



Phillips CPAs and Advisors

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of World Parrot Trust USA, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of March 31, 2024, 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.

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, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are required to be independent of World Parrot Trust USA, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about World Parrot Trust USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

Board of Directors and Management
World Parrot Trust USA, Inc.
October 9, 2024

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 World Parrot Trust USA, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about World Parrot Trust, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Phillips CPAs and Advisors

Greenville, South Carolina
October 9, 2024

WORLD PARROT TRUST USA, INC.

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024

ASSETS

| | | |
|-----------------------------|-----------|-------------------------|
| Cash | \$ | 821,351 |
| Marketable securities | | 335,264 |
| Accounts receivable | | 3,907 |
| Inventory | | 5,001 |
| Property and equipment, net | | <u>1,019,570</u> |
| Total assets | \$ | <u>2,185,093</u> |

LIABILITIES AND NET ASSETS

Liabilities

| | | |
|--------------------------|----|---------------|
| Accounts payable | \$ | 19,541 |
| Accrued expenses | | <u>1,001</u> |
| Total liabilities | | <u>20,542</u> |

Net Assets

| | | |
|-----------------------------------------|-----------|-------------------------|
| Without donor restrictions | | <u>2,164,551</u> |
| Total net assets | | <u>2,164,551</u> |
| Total liabilities and net assets | \$ | <u>2,185,093</u> |

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*The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.*

WORLD PARROT TRUST USA, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2024

| REVENUE, GAINS AND GENERAL | Without Donor Restrictions | With Donor Restrictions | Total |
|-----------------------------------------|-------------------------------|----------------------------|---------------------|
| Contributions | | | |
| General | \$ 386,953 | \$ - | \$ 386,953 |
| Legacies and Bequests | 49,763 | - | 49,763 |
| Program | | | |
| Conservation | - | 142,686 | 142,686 |
| Government grants - State | 28,013 | 159,119 | 187,132 |
| Wildlife Trade | - | 78,080 | 78,080 |
| Government grants - Federal | - | 3,577 | 3,577 |
| Other | - | 22,465 | 22,465 |
| Membership dues | 12,730 | - | 12,730 |
| Miscellaneous revenue | 9,856 | - | 9,856 |
| Interest income | 10,737 | - | 10,737 |
| Realized gain on investments | 7,896 | - | 7,896 |
| Net assets released from restrictions | 405,927 | (405,927) | - |
| Total revenue, gains and general | 911,875 | - | 911,875 |
| EXPENSES | | | |
| Program services | 995,339 | - | 995,339 |
| Supporting services | 117,236 | - | 117,236 |
| Fundraising | 116,909 | - | 116,909 |
| Total expenses | 1,229,484 | - | 1,229,484 |
| CHANGE IN NET ASSETS | (317,609) | - | (317,609) |
| NET ASSETS, beginning of year | 2,482,160 | - | 2,482,160 |
| NET ASSETS, end of year | \$ 2,164,551 | \$ - | \$ 2,164,551 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

