

BIG CAT RESCUE CORP.

**Financial Statements
Years ended December 31, 2005 and 2004**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Big Cat Rescue Corp.

We have audited the accompanying statements of financial position of Big Cat Rescue Corp. (a nonprofit organization) as of December 31, 2005 and 2004 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Cat Rescue Corp. as of December 31, 2005 and 2004 and the results of its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Marsha Weisse, CPA, PA

Certified Public Accountant
Tampa, Florida
February 23, 2005

BIG CAT RESCUE CORP.

**STATEMENTS OF FINANCIAL POSITION
December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Current assets		
Cash and cash equivalents	\$ 115,800	\$ 268,586
Cash, board designated reserve	200,000	-
Deposits	-	35,000
Inventory, gift shop	<u>53,612</u>	<u>38,514</u>
 Total current assets	 <u>369,412</u>	 <u>342,100</u>
Other assets:		
Mortgages receivable	246,307	174,669
Other real estate owned	417,474	367,520
Property and equipment, less accumulated depreciation of \$136,291 and \$115,083 at December 31, 2005 and 2004, respectively	 <u>898,848</u>	 <u>456,081</u>
 Total other assets	 <u>1,562,629</u>	 <u>998,270</u>
 Total assets	 <u><u>\$ 1,932,041</u></u>	 <u><u>\$ 1,340,370</u></u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,817	\$ 10,506
Deferred revenue	-	11,525
Mortgage payable	<u>282,693</u>	<u>-</u>
 Total liabilities	 286,510	 22,031
 Net assets:		
Unrestricted net assets	1,445,531	1,318,339
Unrestricted net assets, board designated	<u>200,000</u>	<u>-</u>
 Total net assets	 <u>1,645,531</u>	 <u>1,318,339</u>
 Total liabilities and net assets	 <u><u>\$ 1,932,041</u></u>	 <u><u>\$ 1,340,370</u></u>

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

STATEMENTS OF ACTIVITIES
Years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues and support:		
Contributions and grants	\$ 281,783	\$ 232,597
Educational tours and activities	438,430	314,143
In-kind contributions	6,750	-
Special events, net expenses of \$41,513 and \$47,652 for years ended December 31, 2005 and 2004, respectively	85,013	45,663
Rental income from operations	36,787	31,718
Investment income	100,506	85,040
Gift shop, net cost of goods sold of \$113,586 and \$66,446 for years ended December 31, 2005 and 2004, respectively	76,418	48,076
	<hr/>	<hr/>
Total revenues and support	1,025,687	757,237
Expenses:		
Program expense	652,899	543,228
Management and general	23,288	19,706
Fund raising	22,308	18,003
	<hr/>	<hr/>
Total expenses	698,495	580,937
	<hr/>	<hr/>
Change in net assets	<u>\$ 327,192</u>	<u>\$ 176,300</u>

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

STATEMENT OF FUNCTIONAL EXPENSES
Years ended December 31, 2005 and 2004

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2005 Total</u>	<u>2004 Total*</u>
Conferences, conventions and meetings	\$ 1,952	\$ -	\$ -	\$ 1,952	\$ 3,443
Equipment rental and repairs	6,579	-	-	6,579	9,970
Salaries and payroll expense	58,700	-	-	58,700	65,512
Animal care and education activities	291,389	-	-	291,389	232,118
Taxes	44,938	-	-	44,938	34,515
Advertising	65,763	-	6,453	72,216	51,433
Legal and accounting fees	-	3,900	-	3,900	3,542
Office expense and supplies	14,985	833	833	16,651	39,322
Postage and shipping	11,145	619	619	12,383	4,911
Printing and publications	50,526	-	6,847	57,373	50,583
Other professional fees	-	3,225	-	3,225	6,094
Bank and credit card fees	12,710	-	-	12,710	10,279
Insurance	8,253	-	-	8,253	4,615
Interest	6,853	-	-	6,853	-
Legislation efforts	16,115	-	-	16,115	-
Other expense	20,583	-	-	20,583	11,504
Special events fundraising expense	-	-	6,410	6,410	6,032
Telephone	20,619	1,146	1,146	22,911	14,232
Travel	581	-	-	581	1,476
Real estate investment expense	-	13,565	-	13,565	13,240
Depreciation expense	21,208	-	-	21,208	18,116
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 652,899</u>	<u>\$ 23,288</u>	<u>\$ 22,308</u>	<u>\$ 698,495</u>	<u>\$ 580,937</u>

*The totals for 2004 are for comparative purposes only.

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

STATEMENTS OF CHANGES IN NET ASSETS
Years ended December 31, 2005 and 2004

Balance, December 31, 2003	\$ 1,142,039
Increase in net assets	<u>176,300</u>
Balance, December 31, 2004	1,318,339
Increase in net assets	<u>327,192</u>
Balance, December 31, 2005	<u>\$ 1,645,531</u>

