

LIONS, TIGERS & BEARS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Lions, Tigers & Bears

Report on the Financial Statements

I have audited the accompanying financial statements of Lions, Tigers & Bears, a non-profit organization, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lions, Tigers & Bears as of December 31, 2019, 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.


La Mesa, California
November 13, 2020

LIONS, TIGERS & BEARS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash & cash equivalents	\$ 463,105	\$ 317,624	\$ 780,729
Inventory - Gift Shop	72,656	-	72,656
Inventory - Animal Food	34,697	-	34,697
Marketable Securities	63,705	-	63,705
Accounts Receivable	8,026	-	8,026
Deposits Held	3,722	-	3,722
Property and Equipment	2,623,760	-	2,623,760
 Total Assets	 <u>\$ 3,269,671</u>	 <u>\$ 317,624</u>	 <u>\$ 3,587,295</u>
 LIABILITIES AND NET ASSETS			
Liabilities			
Accounts Payable	\$ 53,290	\$ -	\$ 53,290
Accrued Expenses	18,583	-	18,583
Notes Payable	174,885	-	174,885
 Total Liabilities	 <u>246,758</u>	 <u>-</u>	 <u>246,758</u>
 Net Assets			
Without Restrictions	3,022,913	-	3,022,913
With Restrictions	-	317,624	317,624
 Total Net Assets	 <u>3,022,913</u>	 <u>317,624</u>	 <u>3,340,537</u>
 Total Liabilities and Net Assets	 <u>\$ 3,269,671</u>	 <u>\$ 317,624</u>	 <u>\$ 3,587,295</u>

See accompanying notes and independent auditor's report.

LIONS, TIGERS & BEARS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,141,237	\$ 412,516	\$ 1,553,753
Gifts in Kind	298,201	-	298,201
Grants	-	25,000	25,000
Memberships	50,461	-	50,461
General Visits	289,360	-	289,360
Special Events, net of expenses \$190,832	155,906	-	155,906
Gift Shop Sales, net of expenses \$47,495	25,293	-	25,293
Interest & Dividends	984	-	984
Net Unrealized Gain on Marketable Securities	12,302	-	12,302
Net Assets released from restriction by payments	673,287	(673,287)	-
Total support and revenue	2,647,031	(235,771)	2,411,260
EXPENSES			
Program Services	1,981,841	-	1,981,841
Supporting Services			
Management and General	273,562	-	273,562
Fundraising	133,574	-	133,574
Total Supporting Services	407,136	-	407,136
Total Expenses	2,388,977	-	2,388,977
Change in Net Assets	258,054	(235,771)	22,283
Net Assets			
Beginning of year	2,764,859	553,395	3,318,254
End of year	\$ 3,022,913	\$ 317,624	\$ 3,340,537

See accompanying notes and independent auditor's report.

LIONS, TIGERS & BEARS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	With Donor Restrictions	Without Donor Restrictions	Total
Cash Flows from Operating Activities			
Change in Net Assets	\$ 258,054	\$ (235,771)	\$ 22,283
Reconciliation to net cash provided by (used in)			
Operating Activities:			
Depreciation	313,772	-	313,772
(Increase) decrease in operating assets			
Inventory - Gift Shop	(19,402)	-	(19,402)
Inventory - Animal Food	14,999	-	14,999
Marketable Securities	(26,181)	-	(26,181)
Accounts Receivable	(6,916)	-	(6,916)
Deposits Held	(3,722)	-	(3,722)
Increase (decrease) in operating liabilities			
Accounts Payable	31,164	-	31,164
Accrued Expenses	(15,353)	-	(15,353)
Net cash provided by (used in) operating activities	<u>546,415</u>	<u>(235,771)</u>	<u>310,644</u>
Cash Flows from Investing Activities			
Purchases and Disposals of property and equipment (net)	(805,085)	-	(805,085)
Net cash provided by (used in) investing activities	<u>(805,085)</u>	<u>-</u>	<u>(805,085)</u>
Cash Flows from Financing Activities			
Note Payable	85,261	-	85,261
Net cash provided (used in) financing activities	<u>85,261</u>	<u>-</u>	<u>85,261</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (173,409)	\$ (235,771)	\$ (409,180)
Cash and Cash Equivalents			
Beginning of year	636,514	553,395	1,189,909
End of year	<u>\$ 463,105</u>	<u>\$ 317,624</u>	<u>\$ 780,729</u>
Supplemental Disclosure:			
Interest Expense	\$ 13,303	\$ -	\$ 13,303

See accompanying notes and independent auditor's report.

