

**WOLF CONSERVATION CENTER, INC.**

**Financial Statements  
For the Years Ended  
December 31, 2020  
and  
December 31, 2019**

**Independent Auditor's Report**

To the Board of Directors  
Wolf Conservation Center, Inc.

We have audited the accompanying financial statements of Wolf Conservation Center, Inc. (the "Center") which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year 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 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 from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of December 31, 2020 and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

The financial statements of the Center as of and for the year ended December 31, 2019 were audited by other auditors whose report dated October 20, 2020, expressed an unmodified opinion on those statements.

*Condon O'Meara McGinty & Donnelly LLP*

June 28, 2021

**WOLF CONSERVATION CENTER, INC.**

**Statement of Financial Position**

**Assets**

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,701,885	\$4,593,194
Certificates of deposit	102,548	102,548
Accounts receivable	2,742	2,307
Pledges receivable	186,158	231,429
Inventory	64,779	81,475
Prepaid expenses	65,822	58,763
Total current assets	5,123,934	5,069,716
<b>Pledges receivable – net of current portion</b>	1,000,000	1,023,372
<b>Property and equipment, net</b>	3,909,904	3,717,957
<b>Total assets</b>	<b>\$10,033,838</b>	<b>\$9,811,045</b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 61,904	\$ 58,189
Deferred revenue	200	6,662
Current portion of mortgage loan payable	24,407	22,988
PPP loan	130,322	-
Total current liabilities	216,833	87,839
<b>Mortgage loan payable, net of current portion</b>	67,807	92,214
Total liabilities	284,640	180,053
<b>Net assets</b>		
Without donor restrictions	6,270,444	5,633,488
With donor restrictions	3,478,754	3,997,504
Total net assets	9,749,198	9,630,992
<b>Total liabilities and net assets</b>	<b>\$10,033,838</b>	<b>\$9,811,045</b>

See notes to financial statements.

**WOLF CONSERVATION CENTER, INC.**

**Statement of Activities**

	<b>Year Ended December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<b>Support and revenue</b>				
Contributions	\$1,408,769	\$ 60,000	\$1,468,769	\$ -
Fundraising revenue, net	81,917	-	81,917	47,757
Merchandise sales, net	55,524	-	55,524	120,595
Foundation, corporate and other grants	105,162	45,058	150,220	18,526
Fundraising campaign	-	6,920	6,920	35,000
In-kind services and donated supplies	10,700	-	10,700	1,326,650
Educational program	75,048	-	75,048	-
Interest	1,303	-	1,303	-
Other	1,200	-	1,200	856
Net assets released from restrictions	630,728	(630,728)	-	278,266
Total support and revenue	<u>2,370,351</u>	<u>(518,750)</u>	<u>1,851,601</u>	<u>1,083,384</u>
<b>Expenses</b>				
Program services	1,096,799	-	1,096,799	-
Supporting activities				
Management and general	404,329	-	404,329	-
Fundraising	232,267	-	232,267	-
Total supporting activities	<u>636,596</u>	<u>-</u>	<u>636,596</u>	<u>-</u>
Total expenses	1,733,395	-	1,733,395	-
<b>Increase (decrease) in net assets</b>	<b>636,956</b>	<b>(518,750)</b>	<b>118,206</b>	<b>(56,845)</b>
<b>Net assets, beginning of year</b>	<u>5,633,488</u>	<u>3,997,504</u>	<u>9,630,992</u>	<u>2,914,120</u>
<b>Net assets, end of year</b>	<u>\$6,270,444</u>	<u>\$3,478,754</u>	<u>\$9,749,198</u>	<u>\$5,633,488</u>
			<u>1,973,189</u>	<u>1,026,539</u>
			<u>1,391,319</u>	<u>8,604,453</u>
			<u>360,370</u>	<u>\$9,630,992</u>
			<u>221,500</u>	<u>\$9,630,992</u>
			<u>581,870</u>	<u>\$9,630,992</u>
			<u>1,973,189</u>	<u>\$9,630,992</u>

See notes to financial statements.

