

CAROLINA RAPTOR CENTER, INC.

**Financial Statements
June 30, 2019 and 2018**

Goldberg & Davis, CPAs



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Carolina Raptor Center, Inc.

We have audited the accompanying financial statements of Carolina Raptor Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation 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 audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 principles 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 Carolina Raptor Center, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Goldberg & Davis, CPAs

December 12, 2019

Carolina Raptor Center, Inc.

Financial Statements

STATEMENT OF FINANCIAL POSITION

	June 30,	
	2019	2018
Assets		
Current assets:		
Cash, without donor restrictions	\$ 50,300	\$ 69,130
Unconditional promises to give	481,125	424,767
Gift shop inventories	5,728	7,861
Prepaid expenses	19,477	30,567
Other current assets	<u>36,621</u>	<u>9,445</u>
total current assets	593,251	541,770
Cash, restricted for future use	681,727	703,859
Property and equipment, net	224,335	279,461
Quest campaign investment	447,417	384,000
Long-term investments	253,479	246,058
Unconditional promises to give - long-term	292,834	420,141
Other assets	<u>121,277</u>	<u>121,277</u>
	<u>\$ 2,614,320</u>	<u>\$ 2,696,566</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 49,664	\$ 68,399
Accrued expenses	4,957	5,555
Unearned revenue	<u>35,334</u>	<u>29,816</u>
total liabilities	<u>89,955</u>	<u>103,770</u>
Net assets:		
Without donor restrictions	945,641	999,049
With donor restrictions	<u>1,578,724</u>	<u>1,593,747</u>
total net assets	<u>2,524,365</u>	<u>2,592,796</u>
	<u>\$ 2,614,320</u>	<u>\$ 2,696,566</u>

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

Carolina Raptor Center, Inc.

Financial Statements

STATEMENT OF ACTIVITIES

	Year ended June 30,	
	2019	2018
Changes in net assets without donor restrictions		
Revenues:		
Contributions	\$ 338,116	\$ 487,227
Programs	128,751	117,050
Admission fees	247,414	239,796
Grants	163,616	162,547
Gift shop, net	39,433	39,614
Investment income	11,025	19,035
Special events	126,350	137,202
Other income (loss)	<u>(5,080)</u>	<u>7,201</u>
	1,049,625	1,209,672
Net assets released from restrictions:		
Expenditure of funds for restricted purpose	<u>319,053</u>	<u>519,501</u>
	<u>1,368,678</u>	<u>1,729,173</u>
Expenses:		
Program services:		
Education	365,884	315,789
Rehabilitation	354,671	378,175
Museum	<u>214,843</u>	<u>279,320</u>
	935,398	973,284
Fundraising	356,528	266,821
General and administrative	<u>130,160</u>	<u>155,827</u>
	<u>1,422,086</u>	<u>1,395,932</u>
	<u>(53,408)</u>	<u>333,241</u>
Increase (decrease) in net assets without donor restrictions		

(continued)

Carolina Raptor Center, Inc.

Financial Statements

STATEMENT OF ACTIVITIES (continued from prior page)

	Year ended June 30,	
	2019	2018
Changes in net assets with donor restrictions		
Contributions	304,030	458,907
Net assets released from restrictions	<u>(319,053)</u>	<u>(519,501)</u>
Decrease in net assets with donor restrictions	<u>(15,023)</u>	<u>(60,594)</u>
Increase (decrease) in net assets	(68,431)	272,647
Net assets, beginning of year	<u>2,592,796</u>	<u>2,320,149</u>
Net assets, end of year	<u>\$ 2,524,365</u>	<u>\$ 2,592,796</u>

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

Carolina Raptor Center, Inc.

