 – Subsequent Events and Related Parties (continued):

The property and easement purchased by the Organization was sold by an individual who is an officer of the Organization and the President of the Foundation. Management believes this transaction was conducted at fair market value.