

**WALDEN'S PUDDLE WILDLIFE REHABILITATION
AND EDUCATION CENTER
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2017**

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FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Walden's Puddle Wildlife Rehabilitation and Education Center

Report on the Financial Statements

We have audited the accompanying financial statements of Walden's Puddle Wildlife Rehabilitation and Education Center (a Tennessee not-for-profit corporation), which comprise the statement of financial position as of December 31, 2017, 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.

Auditors' 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 auditors' 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 Walden's Puddle Wildlife Rehabilitation and Education Center as of December 31, 2017 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.

Blankenship CPA Group, PLLC
October 16, 2018

WALDEN'S PUDDLE WILDLIFE REHABILITATION AND EDUCATION CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Cash	\$ 468,201
Prepaid expenses	7,897
Property and equipment, net	375,380
Beneficial interest in trust held by others	<u>536,015</u>
 TOTAL ASSETS	 <u><u>\$ 1,387,493</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	\$ 7,113
Accrued payroll	9,625
Other liabilities	<u>7,500</u>
 Total Liabilities	 <u>24,238</u>
 NET ASSETS	
Unrestricted	817,240
Temporarily restricted	10,000
Permanently restricted	<u>536,015</u>
 Total Net Assets	 <u>1,363,255</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,387,493</u></u>

The accompanying notes are an integral part of these financial statements.

WALDEN'S PUDDLE WILDLIFE REHABILITATION AND EDUCATION CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

Changes in Unrestricted Net Assets

Revenues	
Contributions	\$ 568,891
In-kind contributions	33,628
Interest and other income	157
Net assets released from restriction	<u>25,000</u>
Total Revenues	627,676
Functional Expenses	
Program services	453,462
Supporting services	
Management and general	21,811
Fundraising	<u>10,856</u>
Total Functional Expenses	<u>486,129</u>
Increase in unrestricted net assets	<u>141,547</u>

Changes in Temporarily Restricted Net Assets

Contributions	<u>10,000</u>
Increase in temporarily restricted net assets	<u>10,000</u>

Changes in Permanently Restricted Net Assets

Change in value of beneficial interest in agency endowment	61,987
Net assets released from restriction	<u>(25,000)</u>
Increase in permanently restricted net assets	<u>36,987</u>

INCREASE IN NET ASSETS	188,534
NET ASSETS - BEGINNING OF YEAR	<u>1,174,721</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,363,255</u></u>

The accompanying notes are an integral part of these financial statements.

WALDEN'S PUDDLE WILDLIFE REHABILITATION AND EDUCATION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

		<u>Supporting Services</u>		
	<u>Program</u>	<u>Management</u>	<u>Fund-</u>	<u>Total</u>
	<u>Services</u>	<u>and</u>	<u>raising</u>	
		<u>General</u>		
Personnel	\$ 268,423	\$ -	\$ -	\$ 268,423
Wildlife food	62,978	-	-	62,978
Depreciation	30,414	-	-	30,414
Utilities	24,834	-	-	24,834
Insurance	18,184	-	-	18,184
Professional fees	7,366	10,748	-	18,114
Wildlife care supplies	19,913	-	-	19,913
Facilities maintenance	12,783	-	-	12,783
Fundraising supplies	-	-	6,902	6,902
Office equipment	3,299	2,638	660	6,597
Miscellaneous	-	5,080	-	5,080
Travel	3,935	-	-	3,935
Office supplies	1,322	1,057	264	2,643
Bank fees	-	2,288	-	2,288
Printing	-	-	1,976	1,976
Postage	11	-	1,054	1,065
	<u>11</u>	<u>-</u>	<u>1,054</u>	<u>1,065</u>
Total functional expenses	<u>\$ 453,462</u>	<u>\$ 21,811</u>	<u>\$ 10,856</u>	<u>\$ 486,129</u>

The accompanying notes are an integral part of these financial statements.

WALDEN'S PUDDLE WILDLIFE REHABILITATION AND EDUCATION CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 188,534
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	30,414
Change in value of beneficial interest in trust held by others	(61,987)
Increase in operating assets:	
Prepaid expenses	(7,897)
Increase (decrease) in operating liabilities:	
Accounts payable	(9,658)
Accrued payroll	1,676
Other liabilities	<u>7,500</u>
 Net Cash Provided By Operating Activities	 <u>148,582</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for property and equipment	(8,484)
Return of principal from beneficial interest in trust held by others	<u>25,000</u>
 Net Cash Provided By Investing Activities	 <u>16,516</u>

Net Increase in Cash	165,098
 CASH - BEGINNING OF YEAR	 <u>303,103</u>
 CASH - END OF YEAR	 <u><u>\$ 468,201</u></u>

The accompanying notes are an integral part of these financial statements.

