

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014



Dye & Whitcomb, LLC
CERTIFIED PUBLIC ACCOUNTANTS
A Limited Liability Company

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Collins Cat Rescue & Spay/Neuter Clinic
Fort Collins, Colorado

We have audited the accompanying financial statements of Fort Collins Cat Rescue & Spay/Neuter Clinic (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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 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. These 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 performing procedures to obtain 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 Fort Collins Cat Rescue & Spay/Neuter Clinic as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dye + Whitcomb, LLC

Dye & Whitcomb, LLC
Certified Public Accountants

May 26, 2016

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash	\$ 223,332	\$ 210,340
Accounts Receivable (net)	6,054	2,663
Grants Receivable	3,980	4,500
Inventory	13,650	7,138
Prepaid Expenses and Other Assets	<u>7,491</u>	<u>1,688</u>
Total Current Assets	254,507	226,329
Other Assets:		
Furniture and Equipment	98,774	75,969
Less: Accumulated Depreciation	<u>(56,097)</u>	<u>(48,931)</u>
Net Furniture and Equipment	42,677	27,038
TOTAL ASSETS	<u>\$ 297,184</u>	<u>\$ 253,367</u>
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 25,602	\$ 16,284
Accrued Payroll Liabilities	27,001	12,178
Deferred Event Income	15,688	16,150
Current Portion of Capital Lease	<u>3,736</u>	<u>-</u>
Total Current Liabilities	72,027	44,612
Long Term Capital Lease, less current portion	<u>13,570</u>	<u>-</u>
TOTAL LIABILITIES	<u>85,597</u>	<u>44,612</u>
NET ASSETS:		
Unrestricted	159,573	61,304
Temporarily Restricted	<u>52,014</u>	<u>147,451</u>
TOTAL NET ASSETS	<u>211,587</u>	<u>208,755</u>
TOTAL LIABILITES AND NET ASSETS	<u>\$ 297,184</u>	<u>\$ 253,367</u>

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31,

		2015		
		Unrestricted	Temporarily Restricted	Total
REVENUE:				
	Clinic income	\$ 429,039	\$ -	\$ 429,039
	Shelter income	166,246	-	166,246
	Merchandise sales, net	22,093	-	22,093
	TOTAL REVENUE:	<u>617,378</u>	<u>-</u>	<u>617,378</u>
PUBLIC SUPPORT:				
	Grants	44,400	183,734	228,134
	Contributions	325,800	-	325,800
	Fundraising income	128,731	-	128,731
	In-kind donations	161,077	-	161,077
	Released from restrictions	279,171	(279,171)	-
	TOTAL PUBLIC SUPPORT:	<u>939,179</u>	<u>(95,437)</u>	<u>843,742</u>
	TOTAL PUBLIC SUPPORT AND REVENUE:	1,556,557	(95,437)	1,461,120
EXPENSES:				
	Program Services:			
	Animal care	1,275,359	-	1,275,359
	Support Services:			
	Management and general	46,609	-	46,609
	Fundraising	136,320	-	136,320
	TOTAL EXPENSES:	<u>1,458,288</u>	<u>-</u>	<u>1,458,288</u>
	CHANGE IN NET ASSETS	98,269	(95,437)	2,832
NET ASSETS	Beginning of year	<u>61,304</u>	<u>147,451</u>	<u>208,755</u>
NET ASSETS	End of year	<u>\$ 159,573</u>	<u>\$ 52,014</u>	<u>\$ 211,587</u>

2014

Unrestricted	Temporarily Restricted	Total
\$ 404,059	\$ -	\$ 404,059
126,936	-	126,936
15,312	-	15,312
<u>546,307</u>	<u>-</u>	<u>546,307</u>
15,625	114,740	130,365
259,668	18,273	277,941
125,471	-	125,471
122,152	-	122,152
71,493	(71,493)	-
<u>594,409</u>	<u>61,520</u>	<u>655,929</u>
1,140,716	61,520	1,202,236
1,019,611	-	1,019,611
54,928	-	54,928
91,795	-	91,795
<u>1,166,334</u>	<u>-</u>	<u>1,166,334</u>
(25,618)	61,520	35,902
<u>86,922</u>	<u>85,931</u>	<u>172,853</u>
<u>\$ 61,304</u>	<u>\$ 147,451</u>	<u>\$ 208,755</u>