**WOLF CONSERVATION CENTER, INC.**

**Statement of Functional Expenses  
Year Ended December 31, 2020  
(with Summarized Comparative Totals for Year Ended December 31, 2019)**

	<u>Program</u>	<u>Supporting Activities</u>		<u>2020</u>	<u>2019</u>
	<u>Services</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
		<u>and</u>			
		<u>General</u>			
<b>Personnel expenses</b>					
Salaries and wages	\$ 392,943	\$ 194,309	\$ 115,097	\$ 702,349	\$ 599,085
Payroll taxes and employee benefits	<u>93,673</u>	<u>46,321</u>	<u>27,438</u>	<u>167,432</u>	<u>162,287</u>
Total personnel expenses	<u>486,616</u>	<u>240,630</u>	<u>142,535</u>	<u>869,781</u>	<u>761,372</u>
<b>Other expenses</b>					
Professional fees	165,598	67,415	-	233,013	453,092
Information technology	59,670	29,507	17,478	106,655	164,517
Program supplies	25,582	-	-	25,582	92,671
Office	45,063	11,266	-	56,329	66,990
Fundraising campaign	-	-	53,013	53,013	58,471
Repairs and maintenance	37,067	-	-	37,067	56,573
Postage	51,855	-	-	51,855	42,972
Utilities	29,042	7,261	-	36,303	40,372
Grants	34,185	-	-	34,185	25,000
Insurance	27,077	1,902	-	28,979	24,739
Advertising	11,842	-	-	11,842	18,567
Fundraising	-	-	19,241	19,241	16,904
Travel	1,498	374	-	1,872	12,089
Fees and permits	-	12,159	-	12,159	9,885
Interest	5,030	1,257	-	6,287	7,622
Real estate taxes	3,603	901	-	4,504	6,943
Bad debt	-	25,721	-	25,721	-
Miscellaneous	<u>288</u>	<u>-</u>	<u>-</u>	<u>288</u>	<u>1,408</u>
Total other expenses	<u>497,400</u>	<u>157,763</u>	<u>89,732</u>	<u>744,895</u>	<u>1,098,815</u>
<b>Depreciation</b>	<u>112,783</u>	<u>5,936</u>	<u>-</u>	<u>118,719</u>	<u>113,002</u>
<b>Total expenses</b>	<u>\$1,096,799</u>	<u>\$ 404,329</u>	<u>\$ 232,267</u>	<u>\$1,733,395</u>	<u>\$1,973,189</u>

See notes to financial statements.

## WOLF CONSERVATION CENTER, INC.

Statement of Functional Expenses  
Year Ended December 31, 2019

	<u>Program Services</u>	<u>Supporting Activities</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
<b>Personnel expenses</b>				
Salaries and wages	\$ 365,020	\$ 139,517	\$ 94,548	\$ 599,085
Payroll taxes and employee benefits	<u>98,881</u>	<u>37,794</u>	<u>25,612</u>	<u>162,287</u>
Total personnel expenses	<u>463,901</u>	<u>177,311</u>	<u>120,160</u>	<u>761,372</u>
<b>Other expenses</b>				
Professional fees	352,586	100,506	-	453,092
Information technology	100,239	38,313	25,965	164,517
Program supplies	92,671	-	-	92,671
Office	53,592	13,398	-	66,990
Fundraising campaign	-	-	58,471	58,471
Repairs and maintenance	56,573	-	-	56,573
Postage	42,972	-	-	42,972
Utilities	32,298	8,074	-	40,372
Grants	25,000	-	-	25,000
Insurance	22,837	1,902	-	24,739
Advertising	18,567	-	-	18,567
Fundraising	-	-	16,904	16,904
Travel	9,671	2,418	-	12,089
Fees and permits	-	9,885	-	9,885
Interest	6,098	1,524	-	7,622
Sales tax and real estate tax	5,554	1,389	-	6,943
Miscellaneous	<u>1,408</u>	<u>-</u>	<u>-</u>	<u>1,408</u>
Total other expenses	<u>820,066</u>	<u>177,409</u>	<u>101,340</u>	<u>1,098,815</u>
<b>Depreciation</b>	<u>107,352</u>	<u>5,650</u>	<u>-</u>	<u>113,002</u>
<b>Total expenses</b>	<b><u>\$1,391,319</u></b>	<b><u>\$ 360,370</u></b>	<b><u>\$ 221,500</u></b>	<b><u>\$1,973,189</u></b>

See notes to financial statements.