Financial Statements

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services				Supporting Services			Total
	Education	Rehab	Museum	Total Program Services	Fundraising	Management and general		
Salaries	\$251,862	\$151,893	\$116,695	\$520,450	\$113,350	\$28,569	\$662,369	
Payroll taxes	16,700	10,420	9,010	36,130	7,806	2,382	46,318	
Quest campaign	-	-	-	-	16,522	-	16,522	
Consulting	-	-	-	-	53,201	1,000	54,201	
Advertising	7,971	-	14,108	22,079	57,043	247	79,369	
Vehicle costs	3,453	167	-	3,620	-	952	4,572	
Bank and credit card fees	-	-	15,131	15,131	(10)	1,087	16,208	
Computer	2,089	309	2,499	4,897	20,200	36,522	61,619	
Depreciation	25,227	19,203	-	44,430	-	4,340	48,770	
Dues and subscriptions	409	262	735	1,406	400	2,946	4,752	
Occupancy	-	9,414	9,648	19,062	4,250	5,965	29,277	
Raptor food	-	91,916	-	91,916	-	-	91,916	
Insurance	17,137	5,627	5,712	28,476	409	7,128	36,013	
Employee benefits	25,519	28,538	18,791	72,848	6,124	14,159	93,131	
Professional fees	-	-	-	-	-	11,480	11,480	
Maintenance	802	12,442	10,452	23,696	20	99	23,815	
Office	1,030	394	2,556	3,980	1,196	2,250	7,426	
Printing/photocopy	-	4	4,003	4,007	3,022	4,241	11,270	
Staff development and recognition	4,662	2,662	820	8,144	1,701	3,490	13,335	
Special events	1,069	-	1,725	2,794	66,525	150	69,469	
Supplies	2,400	13,829	-	16,229	-	-	16,229	
Telephone	2,510	2,388	2,344	7,242	2,089	2,216	11,547	
Travel	3,044	2,941	614	6,599	680	685	7,964	
Other	-	2,262	-	2,262	2,000	252	4,514	
	\$365,884	\$354,671	\$214,843	\$935,398	\$356,528	\$130,160	\$1,422,086	

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

Carolina Raptor Center, Inc.

Financial Statements

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services				Supporting Services			Total
	Education	Rehab	Museum	Total Program Services	Fundraising	Management and general		
Salaries	\$209,825	\$148,598	\$122,112	\$480,535	\$110,244	\$41,291	\$632,070	
Payroll taxes	15,737	10,892	9,634	36,263	8,273	3,588	48,124	
Consulting	-	-	575	575	30,000	-	30,575	
Advertising	460	4,211	85,175	89,846	39,667	-	129,513	
Vehicle costs	4,104	219	-	4,323	-	63	4,386	
Bank and credit card fees	-	-	11,076	11,076	45	6,624	17,745	
Computer	2,423	181	6,676	9,280	8,431	31,081	48,792	
Depreciation	33,478	20,320	-	53,798	-	5,020	58,818	
Dues and subscriptions	900	359	2,530	3,789	275	1,820	5,884	
Occupancy	712	10,526	7,894	19,132	-	4,213	23,345	
Raptor food	-	116,715	-	116,715	-	-	116,715	
Insurance	10,859	3,807	3,807	18,473	1,207	7,567	27,247	
Employee benefits	24,249	23,856	11,053	59,158	5,268	15,390	79,816	
Professional fees	-	-	-	-	-	10,675	10,675	
Maintenance	-	12,045	12,610	24,655	-	1,755	26,410	
Office	293	205	1,741	2,239	1,053	3,976	7,268	
Printing/photocopy	70	-	189	259	3,767	9,067	13,093	
Staff development and recognition	3,831	2,581	251	6,663	2,324	2,756	11,743	
Special events	39	-	1,444	1,483	53,955	101	55,539	
Supplies	4,515	17,268	-	21,783	-	-	21,783	
Telephone	2,431	2,257	2,085	6,773	2,085	3,102	11,960	
Travel	1,856	3,641	350	5,847	202	4,740	10,789	
Other	7	494	118	619	25	2,998	3,642	
	\$315,789	\$378,175	\$279,320	\$973,284	\$266,821	\$155,827	\$1,395,932	

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

Carolina Raptor Center, Inc.