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 2,832	\$ 35,902
Adjustments to reconcile change in net assets		
Depreciation (non-cash)	7,166	7,460
Decrease (increase) in accounts receivable	(3,391)	(6,430)
Decrease (increase) in grants receivable	520	8,000
Decrease (increase) in inventory	(6,512)	(3,627)
Decrease (increase) in prepaid expenses	(5,803)	(500)
Increase (decrease) in accounts payable	9,318	808
Increase (decrease) in accrued expenses	14,823	3,711
Increase (decrease) in deferred income	(462)	9,640
	18,491	54,964
NET CASH FLOWS FROM OPERATING ACTIVITIES	18,491	54,964
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(22,805)	(7,118)
	(22,805)	(7,118)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(22,805)	(7,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowings	18,676	-
Reduction of Long-term debt	(1,370)	-
	17,306	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	17,306	-
NET INCREASE IN CASH	12,992	47,846
CASH BALANCE Beginning	\$ 210,340	\$ 162,494
CASH BALANCE Ending	\$ 223,332	\$ 210,340
Interest Paid	\$ 225	\$ -
Taxes Paid	\$ -	\$ -

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
	Animal Care	Management and General	Fund Raising	
Accounting	\$ 6,676	\$ 6,231	\$ 9,347	\$ 22,254
Advertising	8,727	-	565	9,292
Bank charges	14,715	1,635	-	16,350
Depreciation	5,733	1,433	-	7,166
Donated services	22,785	750	825	24,360
Event expenses	1,739	-	-	1,739
Fundraising expenses	-	-	24,167	24,167
Insurance	15,778	701	701	17,180
Miscellaneous business expenses	17,942	2,243	2,242	22,427
Personnel: Salaries	576,468	17,173	78,103	671,744
Personnel: Payroll taxes & benefits	66,279	3,314	13,255	82,848
Postage & printing	4,177	388	6,710	11,275
Rent	39,503	4,389	-	43,892
Repairs and maintenance	4,740	298	149	5,187
Supplies: office	14,864	5,567	-	20,431
Supplies: medical	250,132	-	-	250,132
Supplies: clinic and shelter	135,117	1,600	-	136,717
Telephone and internet	4,599	256	256	5,111
Utilities	5,675	631	-	6,306
Veterinary care and services	79,710	-	-	79,710
Total Expenses	<u>\$ 1,275,359</u>	<u>\$ 46,609</u>	<u>\$ 136,320</u>	<u>\$ 1,458,288</u>

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
	<u>Animal Care</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Accounting	\$ 6,179	\$ 5,767	\$ 8,651	\$ 20,597
Advertising	8,444	-	251	8,695
Bank charges	15,900	1,767	-	17,667
Depreciation	5,968	1,492	-	7,460
Donated services	35,309	150	1,500	36,959
Event expenses	1,250	-	-	1,250
Fundraising expenses	-	-	23,873	23,873
Insurance	17,298	564	564	18,426
Miscellaneous business expenses	12,523	1,565	1,565	15,653
Personnel: Salaries	485,652	28,450	42,257	556,359
Personnel: Payroll taxes & benefits	48,826	2,871	4,270	55,967
Postage & printing	1,761	1,013	6,367	9,141
Rent	36,895	4,099	-	40,994
Repairs & maintenance	4,354	354	177	4,885
Supplies: office	6,647	4,382	-	11,029
Supplies: medical	182,323	-	-	182,323
Supplies: clinic and shelter	83,706	487	1,000	85,193
Telephone and internet	4,204	1,320	1,320	6,844
Utilities	5,823	647	-	6,470
Veterinary care and services	56,549	-	-	56,549
Total Expenses	<u>\$ 1,019,611</u>	<u>\$ 54,928</u>	<u>\$ 91,795</u>	<u>\$ 1,166,334</u>

