

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 23, 2017

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

ASSETS	2016	2015
Current Assets:		
Cash	\$ 191,940	\$ 223,332
Accounts Receivable (net)	11,843	6,054
Grants Receivable	2,855	3,980
Inventory	11,752	13,650
Prepaid Expenses and Other Assets	1,689	7,491
Total Current Assets	220,079	254,507
Other Assets:		
Property and Equipment	293,796	98,774
Less: Accumulated Depreciation	(70,592)	(56,097)
Net Property and Equipment	223,204	42,677
TOTAL ASSETS	\$ 443,283	\$ 297,184
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 40,829	\$ 25,602
Accrued Payroll Liabilities	29,659	27,001
Deferred Event Income	12,346	15,688
Current Portion of Note Payable	2,447	-
Current Portion of Capital Lease	3,736	3,736
Total Current Liabilities	89,017	72,027
Long Term Note Payable, less current portion	72,030	-
Long Term Capital Lease, less current portion	10,066	13,570
TOTAL LIABILITIES	171,113	85,597
NET ASSETS:		
Unrestricted	230,012	159,573
Temporarily Restricted	42,158	52,014
TOTAL NET ASSETS	272,170	211,587
TOTAL LIABILITES AND NET ASSETS	\$ 443,283	\$ 297,184

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

		2016		
		Unrestricted	Temporarily Restricted	Total
REVENUE:				
	Clinic income	\$ 461,614	\$ -	\$ 461,614
	Shelter income	235,675	-	235,675
	Merchandise sales, net	18,464	-	18,464
	TOTAL REVENUE:	<u>715,753</u>	<u>-</u>	<u>715,753</u>
PUBLIC SUPPORT:				
	Grants	88,150	172,378	260,528
	Contributions	455,814	-	455,814
	Fundraising income	135,059	-	135,059
	In-kind donations	188,534	-	188,534
	Released from restrictions	182,234	(182,234)	-
	TOTAL PUBLIC SUPPORT:	<u>1,049,791</u>	<u>(9,856)</u>	<u>1,039,935</u>
	TOTAL PUBLIC SUPPORT AND REVENUE:	1,765,544	(9,856)	1,755,688
EXPENSES:				
	Program Services:			
	Animal care	1,497,662	-	1,497,662
	Support Services:			
	Management and general	48,962	-	48,962
	Fundraising	148,481	-	148,481
	TOTAL EXPENSES:	<u>1,695,105</u>	<u>-</u>	<u>1,695,105</u>
	CHANGE IN NET ASSETS	70,439	(9,856)	60,583
NET ASSETS	Beginning of year	<u>159,573</u>	<u>52,014</u>	<u>211,587</u>
NET ASSETS	End of year	<u>\$ 230,012</u>	<u>\$ 42,158</u>	<u>\$ 272,170</u>

2015

Unrestricted	Temporarily Restricted	Total
\$ 429,039	\$ -	\$ 429,039
166,246	-	166,246
22,093	-	22,093
<u>617,378</u>	<u>-</u>	<u>617,378</u>
44,400	183,734	228,134
325,800	-	325,800
128,731	-	128,731
161,077	-	161,077
279,171	(279,171)	-
<u>939,179</u>	<u>(95,437)</u>	<u>843,742</u>
1,556,557	(95,437)	1,461,120
1,275,359	-	1,275,359
46,609	-	46,609
136,320	-	136,320
<u>1,458,288</u>	<u>-</u>	<u>1,458,288</u>
98,269	(95,437)	2,832
61,304	147,451	208,755
<u>\$ 159,573</u>	<u>\$ 52,014</u>	<u>\$ 211,587</u>

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

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 60,583	\$ 2,832
Adjustments to reconcile change in net assets		
Depreciation (non-cash)	14,495	7,166
Decrease (increase) in accounts receivable	(5,789)	(3,391)
Decrease (increase) in grants receivable	1,125	520
Decrease (increase) in inventory	1,898	(6,512)
Decrease (increase) in prepaid expenses	5,802	(5,803)
Increase (decrease) in accounts payable	15,227	9,318
Increase (decrease) in accrued expenses	2,658	14,823
Increase (decrease) in deferred income	(3,342)	(462)
NET CASH FLOWS FROM OPERATING ACTIVITIES	92,657	18,491
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capitalized remodeling and purchase costs	(52,290)	-
Purchase of new facility	(97,800)	-
Purchase of furniture and equipment	(44,932)	(22,805)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(195,022)	(22,805)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowings	76,045	18,676
Reduction of long-term debt	(5,072)	(1,370)
NET CASH FLOWS FROM FINANCING ACTIVITIES	70,973	17,306
NET INCREASE IN CASH	(31,392)	12,992
CASH BALANCE Beginning	\$ 223,332	\$ 210,340
CASH BALANCE Ending	\$ 191,940	\$ 223,332
Interest Paid	\$ 3,021	\$ -
Taxes Paid	\$ -	\$ -