Financial Statements

STATEMENT OF CASH FLOWS

	Year ended June 30,	
	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (68,431)	\$ 272,647
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	48,770	58,818
Endowment fund contributions	(3,066)	
Income in endowment funds	(11,025)	(18,576)
Loss on disposal of assets	9,830	548
Changes in operating assets and liabilities:		
Receivables	70,949	92,134
Other assets	(13,953)	(14,751)
Accounts payable and accruals	(19,333)	24,973
Unearned revenue	5,518	10,584
Net cash provided by operating activities	<u>19,259</u>	<u>426,377</u>
Cash flows from investing activities		
Capital expenditures	(5,974)	(10,572)
Payments towards Quest construction	(63,417)	(384,000)
Transfer from endowment assets	6,670	7,077
Cash proceeds from the sale of assets	<u>2,500</u>	<u>1,000</u>
Net cash used in investing activities	<u>(60,221)</u>	<u>(386,495)</u>
Net increase (decrease) in cash	(40,962)	39,882
Cash, beginning of year	<u>772,989</u>	<u>733,107</u>
Cash, end of year	<u>\$ 732,027</u>	<u>\$ 772,989</u>

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

Carolina Raptor Center, Inc.

Notes to Financial Statements

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

General:

Carolina Raptor Center, Inc. ("CRC"), located north of Charlotte, North Carolina (in Latta Plantation Nature Preserve), is a nonprofit corporation established in 1981 under the laws of the state of North Carolina. Carolina Raptor Center is dedicated to environmental stewardship and the conservation of birds of prey through education, research, and the rehabilitation of injured and orphaned raptors. The organization is supported primarily through donor contributions, memberships and admission fees, and programming charges.

Promises to give:

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for restriction is accomplished, 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.

The Center's policy is to use the allowance method to determine uncollectible pledges receivable based on management's analysis of specific promises made.

Inventories:

Inventories, consisting of items sold in the Center's gift shop, are valued at cost, if purchased, or appraised value at the time of donation, if received as a gift, on a first-in, first-out (FIFO) basis.

Property and equipment:

Purchased property and equipment are stated at cost. Donated property and equipment are recorded at estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are 20-40 years for building and improvements and 3-10 years for all other assets.

Income taxes:

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Concentrations:

At June 30, 2019 the Center's uninsured cash balances total \$343,797.

Estimates:

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to makes estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Carolina Raptor Center, Inc.

Notes to Financial Statements

Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The significant expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy costs, which are allocated based on management's best estimate of usage.

Change in financial statement presentation:

The organization implemented FASB ASU No. 2016-14 (*Presentation of Financial Statements of Not-For-Profit Entities*) in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*
- The unrestricted net asset class has been renamed *net assets without donor restrictions*
- A statement of functional expenses has been added, detailing expenses according to their functional and natural classifications
- The financial statements include a disclosure about liquidity and availability of resources

Reclassifications:

Certain amounts previously reported for the prior year have been reclassified to conform with the presentation used in the current year.

NOTE 2 - PROMISES TO GIVE:

Unconditional promises to give due in more than one year are recorded as long-term assets. At June 30, 2019 these amounts are due as follows:

FY ending June 30,

2021	\$	92,334
2022		82,500
2023		66,500
2024		11,500
2025		10,000
After		<u>30,000</u>
	\$	<u>292,834</u>

At June 30, 2019 the balance of unconditional promises to give were due from board members and other past contributors to the Center, and large prominent foundations and businesses. As such, management has determined that uncollectible amounts are expected to be insignificant, and thus no provision has been made for uncollectible amounts.

Carolina Raptor Center, Inc.