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – Organization and Nature of Activities

Fort Collins Cat Rescue & Spay/Neuter Clinic (the Organization) is a non-profit organization incorporated in 2006 dedicated to the well-being of all cats and dogs in our community. Their primary emphasis is two-fold: the prevention of pet overpopulation through low-cost spay and neutering services for dogs and cats, and the sheltering and placement of surrendered or abandoned cats into loving, permanent homes. The primary sources of funding for Fort Collins Cat Rescue & Spay/Neuter Clinic include spay, neuter and basic veterinary service fees, adoption fees, and contributions.

Fort Collins Cat Rescue & Spay/Neuter Clinic is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification section 958-210-45. Under this section, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets are those assets currently available at the discretion of the Board of Directors for use in the Organization's operations.

Temporarily Restricted Net Assets are those assets restricted by donors specifically for certain time periods, purposes or programs. When the restriction stipulation ends or is accomplished, 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 are those assets that must be maintained permanently by the Organization as required by the donor; but the Organization is permitted to use or expend part or all of the income derived from those assets.

The Organization had no permanently restricted net assets at December 31, 2015 and 2014.

Cash

For purposes of balance sheet presentation and reporting of cash flows, the Organization considers all cash on hand and unrestricted demand deposits as cash. At times throughout the year, the Company's cash balance may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC).

(continued)

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 - Summary of Significant Accounting Policies (continued)

Accounts Receivable

The Organization requires payment at the time services are rendered. Therefore, accounts receivable balances are historically very low and consist primarily of employee purchases and other rescue group receivables. They are recorded net of any allowance for bad debts, which is based on historical experience combined with a review of the current status of existing receivables. The allowance at December 31, 2015 and 2014 was \$0.

Inventory

Inventory is stated at cost, using procedures which approximate the first-in-first-out method of inventory valuation.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. Donated equipment is reported as in-kind donations and capitalized at fair value on the date of donation. The policy for capitalization is any major asset with a value over \$500 and a remaining useful life of two years or more. Depreciation is provided using the straight-line method based upon the estimated useful lives of the assets, which range from three to seven years.

Fair Value of Financial Instruments

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as 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.

Support and Revenue

The Fort Collins Cat Rescue & Spay/Neuter Clinic receives contributions from individual contributors, corporate sponsors, grants and fundraising events. Support that is received with designations for future periods or restrictions for use by the donor (donor-imposed restrictions) is reported as temporarily restricted or permanently restricted support that increases those classes of net assets. Support that is received without restrictions is classified as unrestricted income. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue from unconditional grants and contributions is recognized when received or pledged.

Revenue from fundraisers and service fees is recognized when received or earned.

(continued)

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 - Summary of Significant Accounting Policies (continued)

Donated Services

Numerous volunteers donate significant time to program services and special events. Per ASC 958-605-30, only donated time that requires specific expertise and would have otherwise been purchased by the organization is reported in the financial statements.

Functional Expenses

Expenses which can be identified as directly related to a program or support service are charged to that service. All other expenses have been allocated among the programs and supporting services benefited.

Advertising Costs

The Organization expenses all advertising costs as incurred.

Management 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. Accordingly, actual results could differ from those estimates.

Income Taxes

The Fort Collins Cat Rescue & Spay/Neuter Clinic is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable Colorado law. Therefore, no provision is made in the financial statements for income taxes.

NOTE 3 - Furniture and Equipment

Furniture and equipment, at December 31, consisted of:

	<u>2015</u>	<u>2014</u>
Office furniture and equipment	\$ 12,570	\$ 3,904
Vehicles	7,400	7,400
Program equipment	78,804	64,665
Total Furniture and Equipment	<u>\$ 98,774</u>	<u>\$ 75,969</u>
Less: Accumulated Depreciation	(56,097)	(49,035)
Net Furniture and Equipment	<u>\$ 42,677</u>	<u>\$ 26,934</u>

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 - In-Kind Donations

For the years ended December 31, 2015 and 2014, the Organization received in-kind donations of pet food and supplies, in the amounts of \$136,717 and \$85,193, respectively, and \$24,360 and \$36,959 of donated services. These donations are reported as income under In-Kind Donations.