WORLD PARROT TRUST

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2024**

| EXPENSES | Program | Supporting Services | Fundraising | Total |
|------------------------------------|-------------------|--------------------------------|--------------------|---------------------|
| Salaries and related expenses | \$ 118,248 | \$ 50,205 | \$ 50,276 | \$ 218,729 |
| Grant and contract expense | 714,325 | 20,656 | 35,359 | 770,340 |
| Projects | 93 | - | - | 93 |
| Supplies | 36,416 | 222 | 338 | 36,976 |
| Project equipment | 17,864 | - | - | 17,864 |
| Accounting fees | 560 | 21,800 | - | 22,360 |
| Professional fees | 4,500 | 150 | 430 | 5,080 |
| Fundraising fees | - | - | 9,195 | 9,195 |
| Other business expense - Avian vet | 3,050 | - | 55 | 3,105 |
| Registration fees | - | 354 | 3,105 | 3,459 |
| Books and subscriptions | 6,775 | 3,594 | 2,825 | 13,194 |
| In-house publications | 509 | - | - | 509 |
| Travel and meeting | 68,733 | 3,155 | 1,942 | 73,830 |
| Office expenses | 3,733 | 1,357 | 1,690 | 6,780 |
| Information and technology | 4,616 | 3,066 | 601 | 8,283 |
| Bank fees | 647 | 1,923 | 1,471 | 4,041 |
| Depreciation and amortization | - | 1,558 | - | 1,558 |
| Loss on disposal of assets | - | 1,767 | - | 1,767 |
| Cost of goods sold | - | - | 2,334 | 2,334 |
| Staff development | 7,207 | 139 | 2,184 | 9,530 |
| Advertising | 2,599 | - | 5,102 | 7,701 |
| Vehicle repair and maintenance | 1,561 | - | - | 1,561 |
| Property taxes | - | 1,847 | - | 1,847 |
| Auto insurance | 1,096 | - | - | 1,096 |
| Currency conversion gain/loss | - | 3,049 | - | 3,049 |
| Miscellaneous | 2,807 | 2,394 | 2 | 5,203 |
| Total Expenses | \$ 995,339 | \$ 117,236 | \$ 116,909 | \$ 1,229,484 |

*The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.*

WORLD PARROT TRUST USA, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|-------------------------------------------------------------------------------------------|----|------------------|
| Change in net assets | \$ | (317,609) |
| Adjustments to reconcile change in net assets to net cash used by operating activities | | |
| Depreciation | | 1,558 |
| Loss on sale of assets | | 1,767 |
| Investment income | | (15,193) |
| Changes in operating assets and liabilities | | |
| Accounts receivable | | 169,420 |
| Inventory | | 1,929 |
| Accounts payable | | 18,302 |
| Accrued expenses | | (761) |
| | | <hr/> |
| Net cash provided by operating activities | | (140,587) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|-----------------------------------------------|--|-----------------|
| Proceeds from sale of assets | | 5,600 |
| Acquisition of property and equipment | | (19,995) |
| | | <hr/> |
| Net cash used for investing activities | | (14,395) |

NET INCREASE IN CASH

CASH, beginning of year

CASH, end of year

(154,982)

976,333

\$ 821,351

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WORLD PARROT TRUST USA, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

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 diminishments 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, 2024.

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, 2024, the Organization’s cash balances exceeded the federally insured limit by \$58,615.

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, 2024, the Organization’s revenues and management and general expenses include \$0 of sales tax collected and remitted.

NOTE 2 – MARKETABLE SECURITIES

Marketable securities are measured and recorded at fair value. At March 31, 2024, 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, 2024:

| | | |
|---------------------|----|----------------|
| Money market shares | \$ | 129,487 |
| Equities | | 205,777 |
| | \$ | <u>335,264</u> |

Investment income from these investments consists of the following at March 31, 2024:

| | | |
|---------------------------|----|---------------|
| Interest and dividends | \$ | 7,297 |
| Realized gains/(losses) | | - |
| Unrealized gains/(losses) | | 7,896 |
| | \$ | <u>15,193</u> |

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2024 consisted of the following:

| | | |
|---------------------------------|----|------------------|
| Office equipment | \$ | 11,183 |
| Vehicles | | 46,228 |
| Land | | 1,000,000 |
| | | <u>1,057,411</u> |
| Less: accumulated depreciations | | (37,841) |
| Property and equipment, net | \$ | <u>1,019,570</u> |

Depreciation expense for the year ended March 31, 2024 was \$1,558.

NOTE 4 – LIQUIDITY

The Organization’s financial instruments consist of cash and marketable securities, which total \$1,156,615 at March 31, 2024. The entirety of this amount is available to meet cash needs for general expenditures within one year.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Organization’s founder also founded World Parrot Trust UK. The Board members are the same for the Organizations. For operational convenience, the Organization and World Parrot Trust UK will occasionally pay for expenses on behalf of each other. These amounts are then repaid throughout the year. At March 31, 2024, the balance owed to the Organization by World Parrot Trust UK was \$330.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor’s report, which is the date the financial statements were available to be issued. Events after the date of the auditor’s report have not been evaluated to determine whether a change in the financial statements would be required.

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