

WOLF CONSERVATION CENTER, INC.

**Financial Statements
For the Years Ended
December 31, 2022
and
December 31, 2021**

Independent Auditor's Report

To the Board of Directors
Wolf Conservation Center, Inc.

Opinion

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, 2022 and December 31, 2021 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 the Center as of December 31, 2022 and December 31, 2021 and the results of its activities and its 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 Center 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 Center'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 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.

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 Center'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 Center'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.

Carson O'Meara, McGrath & Donnelly LLP

August 3, 2023

WOLF CONSERVATION CENTER, INC.

Statement of Financial Position

	December 31	
	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 8,568,931	\$ 7,006,834
Certificates of deposit	50,769	102,548
Accounts receivable	8,976	1,300
Contributions receivable	254,485	272,914
Inventory	71,297	47,049
Prepaid expenses	56,294	8,054
Total current assets	9,010,752	7,438,699
Contributions receivable – net of current portion	133,000	233,000
Property and equipment, net	4,041,268	4,061,106
Total assets	\$13,185,020	\$11,732,805
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 68,797	\$ 31,666
Deferred revenue	37,585	20,502
Current portion of mortgage loan payable	-	25,912
Total current liabilities	106,382	78,080
Mortgage loan payable, net of current portion	-	41,767
Total liabilities	106,382	119,847
Net assets		
Without donor restrictions		
Operating	6,751,573	7,720,755
Board-designated	2,350,000	-
Total without donor restrictions	9,101,573	7,720,755
With donor restrictions	3,977,065	3,892,203
Total net assets	13,078,638	11,612,958
Total liabilities and net assets	\$13,185,020	\$11,732,805

See notes to financial statements.

WOLF CONSERVATION CENTER, INC.

Statement of Functional Expenses
Year Ended December 31, 2022
(with Summarized Comparative Totals for Year Ended December 31, 2021)

	<u>Supporting Activities</u>			<u>2022</u> <u>Total</u>	<u>2021</u> <u>Total</u>
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and</u> <u>General</u>	<u>Fundraising</u>		
Personnel expenses					
Salaries and wages	\$ 597,830	\$ 106,101	\$ 195,348	\$ 899,279	\$ 767,275
Payroll taxes and employee benefits	<u>129,102</u>	<u>22,913</u>	<u>42,185</u>	<u>194,200</u>	<u>167,974</u>
Total personnel expenses	<u>726,932</u>	<u>129,014</u>	<u>237,533</u>	<u>1,093,479</u>	<u>935,249</u>
Other expenses					
Professional fees	8,000	108,147	22,100	138,247	112,552
Information technology	46,971	8,336	15,348	70,655	70,103
Program supplies	162,300	-	-	162,300	105,399
Office	57,673	14,418	-	72,091	62,191
Fundraising campaign	-	-	5,073	5,073	3,081
Repairs and maintenance	48,604	-	-	48,604	47,806
Postage	49,466	-	-	49,466	57,628
Utilities	43,303	10,825	-	54,128	42,724
Grants	37,281	-	-	37,281	32,573
Insurance	37,838	1,881	-	39,719	33,278
Advertising	-	-	-	-	34,104
Fundraising	-	-	26,499	26,499	36,705
Travel	5,809	1,452	-	7,261	2,526
Fees and permits	-	12,050	-	12,050	9,436
Interest	1,374	343	-	1,717	4,741
Real estate taxes	184	46	-	230	220
Bad debt	-	13,500	-	13,500	-
Miscellaneous	<u>714</u>	<u>-</u>	<u>-</u>	<u>714</u>	<u>5</u>
Total other expenses	<u>499,517</u>	<u>170,998</u>	<u>69,020</u>	<u>739,535</u>	<u>655,072</u>
Depreciation	<u>112,915</u>	<u>5,942</u>	<u>-</u>	<u>118,857</u>	<u>117,759</u>
Total expenses	<u>\$1,339,364</u>	<u>\$ 305,954</u>	<u>\$ 306,553</u>	<u>\$1,951,871</u>	<u>\$1,708,080</u>

See notes to financial statements.

WOLF CONSERVATION CENTER, INC.

Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Activities</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Personnel expenses				
Salaries and wages	\$ 440,719	\$ 111,686	\$ 214,870	\$ 767,275
Payroll taxes and employee benefits	<u>96,483</u>	<u>24,451</u>	<u>47,040</u>	<u>167,974</u>
Total personnel expenses	<u>537,202</u>	<u>136,137</u>	<u>261,910</u>	<u>935,249</u>
Other expenses				
Professional fees	-	112,552	-	112,552
Information technology	40,267	10,204	19,632	70,103
Program supplies	105,399	-	-	105,399
Office	49,753	12,438	-	62,191
Fundraising campaign	-	-	3,081	3,081
Repairs and maintenance	47,806	-	-	47,806
Postage	57,628	-	-	57,628
Utilities	34,179	8,545	-	42,724
Grants	32,573	-	-	32,573
Insurance	31,378	1,900	-	33,278
Advertising	34,104	-	-	34,104
Fundraising	-	-	36,705	36,705
Travel	2,021	505	-	2,526
Fees and permits	-	9,436	-	9,436
Interest	3,793	948	-	4,741
Real estate taxes	175	45	-	220
Miscellaneous	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total other expenses	<u>439,081</u>	<u>156,573</u>	<u>59,418</u>	<u>655,072</u>
Depreciation	<u>111,871</u>	<u>5,888</u>	<u>-</u>	<u>117,759</u>
Total expenses	<u>\$1,088,154</u>	<u>\$ 298,598</u>	<u>\$ 321,328</u>	<u>\$1,708,080</u>

See notes to financial statements.

WOLF CONSERVATION CENTER, INC.

Statement of Cash Flows

	Year Ended	
	December 31	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,465,680	\$ 1,863,760
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	118,857	117,759
PPP loans forgiveness	-	(297,417)
Fundraising campaign contributions	(255,250)	(686,905)
(Increase) decrease in assets		
Accounts receivable	(7,676)	1,442
Contributions receivable	118,429	680,244
Inventory	(24,248)	17,730
Prepaid expenses	(48,240)	57,768
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	37,131	(30,238)
Deferred revenue	17,083	20,302
Net cash provided by operating activities	<u>1,421,766</u>	<u>1,744,445</u>
Cash flows from investing activities		
Purchases of property and equipment	(99,019)	(268,961)
Proceeds from sale of certificates of deposit – net	51,779	-
Net cash (used in) investing activities	<u>(47,240)</u>	<u>(268,961)</u>
Cash flows from financing activities		
Repayments on mortgage loan payable	(67,679)	(24,535)
Proceeds from PPP loans	-	167,095
Fundraising campaign contributions	255,250	686,905
Net cash provided by financing activities	<u>187,571</u>	<u>829,465</u>
Net increase in cash and cash equivalents	1,562,097	2,304,949
Cash and cash equivalents, beginning of year	<u>7,006,834</u>	<u>4,701,885</u>
Cash and cash equivalents, end of year	<u>\$ 8,568,931</u>	<u>\$ 7,006,834</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 1,717</u>	<u>\$ 4,741</u>

See notes to financial statements.

WOLF CONSERVATION CENTER, INC.**Notes to Financial Statements
December 31, 2022 and December 31, 2021****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.

Note 2 – Summary of significant accounting policiesNet 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. Net assets without donor restrictions also include those funds that are designated by the Board of Directors.

During 2022, the Center established a board-designated fund totaling \$2,350,000 to finance capital improvements.

With donor restrictionsTemporary 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.

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 contributions 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, 2022 and December 31, 2021, 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.

WOLF CONSERVATION CENTER, INC.

Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021

Note 2 – Summary of significant accounting policies (continued)

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, 2022 and December 31, 2021, 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.

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, 2022 and December 31, 2021, the Center has recorded in-kind contributions for the following professional services received:

	<u>2022</u>	<u>2021</u>
Veterinary services	\$ 12,705	\$ 4,025
Vehicle	15,000	-
Total	<u>\$ 27,705</u>	<u>\$ 4,025</u>

WOLF CONSERVATION CENTER, INC.

Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021

Note 2 – Summary of significant accounting policies (continued)

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.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through August 3, 2023, 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 contributions and other revenue items. The following is a summary of the Center's financial assets as of December 31, 2022 and December 31, 2021 that are available for general use within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 8,568,931	\$ 7,006,834
Certificates of deposit	50,769	102,548
Accounts receivable	8,976	1,300
Contributions receivable – current portion	<u>254,485</u>	<u>272,914</u>
Total financial assets	8,883,161	7,383,596
Less: Board-designated fund	<u>(2,350,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>6,533,161</u>	<u>7,383,596</u>

WOLF CONSERVATION CENTER, INC.

**Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 3 – Liquidity and availability of financial assets (continued)

In addition to the total financial assets available, the Center has Board-designated amounts that can be made available, if necessary.

Note 4 – Property and equipment, net

Property and equipment as of December 31, 2022 and December 31, 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,618,082	\$ 1,618,082
Buildings and sheds	1,700,536	1,700,536
Improvements	712,697	686,495
Species survival plan facility	364,790	364,790
Vehicles	166,871	130,474
Machinery and equipment	203,604	195,819
Ambassador Wolves	11,113	11,113
Furniture and fixtures	22,687	20,279
Improvements in progress	<u>609,413</u>	<u>583,184</u>
Total	5,409,793	5,310,772
Less: accumulated depreciation and amortization	<u>1,368,525</u>	<u>1,249,666</u>
Total	<u>\$ 4,041,268</u>	<u>\$ 4,061,106</u>

Note 5 – Paycheck Protection Program (“PPP”) loans

2020 PPP loan

During 2020, the Center applied for and received \$130,322 under the Paycheck Protection Program (“PPP”) which was 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 was, 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. In May 2021, the Center’s application for PPP loan forgiveness was approved. Accordingly, the \$130,322 was recognized as a government grant in 2021.

2021 PPP loan

During March 2021, the Center applied for and received a second PPP loan of \$167,095 under terms similar to the first PPP loan. The Center has elected to record the proceeds as a liability until the loan was, in part or wholly, forgiven and the Center was legally released. The Center has expended the full amount of the loan on purposes consistent with the PPP and maintained its payroll levels. In October, 2021, the Center’s application for PPP loan forgiveness was approved. Accordingly, the \$167,095 was recognized as a government grant in 2021.

WOLF CONSERVATION CENTER, INC.

**Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 6 – Mortgage loan payable

On April 10, 2014 the Center assumed a mortgage loan which was 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 9). This mortgage bore interest at the rate of 6% per annum and was due to mature on June 1, 2024. The loan was paid off in full during June 2022.

Note 7 – Employee retention credits

In response to the coronavirus emergency, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) and the Consolidation Appropriations Act, 2021 (“CAA”) were signed into law on March 27, 2020 and December 27, 2020, respectively. The CARES Act provided, among other things, a refundable credit of 50% of the first \$10,000 of qualified wages per eligible employee for wages paid or incurred from March 13, 2020 through December 31, 2020. The CAA provides, among other things, a refundable credit of 70% of the first \$10,000 of qualified wages per eligible employee per quarter for wages paid or incurred from January 1, 2021 through June 30, 2021, for eligible employers. On March 11, 2021, the American Rescue Plan extended the credits through December 31, 2021, for eligible employers. During November 2021, the Infrastructure Investment and Jobs Act ended the eligibility for the credits as of September 30, 2021. In connection therewith, such credits through December 31, 2021 totaled \$61,038, which are reflected on the 2021 statement of activities.

Note 8 – Net assets with donor restrictions

The following is a summary of the activity of the net assets with donor restrictions for the years ended December 31, 2022 and December 31, 2021:

	Balance at December 31, <u>2021</u>	<u>Contributions</u>	Net Assets Released from <u>Restrictions</u>	Balance at December 31, <u>2022</u>
Capital improvements	\$ 3,890,083	\$ 265,753	\$ (178,771)	\$ 3,977,065
Time restricted	<u>2,120</u>	<u>-</u>	<u>(2,120)</u>	<u>-</u>
Total	<u>\$ 3,892,203</u>	<u>\$ 265,753</u>	<u>\$ (180,891)</u>	<u>\$ 3,977,065</u>
	Balance at December 31, <u>2020</u>	<u>Contributions</u>	Net Assets Released from <u>Restrictions</u>	Balance at December 31, <u>2021</u>
Capital improvements	\$ 3,476,634	\$ 695,748	\$ (282,299)	\$ 3,890,083
Time restricted	<u>2,120</u>	<u>-</u>	<u>-</u>	<u>2,120</u>
Total	<u>\$ 3,478,754</u>	<u>\$ 695,748</u>	<u>\$ (282,299)</u>	<u>\$ 3,892,203</u>

WOLF CONSERVATION CENTER, INC.**Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021****Note 9 – 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 6). The mortgage was paid off in full during June 2022.

Note 10 – 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 11 – 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.