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
	<u>Animal Care</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Accounting	\$ 6,636	\$ 6,194	\$ 9,291	\$ 22,121
Advertising	17,111	-	197	17,308
Bank charges	16,626	1,847	-	18,473
Depreciation	11,596	2,899	-	14,495
Donated services	39,932	-	2,125	42,057
Event expenses	378	-	-	378
Facility expense	7,622	897	448	8,967
Fundraising expenses	-	-	33,305	33,305
Insurance	21,889	701	701	23,291
Interest expense	2,719	302	-	3,021
Miscellaneous business expenses	22,820	2,852	2,852	28,524
Personnel: Salaries	683,459	17,307	87,191	787,957
Personnel: Payroll taxes & benefits	89,860	2,066	11,362	103,288
Postage & printing	2,555	388	673	3,616
Rent	42,433	4,715	-	47,148
Repairs & maintenance	450	-	-	450
Supplies: office	17,477	7,726	-	25,203
Supplies: medical	269,433	-	-	269,433
Supplies: clinic and shelter	140,477	-	-	140,477
Telephone and internet	6,047	336	336	6,719
Utilities	6,585	732	-	7,317
Veterinary care and services	91,557	-	-	91,557
Total Expenses	<u>\$ 1,497,662</u>	<u>\$ 48,962</u>	<u>\$ 148,481</u>	<u>\$ 1,695,105</u>

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>
	<u>Animal Care</u>	<u>Management and General</u>	<u>Fund Raising</u>	
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
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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, 2016 and 2015.

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, 2016 AND 2015

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, 2016 and 2015 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 fifty 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, 2016 AND 2015

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

The costs of program and supporting service 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.

Advertising Costs

The Organization expenses all advertising costs as incurred, and were \$17,308 and \$9,292 during the years ended December 31, 2016 and 2015, respectively.

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 and those estimates could be material.

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 - Property and Equipment

Furniture and equipment, at December 31, consisted of:

	<u>2016</u>	<u>2015</u>
Building and improvements	\$ 116,359	\$ -
Land	33,731	-
Furniture and equipment	115,732	91,374
Vehicles	27,975	7,400
Total Property and Equipment	<u>\$ 293,797</u>	<u>\$ 98,774</u>
Less: Accumulated Depreciation	(70,592)	(56,097)
Net Furniture and Equipment	<u>\$ 223,205</u>	<u>\$ 42,677</u>

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4 – In-Kind Donations

For the years ended December 31, 2016 and 2015, the Organization received in-kind donations of pet food and supplies, in the amounts of \$146,477 and \$136,717, respectively, and \$42,057 and \$24,360 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, 2016, is allocated among the functional expense categories as follows:

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>
Shelter Food and Supplies	\$ 146,477	\$ -	\$ -
Veterinary Care	31,086	-	-
Professional fees, contract services	8,846	-	2,125
	<u>\$ 186,409</u>	<u>\$ -</u>	<u>\$ 2,125</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 \$87,124 in 2016 and \$82,703 in 2015.

NOTE 6 - Building Leases

The Organization had five separate leases for building space during 2016. 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 was a five year lease that was executed December 17, 2015. The Organization subsequently purchased that unit in April 2016 (see NOTE 10). The operations office lease is \$850 per month and currently expires on July 31, 2017. The shelter lease is \$1,500 per month and currently expires on July 31, 2017, with an increase to rent beginning January 1, 2017 to \$1,540 per month. The lease for office space is \$700 per month currently expires on May 31, 2017. The other lease entered into in 2016 is \$550 per month and expires in July 2016.

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, 2016 AND 2015

NOTE 6 - Building Leases (continued)

Minimum future lease payments are as follows:

<u>Year Ending December 31,</u>	
2016	\$24,080
Thereafter	<u> -</u>
	<u>\$24,080</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>	
2017	\$ 3,736
2018	3,736
2019	3,736
2020	<u>2,414</u>
	<u>\$13,802</u>

NOTE 8 - Note Payable

On April 6, 2016, the Organization purchased a unit within their building they were previously leasing. They purchased the unit for \$97,800, and entered into a ten year note payable with the Bank of Colorado in the amount of \$76,045. The interest rate is set at 4.75%. The note requires monthly payments of principal and interest of \$494, with a balloon interest and principal payment of \$47,238 on April 6, 2026.

Future maturities of long-term debt, as of December 31, 2016, are as follows:

2017	\$ 2,447
2018	2,566
2019	2,690
2020	2,820
Thereafter	<u>63,954</u>
Total	<u>\$74,477</u>

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 9 – Temporarily Restricted Net Assets

At December 31, 2016 and 2015, 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.

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

	<u>2016</u>	<u>2015</u>
Petsmart Charities	\$ 32,158	\$ 45,000
Glenmede Trust Company, N.A.	10,000	-
Schneider Electric	-	4,514
ASPCA	<u>-</u>	<u>2,500</u>
 Total	 <u>\$ 42,158</u>	 <u>\$ 52,014</u>

NOTE 10 – 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 \$4,492 in 2016 and \$4,965 in 2015. There were no outstanding balances due to the related party as of December 31, 2016.

NOTE 11- Supplemental Disclosures of Cash Flow Information

	<u>2016</u>	<u>2015</u>
Noncash financing transactions:		
Note payable for purchase of Facility	\$76,045	\$ -
Donation of fixed asset	\$ 6,000	\$ -

NOTE 11 - Subsequent Events

Management has evaluated subsequent events through May 23, 2017 the date the financial statements were available to be issued. In April 2017, the Organization purchased two units located in the building they are leasing. They purchased the units for \$75,000 with a ten year note in the amount of \$60,000 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.