LIONS, TIGERS & BEARS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program	Management & General	Fundraising	Total
Salaries	\$ 574,856	\$ 130,690	\$ -	\$ 705,546
Payroll taxes	47,977	11,968	-	59,945
Worker's Comp Insurance	85,835	14,733	-	100,568
Total salaries and related expenses	708,668	157,391	-	866,059
Computer & Software Related	13,284	4,391	14,581	32,256
Animal Care	314,211	-	-	314,211
Credit Card and Bank Fees	-	3,354	26,243	29,597
Licenses, Permits & Dues	1,251	4,071	-	5,322
Educational	55,409	-	-	55,409
Insurance	82,518	10,424	2,012	94,954
Interest	2,660	10,100	543	13,303
Legal/Professional Fees/Consulting	66,561	33,752	6,854	107,167
Marketing	10,833	-	64,816	75,649
Office Expenses	20,720	3,061	12,525	36,306
Rent	81,293	6,347	2,311	89,951
Occupancy Costs	76,996	-	-	76,996
Repairs & Maintenance	31,608	278	357	32,243
Travel, Meetings, Rescue	79,560	-	-	79,560
Utilities	108,703	8,272	3,332	120,307
Vehicle Expenses	28,727	744	-	29,471
Volunteer & Employee Relations/Training	16,444	-	-	16,444
Total expenses before depreciation	1,699,446	242,185	133,574	2,075,205
Depreciation	282,395	31,377	-	313,772
Total Expenses	<u>\$1,981,841</u>	<u>\$ 273,562</u>	<u>\$ 133,574</u>	<u>\$ 2,388,977</u>

See accompanying notes and independent auditor's report.

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

Lions, Tigers & Bears is a California nonprofit public benefit corporation (the "Organization"). Incorporated on January 3, 2001, the Organization was organized under the Nonprofit Public Benefit Corporation Law for the following charitable purposes:

- A. Preserve, protect, and provide lifetime, safe havens for endangered, injured, abused, unwanted, and abandoned exotic cats and animals.
- B. Provide educational experiences, mentorship programs, consultation services, and opportunities to display and exchange information regarding endangered, injured, abused, unwanted, and abandoned exotic animals.
- C. Conduct and disseminate qualitative and quantitative research regarding the breeding, care, preservation, protection, and environmental and other impacts upon endangered, injured, unwanted, and abandoned exotic animals.
- D. Establish a wildlife sanctuary, museum, and education facility dedicated to informing the public concerning the protection, preservation, and care of such animals.
- E. Engage in such other activities as will facilitate, or which are necessary or incidental to, achieving the foregoing charitable purposes.

The Organization operates out of and is located on a leased facility located in Alpine, California.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, "Not for Profit Entities".

Revenue and Revenue Recognition

Revenue from donations, visits, auxiliary activities and grants, fund raisers, etc. are available for general use unless specifically restricted by the donor. Other than promises to give, revenue from donations and bequests are not recognized until received.

The Organization has two (2) membership types that allow for unlimited visits for one year for one named adult, or for children 12 years and younger. Both membership types include exclusive members-only events and discounts. Memberships are for one year from the date of payment. Membership dues are recognized upon collection as fees and are non-refundable and are considered a charitable donation.

The Organization's largest fundraiser during the year was an event called Wild in the Country.

Merchandise sales include clothing and other materials that generally have the Organization's logo.

Grant revenues earned, but not received, are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as refundable advances. Grant expenditures are recorded when the liability is incurred.

No allowance for uncollectible accounts has been established since, in management's opinion, they are all collectible.

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance, if applicable, is based on prior years' experience and management's analysis of specific promises made.

Contributed Services and Materials

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Contributed services are reflected in the accompanying financial statements at fair value of the services received, if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing these skills and would otherwise need to be purchased if not provided by donation. Such items are capitalized or charged to operations as appropriate.

The Organization received a substantial amount of services donated by volunteers in carrying out the Organization's program services. No amounts have been recorded for these services as they do not meet the requirements for recognition under generally accepted accounting principles as contributions in the financial statements.

Inventory

Gift shop inventory, consisting of clothing and other retail items that generally have the Organization's logo are stated at lower of cost or market value. Animal food inventory consists of food held in storage for feeding the animals on the premises.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 disclosures 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.

Property and Equipment

Property and equipment additions are recorded at cost, or if donated, are recorded at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. It is the Organization's policy to capitalize property acquisitions that exceed \$750 in cost or donated value.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents.

Income Tax Status

The Organization has qualified for tax-exempt status under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(a). The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 170(c)(2). Income for certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been made in the accompanying financial statements, however, since there is no unrelated business activity.

The Organization recognizes the financial statement benefit of tax positions, such as its income tax exempt filing status, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Impairment of Long-lived Assets

The Organization accounts for impairment of long-lived assets in accordance with FASB ASC 360. "Property, Plant, and Equipment, with Regard to Impairment and Disposal of Long-lived Assets." This analysis included a review for a significant decrease in market value below book value, the extent and manner for which the long-lived assets are used, a review of legal factors and business climate, and a review of the costs of new construction and cash flows generated by the Organization in the year ended December 31, 2019. The Organization has determined that no impairment has occurred for the year ended December 31, 2019.

Investments

Investments in all debt securities and equity securities with readily determinable market values are recorded at fair market values in the Statement of Financial Position. Realized and unrealized gains and losses are included in the accompanying Statement of Activities and Changes in Net Assets. Fair market value is determined from quoted market prices.

