

Financial Statements



Animal Refuge League
OF GREATER PORTLAND

Financial Report

December 31, 2015

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M^cLeod | Ascanio

Certified Public Accountants

Scott A. M^cLeod
Managing Principal

Sally Swanson
Principal

James Ascanio
Managing Principal

Independent Auditor's Report

Matthew R. Barbour
Principal

To the Board of Directors of
Animal Refuge League of Greater Portland
Westbrook, Maine

We have audited the accompanying financial statements of Animal Refuge League of Greater Portland (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 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 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 audits 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 Animal Refuge League of Greater Portland as of December 31, 2015 and 2014, 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.

To the Board of Directors of
Animal Refuge League of Greater Portland

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Portland, Maine
May 26, 2016

Statements of Financial Position

December 31,

	2015	2014
ASSETS		
Current Assets:		
Cash	\$ 352,481	\$ 121,505
Accounts receivable	70,420	66,814
Pledges receivable, current portion	37,008	44,908
Investments	7,096,811	8,581,373
Pledged investments	671,040	
Inventory	1,836	3,598
Prepaid expenses	28,523	18,269
Total Current Assets	<u>8,258,119</u>	<u>8,836,467</u>
Property, Plant and Equipment:		
Land and buildings	1,578,234	1,578,929
Machinery and equipment	223,126	228,173
Construction in progress	2,468,302	465,605
	<u>4,269,662</u>	<u>2,272,707</u>
Less accumulated depreciation	1,197,694	1,170,458
	<u>3,071,968</u>	<u>1,102,249</u>
Other Assets		
Pledges receivable, less current portion	160,323	75,231
Note receivable	300,000	760,000
Restricted endowment - cash	28,584	28,513
Investments held by outside trusts	67,883	71,562
	<u>556,790</u>	<u>935,306</u>
Total Assets	<u>\$ 11,886,877</u>	<u>\$ 10,874,022</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 356,761	\$ 39,116
Deferred revenue	69,521	66,716
Accrued payroll	46,663	43,110
Total Current Liabilities	<u>472,945</u>	<u>148,942</u>
Other Liabilities:		
Private unfunded pension	76,000	74,000
Net Assets:		
Unrestricted	9,139,074	8,646,298
Temporarily restricted	2,102,604	1,904,849
Permanently restricted	96,254	99,933
	<u>11,337,932</u>	<u>10,651,080</u>
Total Liabilities and Net Assets	<u>\$ 11,886,877</u>	<u>\$ 10,874,022</u>

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

Statement of Activities

Year Ended December 31, 2015

Operational	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and Other Support				
Municipal contracts	\$ 272,474			\$ 272,474
Placed animal adoption fees	372,719			372,719
Contributions	456,845	\$ 366,634		823,479
Bequests	847,549			847,549
Annual fund	337,052			337,052
Special events	133,601			133,601
Shelter services and impound fees	78,853			78,853
Microchip sales	23,385			23,385
Cage sponsors	18,621			18,621
Gift shop	12,457			12,457
Other	4,263			4,263
Total Revenue and Other Support - Before Net Assets Released From Restriction	2,557,819	366,634		2,924,453
Net Assets Released from Restrictions				
Satisfaction of time and purpose restrictions	168,950	(168,950)		
Total Revenue and Other Support	2,726,769	197,684		2,924,453
Expenses				
Program services	1,589,587			1,589,587
Management and general	234,157			234,157
Fundraising	360,493			360,493
Total Expenses	2,184,237			2,184,237
Change in Net Assets - Operational	542,532	197,684		740,216
Non-Operational				
Investment Income (Loss)				
Dividends and interest, net of fees totaling \$30,081	126,238	71		126,309
Trust income	2,068			2,068
Realized and unrealized gains (losses) on investments	(177,707)			(177,707)
Change in value of investments held by outside trusts			\$ (3,679)	(3,679)
Total Investment Income (Loss)	(49,401)	71	(3,679)	(53,009)
Other Income (Expense)				
Gains (losses) on disposition of fixed assets	(355)			(355)
Change in Net Assets	492,776	197,755	(3,679)	686,852
Net Assets at Beginning of Year	8,646,298	1,904,849	99,933	10,651,080
Net Assets at End of Year	\$ 9,139,074	\$ 2,102,604	\$ 96,254	\$ 11,337,932