Notes to Financial Statements

NOTE 3 - RESTRICTIONS ON NET ASSETS:

Net assets with donor restrictions June 30, 2019 and 2018 are primarily related to contributions received and pledges made in a capital campaign (Quest), a drive to raise funds to construct a new home. The restricted cash balance at June 30, 2019 and 2018 is restricted predominantly for future use towards this new facility.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date are:

	June 30,	
	2019	2018
Cash	\$ 50,300	\$ 69,130
Miscellaneous receivables	36,621	9,445
Non-endowed investment fund	<u>100,425</u>	<u>92,997</u>
	<u>\$ 187,346</u>	<u>\$ 171,572</u>

In addition to the above amounts, the Center maintains line of credit availability of \$430,000 to cover short-term cash needs.

NOTE 5 - PROPERTY AND EQUIPMENT:

	June 30,	
	2019	2018
Buildings	\$ 515,814	\$ 515,814
Trailers	12,474	12,474
Furniture and equipment	378,766	375,692
Vehicles	8,848	13,914
Leasehold improvements	46,525	46,525
Cages	291,312	373,053
Birds	<u>24,673</u>	<u>21,773</u>
	1,278,412	1,359,245
<u>Less - accumulated depreciation</u>	<u>(1,054,077)</u>	<u>(1,079,784)</u>
	<u>\$ 224,335</u>	<u>\$ 279,461</u>

NOTE 6 - LONG-TERM INVESTMENTS:

Long-term investments consist of endowment funds managed by the Greater Charlotte Cultural Trust. CRC specifies that funds are to be distributed as requested. The investments are in a range of managed funds and are recorded at fair value as provided by the custodian. Activity in the accounts are as follows:

Carolina Raptor Center, Inc.

Notes to Financial Statements

	Year ended June 30,	
	2019	2018
Balance at beginning of fiscal year	\$ 246,058	\$ 234,559
Net investment earnings	11,025	18,576
Contributions	3,066	
Transfer of funds	<u>(6,670)</u>	<u>(7,077)</u>
Balance at end of fiscal year	<u>\$ 253,479</u>	<u>\$ 246,058</u>

NOTE 7 - QUEST CAMPAIGN:

In conjunction with the Mecklenburg County Parks and Recreation Department, CRC is partnering to construct a new visitor/interpretive center in Latta Nature Preserve. In addition, CRC will build an amphitheater, resident bird care facility, and bird enclosures adjacent to the new Quest facility. CRC has a \$1 million commitment to Mecklenburg County as a partner in the Quest facility, payable in a combination of cash and in-kind construction materials as outlined in the operating agreement. CRC has also raised funds through a capital campaign for the buildout of its new raptor campus and renovation of the current medical center. As required by the operating agreement with Mecklenburg County, CRC obtained 2 lines of credit of \$150,000 and \$280,000 and a loan commitment of \$200,000 from several financial institutions.

CRC made an initial \$384,000 payment to Mecklenburg County during fiscal year 2018 and additional construction payments of \$63,417 during fiscal year 2019 per the terms of the operating agreement. This leaves a remaining commitment of \$552,583 as of June 30, 2019, which becomes due upon delivery of a certificate of occupancy of the Quest building. The total cash balance due will be determined after deducting the value of the in-kind construction material donations. This is expected to occur in fiscal year 2020.

CRC expects the possibility of contingent liabilities based on final project costs. Funding needs will be determined in fiscal year 2020.

NOTE 8 - CONTRIBUTED SERVICES AND MATERIALS:

Included in contributions are in-kind donations of various operating items totaling \$12,161 in fiscal year 2019 and \$94,979 in fiscal year 2018.

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

NOTE 9 - LEASE COMMITMENTS:

The Center leases approximately 58 acres of land within Latta Plantation Park, Mecklenburg County, under an agreement which provides for an annual rental payment of \$1 to Mecklenburg County for a period of 99 years and expiring June 30, 2083.

NOTE 10 - EVALUATION OF SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through December 12, 2019, the date which the financial statements were available to be issued.