NOTE 3. NOTES PAYABLE

Long-term debt at December 31, 2019 was comprised of the following:

Note payable for a 60 month term with monthly payments of \$372.10 collateralized by a travel hauler	\$ 19,600
Note payable for a 60-month term with monthly payments of \$1,350.07 collateralized by a truck	64,566
Note payable for a 60 month term with monthly payments of \$1,194.77 collateralized by a truck	53,821
Note payable for a 60-month term with monthly payments of \$177.47 collateralized by a copy machine	786
Note payable for a 60-month term with monthly payments of \$1,884.83 at 4.95% interest collateralized by a truck for hauling animals	<u>36,112</u>
Sub-Total	174,885
Less Current Portion	<u>(46,320)</u>
Long-Term Debt	<u>\$128,565</u>

The future maturities of long-term debt are as follows:

2021	\$42,868
2022	36,989
2023	27,861
2024	<u>20,847</u>
Total	<u>\$128,565</u>

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4. PROPERTY AND EQUIPMENT

Property and Equipment at December 31, 2019 are summarized as follows:

Habitats and Improvements	\$2,846,274
Transportation and Equipment	<u>1,479,967</u>
	<u>\$4,326,241</u>
Less accumulated depreciation	<u>(1,702,481)</u>
	<u>\$2,623,760</u>

Included in the transportation and equipment of \$579,607 is a special truck for hauling animals. This truck was purchased for \$192,275 by Lions, Tigers, & Bears, LLC, which is solely owned by Lions, Tigers, & Bears.

Depreciation expense for the year ended December 31, 2019 was \$313,772.

NOTE 5. RELATED PARTY ADVANCES AND OTHER TRANSACTIONS

The Organization's founder is the Chairman of the Board of Trustees and Vice-President (the "Founder") and her husband is the President (the "Co-Founder"). The Founder manages and operates the Organization on a full-time basis and the Co-Founder provides assistance on a full-time basis and equipment to maintain the Organization's Alpine facility.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2019:

Diego's Habitat	\$79,959
Equipment Replacement	21,304
Emergency Fire Fund	8,780
Meatball's Pool Funds	49,000
Bear Habitat 2 Funds	26,806
Veterinary	74
Raffles	13,431
The Cross	2,210
Rescue Fund	30,934
Road Fund	45,198
John Brix	5,913
Flood Repairs	28,185
Vehicle Replacements	5,724
Venue	106
Total amount subject to expenditures for a specific purpose	<u>\$317,624</u>

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2019:

Diego's Habitat	\$ 105,612
Watering Hole	560
Ranch Needs	497,899
Equipment Replaced	10,654
White Oak Deck	43,562
Art Antiques	10,000
Medical	<u>5,000</u>
 Total	 <u>\$673,287</u>

NOTE 7. RELATED PARTY OPERATING LEASE

On March 29, 2008, as amended on March 10, 2010, as restated on January 1, 2015, the Organization entered into a Related Party Triple – Net Operating Lease with the Founder and Co-Founder to lease approximately seven (7) acres of land and improvements in Alpine, California, the Alpine Facility, for an initial term on ten (10) years from January 1, 2015 (the “Related party Operating lease”). The Alpine Facility leased by the Organization under the Related Party Operating Lease is owned by the Founder and Co-Founder and is part of a parcel of 93 acres of land upon which their residence is located. Monthly rental for the Related Party Operating lease during the ten (10) year term is \$6,975. If mutually agreed upon by both parties, the Organization has the option to add acreage to the lease at the monthly rate of \$500 per acre. The Organization has an option to extend the Related Party Operating Lease for an additional five (5) year term with a minimum of 180 days written notice prior to the expiration of the initial lease term. Rent expense for the year ended December 31, 2019 was \$89,951.

The Related Party Operating Lease annual minimum lease commitments are as follows:

Years Ending December 31	
2020	\$ 83,700
Thereafter	<u>334,800</u>
	<u>\$ 418,500</u>

The Related Party Operating Lease for the Alpine Facility is likely under market rental rates for the location. The Organization has not recorded as contributed services and additional rent an amount for the below market lease rate.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Other than the Related Party Operating Lease, Notes Payable, and Loan Payable, there are no known commitments or contingencies.

LIONS, TIGERS & BEARS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end excluding property and equipment	\$ 963,535
Less those unavailable for general expenditures within one year due to:	
Donor restricted for various programs	<u>(317,624)</u>
Financial assets available to meet cash needs for General expenditures within one year	<u>\$ 645,911</u>

NOTE 10. SUBSEQUENT EVENT-CORONAVIRUS (COVID-19)

On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus (COVID-19) a global pandemic. As a result, economic uncertainties have arisen which may negatively impact the Organization's finances and operations. The Organization's revenues may decrease due to the effects of COVID-19. The ultimate financial impact and duration of these events are unknown at this time.

NOTE 11. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 13, 2019, the date that the financial statements were available to be issued.