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

Statement of Activities

Year Ended December 31, 2014

Operational	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and Other Support				
Municipal contracts	\$ 266,866			\$ 266,866
Placed animal adoption fees	193,466			193,466
Contributions	447,520	\$ 1,193,253		1,640,773
Bequests	173,257			173,257
Annual fund	346,124			346,124
Special events	114,234			114,234
Shelter services and impound fees	79,997			79,997
Microchip sales	4,980			4,980
Cage sponsors	11,984			11,984
Gift shop	15,346			15,346
Other	5,313			5,313
Total Revenue and Other Support - Before Net Assets Released From Restriction	<u>1,659,087</u>	<u>1,193,253</u>		<u>2,852,340</u>
Net Assets Released from Restrictions				
Satisfaction of time and purpose restrictions	<u>157,326</u>	<u>(157,326)</u>		
Total Revenue and Other Support	<u>1,816,413</u>	<u>1,035,927</u>		<u>2,852,340</u>
Expenses				
Program services	1,483,048			1,483,048
Management and general	156,563			156,563
Fundraising	373,405			373,405
Total Expenses	<u>2,013,016</u>			<u>2,013,016</u>
Change in Net Assets - Operational	<u>(196,603)</u>	<u>1,035,927</u>		<u>839,324</u>
Non-Operational				
Investment Income (Loss)				
Dividends and interest, net of fees totaling \$30,179	111,327	71		111,398
Trust income	4,145			4,145
Realized and unrealized gains (losses) on investments	438,238			438,238
Change in value of investments held by outside trusts			\$ (1,426)	(1,426)
Total Investment Income (Loss)	<u>553,710</u>	<u>71</u>	<u>(1,426)</u>	<u>552,355</u>
Change in Net Assets	<u>357,107</u>	<u>1,035,998</u>	<u>(1,426)</u>	<u>1,391,679</u>
Net Assets at Beginning of Year	<u>8,289,191</u>	<u>868,851</u>	<u>101,359</u>	<u>9,259,401</u>
Net Assets at End of Year	<u>\$ 8,646,298</u>	<u>\$ 1,904,849</u>	<u>\$ 99,933</u>	<u>\$ 10,651,080</u>

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

Statements of Cash Flows

Years Ended December 31,

	2015	2014
Cash Flows From Operating Activities:		
Change in net assets	<u>\$ 686,852</u>	<u>\$ 1,391,679</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	36,919	32,847
(Gains) losses on disposition of fixed assets	355	
(Gains) losses on investments	177,707	(438,238)
Change in value of trusts held by others	3,679	1,426
Donated investments	(34,556)	(67,352)
(Increase) decrease in operating assets:		
Accounts receivable	(3,606)	(5,633)
Pledges receivable	(77,192)	259,561
Inventory	1,762	(1,186)
Prepaid expenses	(10,254)	2,486
Restricted endowment	(71)	(71)
Increase (decrease) in operating liabilities:		
Accounts payable	317,645	3,115
Deferred revenue	2,805	3,233
Accrued payroll	3,553	4,288
Private unfunded pension	(2,000)	
Total adjustments	<u>420,746</u>	<u>(205,524)</u>
Net Cash Flows From Operating Activities	<u>1,107,598</u>	<u>1,186,155</u>
Cash Flows From Investing Activities:		
Principal collected on note receivable	460,000	
Purchases of property, plant and equipment	(4,296)	(445,724)
Additions to construction in progress	(2,002,697)	(465,605)
Proceeds from sale of investments	1,270,940	1,209,405
Purchases of investments	(600,569)	(1,494,740)
Net Cash Flows From Investing Activities	<u>(876,622)</u>	<u>(1,196,664)</u>
Net Increase (Decrease) in Cash	230,976	(10,509)
Cash and Cash Equivalents at Beginning of Year	<u>121,505</u>	<u>132,014</u>
Cash and Cash Equivalents at End of Year	<u>\$ 352,481</u>	<u>\$ 121,505</u>

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

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

The Animal Refuge League of Greater Portland is an organization that provides temporary care and shelter for stray, abandoned and relinquished animals, and works to place as many as possible into responsible and caring homes. The Animal Refuge League of Greater Portland also works to create awareness and support for the humane treatment of all animals, to end animal overpopulation through education and the promotion of spaying and neutering, and to make end-of-life decisions based on safety and animal welfare considerations.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and highly liquid investments with initial maturities of three months or less are considered to be cash equivalents. The Organization maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Inventory

Inventory consists of items held for resale and is valued at the lower of cost or market. Cost is determined by specific identification of each unit.