WALDEN'S PUDDLE WILDLIFE REHABILITATION AND EDUCATION CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Walden's Puddle Wildlife Rehabilitation and Education Center (the "Organization") is a Tennessee not-for-profit corporation that is committed to wildlife rehabilitation, education and conservation. The Organization provides care and treatment to sick, injured, orphaned and displaced wildlife with the goal being to return the rehabilitated animals to the wild. The Organization also provides hands-on environmental, educational and conservation programs for middle Tennessee residents including the scouts, college students, children and seniors in various settings, that will help them live with a greater appreciation for the wildlife around them. These programs educate the public on: wildlife ethics, welfare and laws, what to do if you find an injured or abandoned animal, and the services provided by the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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, liabilities and changes therein and the disclosures of commitments and contingencies. Actual results could differ from those estimates.

Cash

Cash includes checking and money market deposits held by financial institutions.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire during the year in which the contributions are recognized.

In-kind Contributions

In-kind contributions of services are reflected in the financial statements only when the services require specialized skills. Materials, supplies and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of the receipt.

Beneficial Interest

The Organization's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee ("CFMT") is recognized as an asset. Investment income and changes in the value of the fund are recognized in the statement of activities, and distributions received from the fund are recorded as decreases in the beneficial interest.

WALDEN'S PUDDLE WILDLIFE REHABILITATION AND EDUCATION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation

It is the Organization's policy to capitalize all property and equipment over \$500. Property and equipment acquisitions are recorded at cost. Donations of property and equipment are recorded as revenues at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statement of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is computed using the straight-line method over 5 to 39 years for buildings and improvements, 3 to 7 years for fixtures and equipment, and 5 years for vehicles.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the state of Tennessee.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2017:

Land	\$ 55,000
Building and improvements	489,573
Fixtures and equipment	53,216
Vehicles	<u>26,001</u>
	623,790
Accumulated depreciation	<u>(248,410)</u>
	<u>\$ 375,380</u>

Depreciation expense was \$30,414 for the year ended December 31, 2017.

NOTE 4 - ENDOWMENT FUND / PERMANENTLY RESTRICTED NET ASSETS

The Organization has a beneficial interest in an agency endowment fund held by the CFMT that is classified as permanently restricted net assets. The Organization has granted variance power to the CFMT, and the CFMT has the ultimate authority and control over the Fund and the income derived there from. The fund is charged a .4% administrative fee annually. Upon request by the Organization, income from the fund representing a 5% annual return may be distributed to the Organization or to another suggested beneficiary.

WALDEN'S PUDDLE WILDLIFE REHABILITATION AND EDUCATION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

NOTE 4 - ENDOWMENT FUND / PERMANENTLY RESTRICTED NET ASSETS
(CONTINUED)

A schedule of changes in the Organization's beneficial interest is as follows for the year ended December 31, 2017:

Balance, beginning of year	<u>\$ 499,028</u>
Change in value of beneficial interest:	
Investment earnings	69,668
Grants distributed	(25,000)
Administrative expenses	<u>(7,681)</u>
Net change	<u>36,987</u>
Balance, end of year	<u><u>\$ 536,015</u></u>

NOTE 5 - IN-KIND CONTRIBUTIONS

The following in-kind contributions have been included in revenues and expenses in the financial statements for the year ended December 31, 2017:

Food for wildlife	\$ 26,122
Veterinarian services	3,900
Medical supplies	3,250
Office supplies	<u>356</u>
	<u><u>\$ 33,628</u></u>

NOTE 6 - CONCENTRATIONS

Of the Organization's total revenues and support for 2017, approximately 33% represents funds received from two donors. No other revenue and support source represents 10% or more of total revenues and support.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 include a time restricted grant that will be used for operations during 2018.

NOTE 8 - SUBSEQUENT EVENTS

Subsequent to year end, the Organization entered into mediation over a contribution that was received from a donor's estate. Certain family members have contested the donation and are requesting that it be returned to the estate. Management has determined that it is probable that the Organization will settle the possible litigation by returning a portion of the donation which could range from \$7,500 to \$50,000. Management believes the best estimate is \$7,500 and accordingly has accrued a liability in the amount of \$7,500 to reflect this estimate.

The Organization has evaluated subsequent events through October 16, 2018 which is the date the financial statements were available to be issued.

WALDEN'S PUDDLE WILDLIFE REHABILITATION AND EDUCATION CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

NOTE 9 - RECENT ACCOUNTING PRONOUNCEMENTS

In August, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, that is intended to improve financial reporting relating to liquidity, financial performance and cash flows.

More specifically, the changes affect net asset classifications by reflecting two classifications of net assets, one "without donor-imposed restrictions" and one "with donor-imposed restrictions," which differ from the traditional classifications of unrestricted, temporarily restricted, and permanently restricted. In addition, reporting of expenses by both natural and functional classification is required and investment returns must be reflected net of related investment expenses. The cash flow statement is also allowed to be restructured by using the direct method of reporting and there are further disclosures regarding an organization's liquidity.

The new standard is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial statements in the subsequent years.