

**SHY WOLF SANCTUARY EDUCATION AND
EXPERIENCE CENTER, INC.**

FINANCIAL REPORT

DECEMBER 31, 2021

SHY WOLF SANCTUARY EDUCATION AND EXPERIENCE CENTER, INC.

FINANCIAL REPORT
DECEMBER 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1 and 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements.....	7-13



INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Shy Wolf Sanctuary Education
and Experience Center, Inc.
Naples, Florida**

Opinion

We have audited the accompanying financial statements of Shy Wolf Sanctuary Education and Experience Center, Inc. (a non-profit Organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 Shy Wolf Sanctuary Education and Experience Center, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. 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 these 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, including omissions, 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 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 23, 2022

**SHY WOLF SANCTUARY EDUCATION
AND EXPERIENCE CENTER, INC.**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS	
CURRENT ASSETS	
Cash	\$ 469,365
Prepaid expenses	23,469
	<u>492,834</u>
PROPERTY AND EQUIPMENT	
Land	2,190,967
Building and improvements	1,176,015
Furniture and fixtures	27,959
Vehicles	12,792
	<u>3,407,733</u>
Accumulated depreciation	68,145
	<u>3,339,588</u>
	<u>9,627</u>
INVESTMENTS	
	<u>10,499</u>
DEPOSITS	
	<u>\$ 3,852,548</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 11,875
	<u>11,875</u>
LONG-TERM DEBT, less current maturities and deferred loan costs	<u>1,327,142</u>
NET ASSETS	
Net assets without donor restrictions	2,489,969
Net assets with donor restrictions	23,562
	<u>2,513,531</u>
Total Liabilities and Net Assets	<u>\$ 3,852,548</u>

See Notes to Financial Statements.

**SHY WOLF SANCTUARY EDUCATION
AND EXPERIENCE CENTER, INC.**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 1,630,827	\$ 65,000	\$ 1,695,827
Grants	119,640	-	119,640
Special events	77,506	-	77,506
Investment income	635	-	635
Rent income	3,445	-	3,445
Gain on disposal of property and equipment	1,000	-	1,000
Releases from restrictions	41,438	(41,438)	-
Total support and revenues	<u>1,874,491</u>	<u>23,562</u>	<u>1,898,053</u>
Expenses			
Program services	451,351	-	451,351
Management and general	29,639	-	29,639
Fundraising	84,247	-	84,247
Total expenses	<u>565,237</u>	<u>-</u>	<u>565,237</u>
Change in net assets	1,309,254	23,562	1,332,816
Net assets, beginning of year	<u>1,180,715</u>	<u>-</u>	<u>1,180,715</u>
Net assets, end of year	<u>\$ 2,489,969</u>	<u>\$ 23,562</u>	<u>\$ 2,513,531</u>

See Notes to Financial Statements.

**SHY WOLF SANCTUARY EDUCATION
AND EXPERIENCE CENTER, INC.**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,332,816
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	16,243
Noncash donation of property and equipment	(1,274,750)
Gain on disposal of property and equipment	(1,000)
Changes in operating assets and liabilities	
Decrease in trust receivable	166,667
Increase in prepaid expenses	(16,206)
Increase in deposits	(10,499)
Decrease accounts payable and accrued expenses	(10,602)
Net cash provided by operating activities	<u>202,669</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(1,456,482)
Proceeds from disposal of property and equipment	10,000
Proceeds from sale of investments	<u>160,025</u>
Net cash (used in) investing activities	<u>(1,286,457)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	1,360,000
Payments for deferred loan costs	(32,858)
Payments on long-term debt	<u>(19,100)</u>
Net cash provided by financing activities	<u>1,308,042</u>

Change in cash	224,254
Cash, beginning of year	<u>245,111</u>
Cash, end of year	<u>\$ 469,365</u>

See Notes to Financial Statements.

**SHY WOLF SANCTUARY EDUCATION
AND EXPERIENCE CENTER, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 185,079	\$ 4,086	\$ 12,257	\$ 201,422
Payroll taxes	13,895	307	920	15,122
Vet and medical care	56,195	-	-	56,195
Utilities	11,726	-	-	11,726
Animal care supplies	15,585	-	-	15,585
Food and food supplies	22,755	-	-	22,755
Repairs and maintenance	35,495	-	-	35,495
Contract services	22,552	12,442	-	34,994
Advertising	13,937	203	17,141	31,281
Travel	-	473	-	473
Rescue expenses	3,763	-	-	3,763
Communications and postage	2,352	52	785	3,189
Office expenses	11,835	4,081	9,345	25,261
Insurance	22,615	499	1,498	24,612
Education	13,824	-	-	13,824
Depreciation	16,243	-	-	16,243
Database management	-	-	9,059	9,059
Special events	-	-	33,242	33,242
Taxes and licenses	3,499	7,480	-	10,979
Miscellaneous	-	16	-	16
Total expenses	<u>\$ 451,351</u>	<u>\$ 29,639</u>	<u>\$ 84,247</u>	<u>\$ 565,237</u>

See Notes to Financial Statements.

SHY WOLF SANCTUARY EDUCATION AND EXPERIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Shy Wolf Sanctuary Education and Experience Center, Inc. (the "Organization") is a Florida not-for-profit corporation established to provide sanctuary and rehabilitation to un-releasable wild and captive-bred exotic animals, including wolves and wolfdogs.

Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following two classes:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. From time to time the Board designates certain items for use on specific future projects. At December 31, 2021, there were no Board designated net assets.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met either by actions of the Organization and/or the passage of time. Other donor-imposed stipulations are perpetual in nature where the donor stipulates those resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Management 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity date of three months or less at the date of acquisition to be cash equivalents.

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. All grant revenue is recorded when performance occurs under the terms of the grant agreement.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 are recorded at cost, estimated cost, or if donated, at fair value on the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

	<u>Years</u>
Building and improvements	15-27.5
Furniture and fixtures	7
Vehicles	5

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized.

Functional Allocation of Expenses

The costs of providing various programs and other activities and the administration of the Organization have been summarized on a functional basis in the statement of activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Management and general expenses and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided and time and effort.

Donated Goods and Services

Numerous volunteers have donated significant amount of time to the Organization's various programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied. For the year ended December 31, 2021, volunteers provided approximately 11,200 hours of service to the Organization.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Organization has adopted FASB's fair value measurement and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these fluctuations. Cash and cash equivalents designated for long-term purposes are classified as investments.

The Organization invests in a variety of investment vehicles, as described in Note 3. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Organization's investments, which could materially affect amounts reported in the financial statements.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income tax under provisions of Internal Revenue Code Section 501(c)(3). However, the Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption.

It is the Organization's policy to account for any uncertainties in income tax law in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 clarifies the accounting for uncertain income tax positions and requires that the Organization recognize the impact of such a tax position in its financial statements if, upon ultimate settlement, that position is more likely than not to be sustained. Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. As a result, no provision or liability for income taxes has been included in the financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events occurring through June 23, 2022, the date on which the financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization's working capital and cash flows have variations during the year attributable to the timing of grants, contributions and special events. The Organization manages liquidity during the year by utilizing the following strategies: operating with a balanced budget which assumes collection of sufficient revenue via grants, contributions and special events to cover operating expenditures not covered by donor-restricted resources and regular analysis of actual operating results versus budget.

The following table reflects the Organization's financial assets as of December 31, 2021 which could be made available within 12 months to meet operating expenditures:

Cash	\$ 469,365
Investments	9,627
Less bank restricted interest reserve account	(57,800)
Less net assets with donor restrictions	<u>(23,562)</u>
Financial assets available to meet operating expenditures	<u>\$ 397,630</u>

NOTE 3. INVESTMENTS

Investments at December 31, 2021 consist of the following:

Money market	<u>\$ 9,627</u>
--------------	-----------------

Investment income for the year ended December 31, 2021 consists of the following:

Interest and dividends	<u>\$ 635</u>
------------------------	---------------

NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS

The Organization adopted the *Fair Value Measurements and Disclosures Topic* of the FASB Accounting Standards Codification which provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3 Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The level within the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation methodologies used in estimating the fair value of its Level 1, 2 and Level 3 financial instruments:

U.S. Government Treasury Notes: Valued based on quoted prices in active markets, quoted prices for similar assets, observable inputs other than quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

The following table presents the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2021:

	<u>Level 1</u>
Money market	<u>\$ 9,627</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2021:

Note payable to financial institution, for \$1,360,000 with a 4.25% fixed interest rate, due in monthly interest-only installments, maturing December 2023, secured by certain real property	\$ 1,360,000
Less deferred loan costs	<u>(32,858)</u>
	<u>\$ 1,327,142</u>

Aggregate maturities on the long-term debt at December 31, 2021 are as follows:

2022	\$ -
2023	<u>1,360,000</u>
	<u>\$ 1,360,000</u>

In conjunction with this loan the Organization has deposited \$57,800 with the bank as an interest reserve account. These funds will be used to pay interest expense in 2022.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2021:

Medical expenses	\$ 18,977
Animal feed	<u>4,585</u>
	<u>\$ 23,562</u>

Net assets with donor restrictions at December 31, 2021 consist of \$23,562 of cash.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2021:

Medical expenses	\$ 41,023
Animal feed	<u>415</u>
	<u>\$ 41,438</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PPP LOAN

In March 2021, the Organization obtained a loan through the Paycheck Protection Program – Small Business Administration for \$26,287 due to COVID-19. As of December 31, 2021, the Organization had spent the full amount of the loan on allowable expenses in the covered period and received forgiveness for the entirety of the loan in October 2021. Therefore, the loan was recognized as a contribution and included with grants on the statement of activities.

NOTE 8. EXPANSION

On December 15, 2021, the Organization closed on the purchase of real property for \$1,700,000. The real property contains five residential houses and 16.89 acres of land. The five residential houses were appraised at \$895,315 and the land was appraised at \$2,054,685. As a result, the purchase resulted in an unconditional contribution by the seller of \$1,250,000 and is included with contributions on the accompanying statement of activities. Additionally, a surveyor donated their services in the amount of \$24,750 to perform all required surveys on the property. This donation is included with contributions on the accompanying statement of activities.

The Organization intends to use the property to construct a new sanctuary and education center.

NOTE 9. LEASE AGREEMENTS

The Organization leases the five residential houses on month to month leases to unrelated third parties. Rent income for the year ended December 31, 2021 was \$3,445. The Organization holds \$10,499 in security deposits on these leases and is included with deposits on the accompanying statement of financial position.