Investments

Investments in marketable securities are stated at fair value based on prices in active markets. All gains, losses and investment income, except for those described in Note 4, are unrestricted.

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment are capitalized at cost or, in the case of donated property, at estimated fair value at date of receipt. Depreciation is calculated on a straight-line method over useful lives of three to twenty-five years. Items over \$1,500 are capitalized.

Deferred Revenue

Deferred revenue consists of advanced payments received from municipal contracts.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Bequests

Bequests in valid wills are considered conditional promises to give and, as such, are not recorded as income for financial statement purposes until received.

Pledges Receivable

Unconditional pledges receivable are recorded as contributed income in the statement of activities in the year pledged, together with collected pledges. The Organization uses the allowance method to account for uncollectible pledges. The allowance is based on management's estimate of possible bad debts. At December 31, 2015 and 2014, management determined that no allowance for uncollectible pledges was necessary.

The Organization may choose to discount pledges that are not fully collectible within one year to their present value; these discounts are ratably amortized over the life of the pledge. Conditional pledges are not recorded until the conditions specified by the donor are met.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, when a binding commitment has been made by the donors, depending on the existence and/or nature of any donor restrictions. Adoption fees are recognized when the animal has been placed with an individual for adoption. Municipal contract income is recognized based on the terms of the contract. Funds received in advance of work performed are recorded as deferred revenues.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax is required.

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Tax Status - Continued

Management has evaluated the Organization's tax positions and concluded that as of December 31, 2015 and 2014, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. When necessary, the Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the periods presented. In addition, the Organization had no accruals for interest and penalties at December 31, 2015 and 2014. The Organization is subject to federal and state examinations by taxing authorities for the years ended December 31, 2012 through 2015.

Advertising

Advertising costs are expensed as they are incurred. Advertising costs for the years ended December 31, 2015 and 2014 were \$8,379 and \$4,084, respectively.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the years ended December 31, 2015 and 2014, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reclassifications

Certain reclassifications have been made to the prior-year financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 2 – DONATED SERVICES AND ITEMS

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 with specific assistance programs, campaign solicitations, and various committee assignments. The Organization receives more than 17,000 volunteer hours per year. The Organization recognizes donated items at their estimated value at the date of donation, which was \$154,665 and \$116,867 for the years ended December 31, 2015 and 2014, respectively.

NOTE 3 – PLEDGES RECEIVABLE

As of December 31, 2015 and 2014, pledges receivable are due to be collected as follows:

	2015	2014
Amounts due in:		
Less than one year	\$ 37,008	\$ 44,908
One to five years	160,323	75,231
	<u>\$ 197,331</u>	<u>\$ 120,139</u>

Management believes that all pledges are fully collectible; therefore, no allowance for uncollectible accounts has been recorded. Current economic environment indicates that the imputed interest would be immaterial and management has elected not to discount pledges receivable at this time.

During the year ended December 31, 2013 the Organization received a conditional pledge in the amount of \$300,000 intended to be "last in" funding for the Capital Campaign project that shall be paid once the \$6,200,000 has been raised in accordance with the project budget. This conditional promise to give has not been recorded as of December 31, 2015 and will be recognized when the conditions are substantially met.

NOTE 4 – INVESTMENTS

Investments are composed of the following at December 31:

	2015 Fair Value	2014 Fair Value
Current Assets		
Equities	\$ 4,166,126	\$ 4,600,502
Corporate Bonds	2,306,829	2,020,082
Agency Securities	325,804	323,009
Municipal Bonds	50,187	60,992
Certificates of Deposit		110,414
Mutual Funds	485,226	554,760
Cash and Money Market Funds	267,888	742,900
Other	165,791	168,714
	<u>\$ 7,767,851</u>	<u>\$ 8,581,373</u>

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 4 – INVESTMENTS – CONTINUED

During the year ended December 31, 2015, as a guarantee for the completion of the construction work of a new shelter, an Irrevocable Standby Letter of Credit in favor of City of Westbrook was established by TD Bank, N.A. at the request of the Organization in an amount not to exceed in the aggregate \$1,226,874. This Letter of Credit is secured by a portion of the Organization's investment portfolio and is set to automatically expire at the earlier of August 14, 2017 or when the City of Westbrook acknowledges that the construction work of a new shelter has been completed in accordance with the City of Westbrook's road specifications and the approved plans for the Organization's Expansion Project as well as the original Letter of Credit is returned to TD Bank, N.A. As of December 31, 2015 the amount of the Letter of Credit was reduced to \$671,040.

