

**WORLD PARROT TRUST USA, INC.**  
**REPORT ON FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

WORLD PARROT TRUST USA, INC.

TABLE OF CONTENTS

---

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-9

Independent Auditor's Report

Board of Directors and Management  
World Parrot Trust USA, Inc.  
Travelers Rest, South Carolina

We have audited the accompanying financial statements of World Parrot Trust USA, Inc. (the "Organization"), a not-for-profit organization, which comprise the statement of financial position as of March 31, 2020, and the related statements of activities and changes in net assets, 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**

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 of 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 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 World Parrot Trust USA, Inc. as of March 31, 2020, 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.

*McKinley, Cooper & Co., LLC*

Greenville, South Carolina  
November 3, 2020

Members  
American Institute of Certified Public Accountants  
S.C. Association of Certified Public Accountants



WORLD PARROT TRUST USA, INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2020

**ASSETS**

Cash	\$	620,089
Marketable securities		94,107
Accounts receivable		2,120
Due from affiliates		20,985
Inventory		16,167
Property and equipment, net		3,110
<b>Total assets</b>	<b>\$</b>	<b>756,578</b>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable	\$	1,204
Accrued expenses		35
<b>Total liabilities</b>		<b>1,239</b>

Net Assets

Without donor restrictions		755,339
<b>Total net assets</b>		<b>755,339</b>

<b>Total liabilities and net assets</b>	<b>\$</b>	<b>756,578</b>
---	-----------	----------------

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

WORLD PARROT TRUST USA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED MARCH 31, 2020

REVENUES, GAINS AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
Contributions			
Conservation	\$ -	\$ 299,268	\$ 299,268
Welfare	-	59,884	59,884
Other	356,390	176,150	532,540
Membership dues	13,473	-	13,473
Merchandise sales	21,511	-	21,511
Other income	4,121	79	4,200
Investment income	13,083	-	13,083
Interest income	2,716	-	2,716
Net assets released from restrictions	535,381	(535,381)	-
<b>Total revenue, gains and other support</b>	946,675	-	946,675
<b>Cost of sales</b>	11,957	-	11,957
<b>Net revenues, gains and other support</b>	934,718	-	934,718
<b>EXPENSES</b>			
Program services	890,995		890,995
Supporting services	48,590		48,590
Fundraising	71,756	-	71,756
<b>Total expenses</b>	1,011,341	-	1,011,341
<b>CHANGE IN NET ASSETS</b>	(76,623)	-	(76,623)
<b>NET ASSETS, beginning of year</b>	831,962	-	831,962
<b>NET ASSETS, end of year</b>	\$ 755,339	\$ -	\$ 755,339

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

**WORLD PARROT TRUST USA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2020**

<b>EXPENSES</b>	<b>Program</b>	<b>Supporting Services</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and related expenses	\$ 83,298	\$ 23,921	\$ 25,341	\$ 132,560
Grant and contract expense	785,700	-	1,730	787,430
Projects	10,166	-	147	10,313
Professional fees	-	16,095	15,540	31,635
Telephone and internet	18	234	3,885	4,137
Postage - shipping and office	265	3,808	914	4,987
In-house publications	-	-	11,708	11,708
Travel and meeting	9,041	-	2,361	11,402
Fundraisers	-	-	3,793	3,793
Tax and registration	-	714	3,445	4,159
Depreciation	2,284	130	182	2,596
Miscellaneous	-	3,528	351	3,879
Bank fees	223	160	2,359	2,742
 Total Expenses	 <u>\$ 890,995</u>	 <u>\$ 48,590</u>	 <u>\$ 71,756</u>	 <u>\$ 1,011,341</u>

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

WORLD PARROT TRUST USA, INC.

STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2020

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$	(76,623)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation expense		2,596
Investment income		(13,083)
Changes in operating assets and liabilities		
Accounts receivable		(2,120)
Due from affiliates		14,060
Inventory		(8,525)
Accounts payable		(1,809)
Accrued payroll		(8,500)
Accrued expenses		(513)
		<hr/>
<b>Net cash (used) for operating activities</b>		<b>(94,517)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment		<hr/> (4,665)
<b>Net cash (used) for investing activities</b>		<b>(4,665)</b>

**NET (DECREASE) IN CASH**

(99,182)

**CASH**, beginning of year

---

719,271

**CASH**, end of year

\$ 

---

---

620,089

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

**WORLD PARROT TRUST USA, INC.**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

World Parrot Trust USA, Inc. (the “Organization”), is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Its mission is to restore and protect wild parrots and their habitats and advance awareness by programs and education. The Organization is primarily funded through contributions from individual and corporate donors.

**Basis of Accounting**

The accompanying financial statements are prepared using the accrual method of accounting in compliance with accounting principles generally accepted in the United States of America. All revenue is recognized when earned and expenses are recorded when incurred.