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

STATEMENTS OF CASH FLOWS
Years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Increase in net assets	\$ 327,192	\$ 176,300
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,208	18,116
(Increase) decrease in operating assets:		
Accounts receivable	-	5,043
Inventory	(15,098)	(25,022)
Deposits	35,000	(35,000)
Increase (decrease) in operating liabilities:		
Accounts payable and deferred revenues	<u>(18,214)</u>	<u>20,979</u>
 Total adjustments	 22,896	 (15,884)
 Net cash provided by operating activities	 <u>350,088</u>	 <u>160,416</u>
 Cash flow used by investing activities:		
(Increase) in mortgage receivables	(71,638)	(43,502)
Purchase of investments - real estate owned	(49,954)	(91,828)
Payments for property and equipment	<u>(463,975)</u>	<u>(24,627)</u>
 Net cash used in investing activities	 <u>(585,567)</u>	 <u>(159,957)</u>
 Cash flow provided by financing activities:		
Proceeds from mortgage payable	300,000	-
Payments to mortgage payable	<u>(17,307)</u>	<u>-</u>
 Net cash provided by financing activities	 <u>282,693</u>	 <u>-</u>
 Net increase in cash and cash equivalents	 47,214	 459
 Beginning cash and cash equivalents	 <u>268,586</u>	 <u>268,127</u>
 Ending cash and cash equivalents	 <u>\$ 315,800</u>	 <u>\$ 268,586</u>
 Supplemental disclosure of cash flow information and noncash investing and financing activities:		
Interest paid	<u>\$ 6,853</u>	
Taxes paid	<u>\$ 44,938</u>	<u>\$ 34,515</u>

Read independent auditor's report. The accompanying notes are an integral part of the financial statements.

BIG CAT RESCUE CORP.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004**

1. Background Information

Big Cat Rescue Corp. (f.k.a. WildLife on Easy Street, Inc.) (the Organization) is a nonprofit organization in Hillsborough County, Florida which was formed under the laws of the State of Florida on April 4, 1995. The Organization's mission is to reduce the number of cats that suffer the fate of abandonment and abuse by educating people about the conditions that lead to the plight of these animals. This is done through tours of the sanctuary, which houses a substantial number of abused, abandoned and retired big cats; school education programs; species preservation efforts and hands on experience for interns from around the world.

Primary sources of income for the Organization are derived from educational tours and contributions from foundations, corporations, individuals, and special events.

2. Significant Accounting Policies

The significant accounting policies followed are:

The presentation 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.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization 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 of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization records admissions, merchandising, and grant revenues as earned. The Organization records gifts of long-lived assets as revenue when they are received unconditionally, at their fair value. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

BIG CAT RESCUE CORP.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004**

2. Significant Accounting Policies (Continued)

In accordance with industry practice, animal collections are recorded at the nominal amount of \$1, as there is no objective basis for establishing value. Additionally, animal collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. The Organization does not purchase animals. Rescue costs are recorded as expenditures in the period of acquisition.

Fund-raising revenues are recorded when received. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated professional services (which include accounting and legal services) are reflected in the statement of activities at their fair value if material. There were no such services donated during the years ended December 31, 2005 and 2004. Volunteer services not requiring specialized skills are not reflected in the financial statements since no objective basis exists for recording and assigning values to many of these services. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. At year-end and throughout the year, the Organization's cash balances were deposited in several banks. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

The Organization's inventory which consists primarily of merchandise is valued at the lower of cost or market, and accounted for using a weighted-average cost basis.

The Organization states the other real estate owned which was acquired through donation at the lower of cost or fair value at the date of donation. Fair value of such assets is determined based on independent appraisals and other relevant factors.

All property and equipment is recorded at cost. Depreciation is provided by the straight-line method over the useful lives of assets which is five years for equipment and 39 years for property. The Organization's policy is to record capital expenditures greater than \$1,000 as property and equipment.

BIG CAT RESCUE CORP.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

2. Significant Accounting Policies (Continued)

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation and has been designated as a “publicly supported” organization.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Company’s financial statements for the year ended December 31, 2004, from which the summarized information was derived.

BIG CAT RESCUE CORP.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004**

3. Mortgages Receivable

The Organization has sold various real estate investments under mortgage notes as follows:

	<u>2005</u>	<u>2004</u>
Mortgage receivable, interest at 12%; monthly principal and interest payments of \$200; due October 15, 2008; secured by land and building	\$ 5,653	\$ 7,268
Mortgage receivable, interest at 10%; monthly principal and interest payments of \$658.18 through March 15, 2007; then interest increases to 12% with monthly principal and interest payments of \$771.46; due March 15, 2034; secured by land and building	74,229	-
Mortgage receivable, interest at 12%; monthly principal and interest payments of \$874.34; balloon payment of \$79,390 due January 6, 2009; secured by land and building	81,902	82,525
Mortgage receivable, interest at 12%; monthly principal and interest payments of \$874.32; due July 15, 2034; secured by land and building	<u>84,523</u>	<u>84,876</u>
	<u>\$ 246,307</u>	<u>\$ 174,669</u>

BIG CAT RESCUE CORP.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004**

3. Mortgages Receivable (Continued)

Principal amounts due under these mortgage receivables at December 31 are as follows:

2006	\$	3,390
2007		3,807
2008		3,753
2009		3,617
2010 and thereafter		<u>231,740</u>
	\$	<u>246,307</u>

4. Property and Equipment

Property and equipment consists of:

	December 31, 2005	December 31, 2004
Land	\$ 538,236	\$ 191,600
Buildings and structures	358,229	270,674
Equipment	56,967	43,341
Vehicles	62,881	56,781
Office equipment	<u>18,826</u>	<u>8,768</u>
Total property and equipment before depreciation	1,035,139	571,164
Less accumulated depreciation	<u>136,291</u>	<u>115,083</u>
Property and equipment, net of depreciation	<u>\$ 898,848</u>	<u>\$ 456,081</u>

BIG CAT RESCUE CORP.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004**

5. Mortgage Payable

	<u>2005</u>	<u>2004</u>
Mortgage consists of:		
Mortgage payable; interest at 7% monthly interest and principal payments of \$5,940.36; collateralized by property	<u>\$ 282,693</u>	<u>\$ -</u>

6. Related Party Transactions

An affiliated nonprofit organization provides educational services to the Organization. The Organization paid approximately \$24,600 during fiscal year ended December 31, 2005 for these services.