The value of these donated items, for the year ended December 31, 2015, is allocated among the functional expense categories as follows:

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>
Shelter Food and Supplies	\$ 135,117	\$ 1,600	\$ -
Veterinary Care	21,760	-	-
Professional fees, IT, Photography	1,025	750	825
	<u>\$ 157,902</u>	<u>\$ 2,350</u>	<u>\$ 825</u>

NOTE 5 - Special Events

The Fort Collins Cat Rescue & Spay/Neuter Clinic holds several fundraising events through-out the year, the purpose of which is to both raise funds and raise awareness. Gross revenue from these events is included in fundraising income in the Statement of Activities. The main income-generating fundraiser is the annual Whiskers & Wags Jubilee gala fundraiser. Net revenue generated from this annual event was \$82,703 in 2015 and \$76,583 in 2014.

NOTE 6 - Building Leases

The Organization had five separate leases for building space during 2015. All are located in the same building in Fort Collins. Four of the leases are less than 18 month terms, with the possibility of renewal each year. The fifth lease is a five year lease that was executed December 17, 2015. The Organization subsequently purchased that unit in April 2016 (see NOTE 10). The clinic lease is \$850 per month and currently expires on July 31, 2016. The shelter lease is \$1,500 per month and currently expires on July 31, 2016. The lease for office space is \$650 per month currently expires on May 31, 2016. The other two leases entered into in 2015 are \$500 and \$825 per month and expire in July 2016 and December 2020, respectively.

Rent expense includes a nominal amount for rental of storage space.

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**FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 6 - Building Leases (continued)

Minimum future lease payments are as follows:

<u>Year Ending December 31,</u>	
2016	\$33,100
2017	10,197
2018	10,502
2019	10,818
Thereafter	<u>11,142</u>
	<u>\$75,759</u>

NOTE 7 - Lease Obligations Payable

The Organization began leasing certain equipment classified as capital leases. The leased equipment is depreciated on a straight line basis over five years. Minimum future lease payments are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 3,736
2017	3,736
2018	3,736
2019	3,736
Thereafter	<u>2,362</u>
	<u>\$17,306</u>

NOTE 8 - Temporarily Restricted Net Assets

At December 31, 2015 and 2014, temporarily restricted net assets consisted primarily of grants and donations received specifically for spay and neuter services, but had not yet been spent by year-end.

(continued)

**FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8 – Temporarily Restricted Net Assets (continued)

Temporarily restricted net assets consist of the following at year ended December 31,

	<u>2015</u>	<u>2014</u>
Petsmart Charities	\$ 45,000	\$ 32,020
Schneider Electric	4,514	-
ASPCA	2,500	-
Animal Assistance Foundation	-	15,000
AMG Charitable Gift Foundation	-	10,000
Best Friends Animal Society	-	4,500
Previous year restricted	<u>-</u>	<u>85,931</u>
 Total	 <u>\$ 52,014</u>	 <u>\$147,451</u>

NOTE 9 – Related Party

The Organization's executive director is an owner of a company that the Organization has done business with. Total payments to this company by the Organization totaled \$4,965 in 2015 and \$4,402 in 2014. There were no outstanding balances due to the related party as of December 31, 2015.

NOTE 10 - Subsequent Events

Management has evaluated subsequent events through May 26, 2016 the date the financial statements were available to be issued. In April 2016, the Organization purchased a unit in the building they were leasing with a five year lease agreement. Those lease amounts are included in the five year minimum lease schedule. They purchased the unit with a ten year note in the amount of \$76,045 from Bank of Colorado. It is management's opinion that no additional events have occurred subsequent to year-end which would require adjustment to financial statements or disclosure, except as included therein.