**Basis of Presentation**

Net assets are classified for accounting and reporting purposes in two classes of net assets, according to externally imposed restrictions:

*Net assets without donor restrictions* – Net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

*Net assets with donor restrictions* – Net assets resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations, (b) from other asset enhancements and diminishment that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations. Some of these restrictions can expire, either by passage of time or their fulfillment and removal by actions of the Organization pursuant to those stipulations, while other restrictions never expire. The Organization has no net assets with donor restrictions at March 31, 2020.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk**

The Organization maintains its cash in bank deposit accounts with several financial institutions. The balances, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporations (FDIC). At March 31, 2020, the Organization’s cash balances exceeded the federally insured limit by \$63,535.

**Marketable Securities**

Marketable Securities are carried at fair value. Fair value for contributed investments is determined by the market value at the date of donation.

**Fair Value Measurements**

Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liability (Level 1) and the lowest priority to unobservable inputs (Level3).

*Level 1* – Assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. Level 1 assets do not require significant management judgment.

*Level 2* – Assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability such as (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in less active markets, or (c) other inputs that can be derived principally from, or corroborated by, observable market data.

*Level 3* – Assets or liabilities for which there are inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The recorded values of accounts payable and accrued expenses approximate fair values due to their short maturities.

**Inventory**

Inventory is valued at the lower of cost (first-in, first-out) or market value and consists of clothing and accessories, books, DVDs and other parrot-themed items.

**Property and Equipment**

Property and equipment is stated at cost if purchased or fair value if contributed, net of accumulated depreciation. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains or losses on disposals are credited or charged to operations.

The estimated useful lives of property and equipment are as follows:

Office Equipment	7 years
Vehicles	5 years

Property and equipment is depreciated using the straight-line method over the estimated useful lives.

**Donated Assets**

Noncash donations are recorded as contributions without donor restrictions at their estimated fair values at the date of donation.

**Donated Services**

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No donated services have been reflected in the financial statements. The Organization generally pays for services requiring specific expertise.

**Revenue Recognition**

The Organization reports contributions received and promises to give as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor restrictions.

**Tax Status**

The Organization has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (“ASC”) 740-10 prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Organization has taken or expects to take on a tax return. In accordance with FASB ASC 740-10, the Organization recognizes the tax benefits from uncertain tax positions only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Organization’s income tax filings are subject to audit by various taxing authorities. Management believes there was no significant impact on the Organization’s financial statements as a result of the adoption of ASC 740-10.

**Sales Tax**

The Organization collects sales tax from customers and remits the entire amount to the State. The Organization’s accounting policy is to include the tax collected and remitted to the State in revenue and expense. For the year ended March 31, 2020, the Organization’s revenues and management and general expenses include \$76 of sales tax collected and remitted.

**NOTE 2 – MARKETABLE SECURITIES**

Marketable securities are measured and recorded at fair value. At March 31, 2020, all of the Organization’s marketable securities are categorized as Level 1 based on the fair value hierarchy.

Marketable securities consist of the following at March 31, 2020:

Common stock	\$ 55,987
Money market shares	38,120
	<u>\$ 94,107</u>

Investment income from these investments consists of the following at March 31, 2020:

Interest and dividends	\$ 1,388
Unrealized gains/(losses)	11,695
	<u>\$ 13,083</u>

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment at March 31, 2020 consisted of the following:

Office equipment	\$ 11,705
Vehicles	26,234
	<u>37,939</u>
Less: accumulated depreciations	<u>(34,829)</u>
Property and equipment, net	<u>\$ 3,110</u>

Depreciation expense for the year ended March 31, 2020 was \$2,596.

**NOTE 4 – LIQUIDITY**

The Organization’s financial instruments consist of cash and marketable securities, which total \$714,196 at March 31, 2020. The entirety of this amount is available to meet cash needs for general expenditures within one year.

#### **NOTE 5 – REALTED PARTY TRANSACTIONS**

The Organization’s founder also founded Canadian World Parrot Trust and World Parrot Trust UK. The Board members are the same for all three Organizations. For operational convenience, the Organization and these affiliates occasionally pay for expenses on behalf of each other. These amounts are then repaid throughout the year. At March 31, 2020, the balance owed to the Organization by Canadian World Parrot Trust and World Parrot Trust UK was \$0 and \$20,985, respectively.

#### **NOTE 6 – SUBSEQUENT EVENTS**

The Organization has evaluated all subsequent events to the balance sheet date of March 31, 2020 through the date of the auditor’s report. Management has determined there are no subsequent events that require recognition or disclosure in the financial statements.

The World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. The full effect on the Organization’s financial condition cannot be determined at this time.