NOTE 5 – NOTE RECEIVABLE

During the year ended December 31, 2012 the Organization sold 51.62 acres of land to Stroudwater Landing LLC in exchange for \$240,000 cash and a note receivable for \$760,000 secured by a mortgage deed on the land. The note had a fixed rate of interest of 2.21% per annum, with monthly interest only payments of \$1,400 until a required principal payment of \$460,000 was made during the year ended December 31, 2015. Monthly interest on the remaining \$300,000 principal is paid monthly and a final principal payment of \$300,000 is scheduled for no later than December 31, 2020.

NOTE 6 – NET ASSETS

Temporarily restricted net assets are comprised of the following at December 31:

	2015	2014
Income from Tornquist Endowment PAST	\$ 213	\$ 142
Animal Medical Fund		407
Animal Emergency Fund	6,407	135
Grants	532,086	18,013
Capital Campaign Donations	1,563,898	18,324
	<u>\$ 2,102,604</u>	<u>\$ 1,904,849</u>

Permanently restricted net assets are comprised of the following at December 31:

	2015	2014
Investments held in outside trusts	\$ 67,883	\$ 71,562
Bruce S. and Lottie J. Tornquist Fund	28,371	28,371
	<u>\$ 96,254</u>	<u>\$ 99,933</u>

Permanently restricted net assets are restricted and invested in perpetuity, the dividend and interest income from which is expendable for general operating purposes.

NOTE 7 – ENDOWMENT

During the year ended December 31, 2012 the Organization received an endowment from Bruce and Lottie Tornquist which stipulated that the principal be invested and the income only be used for the benefit of the Organization.

The principal is currently invested in a savings account.

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 7 – ENDOWMENT – CONTINUED

Changes in net assets for the endowment are as follows:

December 31, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted
Beginning of Year	\$ -	\$ 71	\$ 28,371
Interest		71	
End of Year	<u>\$ -</u>	<u>\$ 142</u>	<u>\$ 28,371</u>
December 31, 2015			
Beginning of year	\$ -	\$ 142	\$ 28,371
Interest		71	
End of Year	<u>\$ -</u>	<u>\$ 213</u>	<u>\$ 28,371</u>

NOTE 8 – PRIVATE UNFUNDED PENSION

The Organization has formal agreements with two former employees. Terms of the agreements call for annual payments of \$8,100 and \$4,020 for the remainder of the respective employees' lives. These agreements are considered non-qualified pensions. The Plan is unfunded and the liability, which is recorded at the net present value of expected future payments, in the amount of \$76,000 and \$74,000 has been recorded as of December 31, 2015 and 2014, respectively.

NOTE 9 – LINE OF CREDIT

The Organization has a \$100,000 line-of-credit agreement with TD Bank, N.A. that originated in March 2009, and is currently being renewed annually. Interest is charged at the Wall Street Journal Prime rate plus 3% making it 6.5% as of December 31, 2015. Monthly payments of all accrued interest are due as of each payment date. There was no balance outstanding as of December 31, 2015 and 2014.

NOTE 10 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 are as follows:

	Fair Value	Fair Value Measurements At Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
December 31, 2015				
Investments	\$ 7,767,851	\$ 7,767,851		
Investments held by outside trusts	67,883		\$ 67,883	
	<u>\$ 7,835,734</u>	<u>\$ 7,767,851</u>	<u>\$ 67,883</u>	<u>\$ -</u>
December 31, 2014				
Investments	\$ 8,470,959	\$ 8,470,959		
Certificates of Deposit	110,414		\$ 110,414	
Investments held by outside trusts	71,562		71,562	
	<u>\$ 8,652,935</u>	<u>\$ 8,470,959</u>	<u>\$ 181,976</u>	<u>\$ -</u>

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 11 – SPECIAL EVENTS

Special events, net, consisted of the following:

	Special Events		
	Revenue	Expenses	Net
December 31, 2015			
Annual Gala	\$ 43,979	\$ (16,872)	\$ 27,107
Ales for Tails	27,084	(8,713)	18,371
Holiday Open House	14,176	(2,646)	11,530
Business Fundraisers	37,458		37,458
Other Fundraisers	10,904		10,904
	<u>\$ 133,601</u>	<u>\$ (28,231)</u>	<u>\$ 105,370</u>
December 31, 2014			
Annual Gala	\$ 43,144	\$ (9,226)	\$ 33,918
Dog Walk	19,782	(3,278)	16,504
Business Fundraisers	28,198		28,198
Other Fundraisers	23,110		23,110
	<u>\$ 114,234</u>	<u>\$ (12,504)</u>	<u>\$ 101,730</u>

NOTE 12 – RISKS AND UNCERTAINTIES

The Organization invests in various investment securities and money market funds. Due to the level of risk associated with investments, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported in the statement of financial position.

NOTE 13 – OPERATING LEASE

The Organization leased an office space over a twelve-month period with an option to renew annually through 2015 at a 3% increase in rent each year. The lease was terminated in October of 2014 when the Organization moved into a new office building they've purchased.

Rent expense was \$- and \$21,843 for the years ended December 31, 2015 and 2014, respectively.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 26, 2016, the date the financial statements were available to be issued.

Schedule of Functional Expenses

Year Ended December 31, 2015

	Program Services	Management and General	Fundraising	Totals
Salaries	\$ 713,216	\$ 151,497	\$ 148,281	\$ 1,012,994
Veterinarian fees and supplies	205,689			205,689
Repairs and maintenance	51,327			51,327
Employee benefits	82,176	17,455	17,085	116,716
Shelter expense	72,818			72,818
Payroll taxes	52,518	11,155	10,919	74,592
Utilities	49,027			49,027
Animal transport expenses	26,059			26,059
Miscellaneous	12,425			12,425
Depreciation	36,919			36,919
Fundraising expense			92,517	92,517
Special event expense			28,231	28,231
Insurance	33,300			33,300
In-kind donations	154,665			154,665
Printing and postage	6,754			6,754
Computer services	56,904			56,904
Professional fees		11,586		11,586
Capital campaign			63,460	63,460
Gift shop expenses	7,867			7,867
Advertising	8,379			8,379
Office supplies and expenses		5,611		5,611
Pension expense		14,120		14,120
Impound fees	7,435			7,435
Telephone	5,607			5,607
Bank and payroll fees		22,733		22,733
Dues and licenses	1,453			1,453
Travel and auto expenses	3,954			3,954
Educational expenses	1,095			1,095
Total Expenses	\$ 1,589,587	\$ 234,157	\$ 360,493	\$ 2,184,237

See accompanying independent auditor's report.

Schedule of Functional Expenses

Year Ended December 31, 2014

	Program Services	Management and General	Fundraising	Totals
Salaries	\$ 671,015	\$ 84,079	\$ 162,374	\$ 917,468
Veterinarian fees and supplies	224,807			224,807
Repairs and maintenance	40,444			40,444
Employee benefits	76,132	9,539	18,422	104,093
Shelter expense	73,230			73,230
Payroll taxes	50,316	6,305	12,176	68,797
Utilities	55,320			55,320
Rent expense	21,843			21,843
Miscellaneous	8,824			8,824
Depreciation	32,847			32,847
Fundraising expense			59,017	59,017
Special event expense			12,504	12,504
Insurance	24,825			24,825
In-kind donations	116,867			116,867
Printing and postage	7,889			7,889
Computer services	48,830			48,830
Professional fees		22,678		22,678
Capital campaign			108,912	108,912
Gift shop expenses	5,981			5,981
Advertising	4,084			4,084
Office supplies and expenses		5,533		5,533
Pension expense		12,120		12,120
Impound fees	7,550			7,550
Telephone	3,117			3,117
Bank and payroll fees		16,309		16,309
Dues and licenses	2,266			2,266
Travel and auto expenses	6,061			6,061
Educational expenses	800			800
Total Expenses	<u>\$ 1,483,048</u>	<u>\$ 156,563</u>	<u>\$ 373,405</u>	<u>\$ 2,013,016</u>