**WOLF CONSERVATION CENTER, INC.**

**Statement of Cash Flows**

	<b>Year Ended</b>	
	<b>December 31</b>	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 118,206	\$ 1,026,539
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	118,719	113,002
Loss on disposal of fixed assets	-	276,523
(Increase) decrease in assets		
Accounts receivable	(435)	75,304
Pledges receivable	68,643	134,672
Inventory	16,696	(38,341)
Prepaid expenses	(7,059)	1,463
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	3,715	(20,034)
Deferred revenue	(6,462)	(4,872)
Net cash provided by operating activities	<u>312,023</u>	<u>1,564,256</u>
<b>Cash flows (used in) investing activities</b>		
Purchases of furniture, fixtures and equipment	<u>(310,666)</u>	<u>(28,472)</u>
<b>Cash flows from financing activities</b>		
Repayments on mortgage loan payable	(22,988)	(21,653)
Proceeds from PPP loan	<u>130,322</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>107,334</u>	<u>(21,653)</u>
<b>Net increase in cash and cash equivalents</b>	<b>108,691</b>	<b>1,514,131</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>4,593,194</b></u>	<u><b>3,079,063</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 4,701,885</b></u>	<u><b>\$ 4,593,194</b></u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	<u>\$ 6,287</u>	<u>\$ 7,622</u>

See notes to financial statements.

**WOLF CONSERVATION CENTER, INC.****Notes to Financial Statements  
December 31, 2020 and December 31, 2019****Note 1 – Nature of organization**

Wolf Conservation Center, Inc. (the “Center”), was formed under the not-for-profit corporation laws of the State of New York in 1999 as an educational and charitable facility. The Center'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 Center is located in Westchester County, New York, near New York City.

Wolf Conservation Center Foundation (the “Foundation”) was organized as a supporting Organization within the meaning of sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code in that the Foundation may not operate to support or benefit any organization other than the Center. The Foundation was a New York nonprofit corporation membership, with the Center being the sole member. The Foundation contracted with the Center for administrative and clerical services. The Foundation's financial activities for 2020 were not material and as a result, were not consolidated in the Center's 2020 financial statements.

The Board of Directors of the Foundation has elected to discontinue operations and dissolve, with its remaining assets being transferred to the Center. In 2020, the remaining assets were transferred to the Center.

**Note 2 – Summary of significant accounting policies****Net assets**

The Center maintains its net assets in two categories as follows:

**Without donor restrictions**

Net assets that are not subject to donor-imposed restrictions and are available for the general operations of the Center.

**With donor restrictions****Temporary donor restrictions**

Net assets subject to donor-imposed restrictions that will be met either by actions of the Center or the passage for time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions.



**WOLF CONSERVATION CENTER, INC.****Notes to Financial Statements (continued)  
December 31, 2020 and December 31, 2019****Note 2 – Summary of significant accounting policies (continued)**Net assets (continued)With donor restrictions (continued)Perpetual donor restrictions

In this category are net assets subject to donor-imposed restrictions to be maintained in perpetuity by the Center, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity from which the revenue is to be used for the donor stipulated purpose. For the years ended December 31, 2020 and December 31, 2019, the Center did not have any net assets with perpetual donor restrictions.

Contributions

Contributions received, including unconditional promises to give, are recognized as support in the period received at their fair values. Contributions are recorded as support with donor restrictions if they are received with donor stipulations that limit their use.

Cash equivalents

The Center considers all highly liquid assets with an original maturity of 90 days or less to be cash equivalents.

Certificates of deposit

The Center's certificates of deposit are valued using a cost-based measure, which is the original cost plus accrued interest.

Allowance for doubtful accounts

As of December 31, 2020 and December 31, 2019, the Center has determined that the receivables are fully collectible and has not provided for an allowance for doubtful accounts for receivables that may not be collectible. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment are stated at cost at the date of acquisition or at estimated fair value at date of the donation. Expenditures for property and equipment with a useful life greater than one year are capitalized. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years. During 2020, \$5,000 of fully depreciated equipment was written off the books of the Center.

**WOLF CONSERVATION CENTER, INC.**

**Notes to Financial Statements (continued)  
December 31, 2020 and December 31, 2019**

**Note 2 – Summary of significant accounting policies (continued)**

In-kind contributions

In-kind contributions are estimated at their fair value and reported as both support and expenses in the period in which they are used. In-kind contributions are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Certain individuals volunteer their time and perform a variety of tasks that assist the Center. These services do not meet the criteria to be recorded and have not been included in the financial statements.

For the years ended December 31, 2020 and December 31, 2019, the Center has recorded in-kind contributions for the following professional services received:

	2020	2019
Veterinary services	\$ 10,700	\$ 15,110
Website development	-	900
Total in-kind contributions	\$ 10,700	\$ 16,010

Functional allocation of expenses

The costs of providing the various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. The expenses that are allocated include personnel expenses, which are allocated on the basis of time and effort and office and occupancy, which is allocated on a square-footage basis.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of credit risk

The Center's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and receivables. The Center places its cash and cash equivalents with what it believes to be a quality financial institution. The Center believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents and receivables.

Reclassifications

Certain items in the 2019 financial statements have been reclassified for comparative purposes.

**WOLF CONSERVATION CENTER, INC.**

**Notes to Financial Statements (continued)  
December 31, 2020 and December 31, 2019**

**Note 2 – Summary of significant accounting policies (continued)**

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus. The economic impact of the coronavirus on the Center's future financial operations is not readily determinable.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through June 28, 2021, which is the date the financial statements were available to be issued.

**Note 3 – Liquidity and availability of financial assets**

The Center's working capital and cash flows have seasonal variations during the year attributable to cash receipts from pledges, contributions and other revenue items. The following is a summary of the Center's financial assets as of December 31, 2020 and December 31, 2019 that are available for general use within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,701,885	\$ 4,593,194
Certificates of deposit	102,548	102,548
Accounts receivable	2,742	2,307
Pledges receivable – current portion	<u>186,158</u>	<u>231,429</u>
Total	<u>\$ 4,993,333</u>	<u>\$ 4,929,478</u>

**Note 4 – Property and equipment, net**

Property and equipment as of December 31, 2020 and December 31, 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$1,618,082	\$1,618,082
Buildings and sheds	1,700,536	1,700,746
Improvements	622,347	605,530
Species survival plan facility	364,790	364,790
Vehicles	130,474	112,904
Machinery and equipment	177,487	132,004
Ambassador Wolves	11,113	11,113
Furniture and fixtures	20,279	17,204
Improvements in progress	<u>396,703</u>	<u>173,772</u>
Total	5,041,811	4,736,145
Less: accumulated depreciation and amortization	<u>1,131,907</u>	<u>1,018,188</u>
Total	<u>\$3,909,904</u>	<u>\$3,717,957</u>

**WOLF CONSERVATION CENTER, INC.**

**Notes to Financial Statements (continued)  
December 31, 2020 and December 31, 2019**

**Note 5 – Mortgage loan payable**

On April 10, 2014 the Center assumed a mortgage loan which is secured by property owned by the Center. The mortgage was assumed from the seller of 7 Buck Run, South Salem, NY at closing (See note 8). This mortgage bears interest at the rate of 6% per annum and matures on June 1, 2024. The balance due as of December 31, 2020 is \$92,214.

The required annual principal payments on the mortgage loan payable as of December 31, 2020 is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 24,407
2022	25,912
2023	27,510
2024	<u>14,385</u>
Total	<u>\$ 92,214</u>

**Note 6 – PPP loan**

2020 PPP loan

During 2020, the Center applied for and received \$130,322 under the Paycheck Protection Program (“PPP”) which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The Center has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and the Center is legally released. The Center has expended the full amount of the loan on purposes consistent with the PPP and maintained its payroll levels. The Center has, therefore, qualified for full forgiveness of the loan and accrued interest. On May 12, 2021, the loan and accrued interest was forgiven.

2021 PPP loan

During March 2021, the Center applied for and received \$167,095 under the Paycheck Protection Program under terms similar to the first PPP loan.

**Note 7 – Net assets with donor restrictions**

The following is a summary of the activity of the net assets with donor restrictions for the year ended December 31, 2020:

	Balance at December 31, <u>2019</u>	<u>Contributions</u>	<u>Transfer</u>	Net Assets Released from <u>Restrictions</u>	Balance at December 31, <u>2020</u>
Capital improvements	\$ 3,352,503	\$ 111,978	\$ 600,287	\$ (588,134)	\$ 3,476,634
Time restricted	<u>645,001</u>	<u>-</u>	<u>(600,287)</u>	<u>(42,594)</u>	<u>2,120</u>
Total	<u>\$ 3,997,504</u>	<u>\$ 111,978</u>	<u>\$ -</u>	<u>\$ (630,728)</u>	<u>\$ 3,478,754</u>

**WOLF CONSERVATION CENTER, INC.****Notes to Financial Statements (continued)  
December 31, 2020 and December 31, 2019****Note 8 – Related party transactions**

On April 10, 2014 the Center purchased the property known as 7 Buck Run, South Salem, NY for \$597,000. The property and a building were purchased from an individual who is an officer of the Center. Management believes this transaction was conducted at fair market value. In connection with this purchase, the Center assumed from the seller a mortgage with an outstanding balance of \$222,407 at the time of closing (See note 5).

**Note 9 – 401(k) retirement plan**

The Center maintains a 401(k) retirement plan (the “Plan”) for all eligible employees. Employees may contribute a portion of their earnings in accordance with Internal Revenue Code regulations. The Center does not contribute to the Plan.

**Note 10 – Tax status**

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Center has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation under the meaning of Section 509(a) of the Code.