

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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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 statements of financial position of Fort Collins Cat Rescue & Spay/Neuter Clinic (a nonprofit organization), as of December 31, 2012 and 2011, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Fort Collins Cat Rescue & Spay/Neuter Clinic's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and 2011, 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
Certified Public Accountants

April 4, 2013

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

ASSETS	2012	2011
Current Assets:		
Cash	\$ 127,545	\$ 109,493
Accounts Receivable (net)	1,076	468
Inventory	2,022	1,334
Prepaid Expenses	2,247	3,900
Total Current Assets	132,890	115,195
Other Assets:		
Furniture and Equipment	60,230	49,968
Less: Accumulated Depreciation	(32,439)	(23,529)
Net Furniture and Equipment	27,791	26,439
TOTAL ASSETS	\$ 160,681	\$ 141,634
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts Payable	16,217	12,161
Accrued Payroll Liabilities	8,077	14,804
Deferred Event Income	15,915	7,140
Total Current Liabilities	40,209	34,105
TOTAL LIABILITIES	40,209	34,105
NET ASSETS:		
Unrestricted	89,404	82,499
Temporarily Restricted	31,068	25,030
TOTAL NET ASSETS	120,472	107,529
TOTAL LIABILITES AND NET ASSETS	\$ 160,681	\$ 141,634

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

		2012		
		Unrestricted	Temporarily Restricted	Total
REVENUE:				
	Clinic Income	\$ 349,606	\$ -	\$ 349,606
	Shelter Income	52,698		52,698
	Merchandise sales, net	5,888		5,888
	TOTAL REVENUE:	<u>408,192</u>	<u>-</u>	<u>408,192</u>
PUBLIC SUPPORT:				
	Grants	34,589	53,020	87,609
	Contributions	120,506	17,076	137,582
	Fundraising income	125,788		125,788
	In-Kind donations	60,628		60,628
	Released from restrictions	64,058	(64,058)	-
	TOTAL PUBLIC SUPPORT:	<u>405,569</u>	<u>6,038</u>	<u>411,607</u>
	TOTAL PUBLIC SUPPORT AND REVENUE:	813,761	6,038	819,799
EXPENSES:				
	Program Services:			
	Animal Care	708,772		708,772
	Support Services:			
	Management and General	28,634		28,634
	Fundraising	69,450		69,450
	TOTAL EXPENSES:	<u>806,856</u>	<u>-</u>	<u>806,856</u>
	CHANGE IN NET ASSETS	6,905	6,038	12,943
NET ASSETS	Beginning of year	<u>82,499</u>	<u>25,030</u>	<u>107,529</u>
NET ASSETS	End of year	<u>\$ 89,404</u>	<u>\$ 31,068</u>	<u>\$ 120,472</u>

2011

Unrestricted	Temporarily Restricted	Total
\$ 277,213	\$ -	\$ 277,213
31,280		31,280
5,551		5,551
<u>314,044</u>	<u>-</u>	<u>314,044</u>
21,000	34,375	55,375
100,546	15,272	115,818
110,861		110,861
22,261		22,261
33,666	(33,666)	-
<u>288,334</u>	<u>15,981</u>	<u>304,315</u>
602,378	15,981	618,359
497,641		497,641
30,006		30,006
42,331		42,331
<u>569,978</u>	<u>-</u>	<u>569,978</u>
32,400	15,981	48,381
50,099	9,049	59,148
<u>\$ 82,499</u>	<u>\$ 25,030</u>	<u>\$ 107,529</u>

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

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 12,943	\$ 48,381
Adjustments to reconcile change in net assets		
Depreciation (non-cash)	8,910	8,399
Decrease (increase) in accounts receivable	(608)	321
Decrease (increase) in inventory	(688)	(1,334)
Decrease (increase) in prepaid expenses	1,653	(1,600)
Increase (decrease) in accounts payable	4,057	10,626
Increase (decrease) in accrued expenses	(6,727)	5,958
Increase (decrease) in deferred income	8,775	(9,250)
NET CASH FLOWS FROM OPERATING ACTIVITIES	28,315	61,501
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(10,263)	(13,666)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(10,263)	(13,666)
NET INCREASE IN CASH	18,052	47,835
CASH BALANCE Beginning	109,493	61,658
CASH BALANCE Ending	\$ 127,545	\$ 109,493
Interest Paid	\$ -	\$ -
Taxes Paid	\$ -	\$ -

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
	Animal Care	Management and General	Fund Raising	
Advertising	\$ 4,015	\$ -	\$ 903	\$ 4,918
Bank charges	9,487	1,054	-	10,541
Contracted services	6,680	3,373	5,059	15,112
Depreciation	7,128	1,782	-	8,910
Donated services	16,135	900	375	17,410
Event expenses	1,825	-	-	1,825
Fundraising expenses	-	-	30,095	30,095
Insurance	5,155	1,116	1,116	7,387
Miscellaneous business expenses	8,270	807	770	9,847
Personnel: Salaries	339,007	11,215	23,405	373,627
Personnel: Payroll taxes & benefits	35,281	1,166	2,451	38,898
Postage & printing	2,672	576	4,229	7,477
Rent	30,900	3,900	-	34,800
Repairs & maintenance	7,078	945	322	8,345
Supplies: office	8,423	1,157	82	9,662
Supplies: medical	133,482	-	-	133,482
Supplies: clinic and shelter	44,243	-	-	44,243
Telephone and internet	3,346	643	643	4,632
Utilities	4,420	-	-	4,420
Veterinary care and services	41,225	-	-	41,225
Total Expenses	\$ 708,772	\$ 28,634	\$ 69,450	\$ 806,856

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
	<u>Animal Care</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Advertising	\$ 1,888	\$ -	\$ 629	\$ 2,517
Accounting	460	1,250	3,750	5,460
Bank charges	10,370	1,152	-	11,522
Depreciation	7,979	420		8,399
Fundraising expenses	-	-	26,385	26,385
Insurance	4,567	817	816	6,200
Legal fees	1,250	-	-	1,250
Miscellaneous business expenses	2,227	856	343	3,426
Personnel: Salaries	245,253	19,075	8,175	272,503
Personnel: Payroll taxes & benefits	22,474	967	725	24,166
Postage & printing	1,455	900	1,100	3,455
Rent	32,050	2,450	-	34,500
Supplies: office	1,087	600		1,687
Supplies: medical	101,960	-	-	101,960
Supplies: clinic and shelter	21,831	-	-	21,831
Telephone and internet	3,677	702	-	4,379
Utilities	6,937	816	408	8,161
Veterinary care and services	32,177	-	-	32,177
Total Expenses	<u>\$ 497,642</u>	<u>\$ 30,005</u>	<u>\$ 42,331</u>	<u>\$ 569,978</u>

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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. Our 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, 2012 and 2011.

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, 2012 AND 2011

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 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, 2012 and 2011 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, 2012 AND 2011**

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>2012</u>	<u>2011</u>
Office furniture and equipment	\$ 3,904	\$ 3,483
Vehicles	7,400	-
Program equipment	<u>48,926</u>	<u>46,485</u>
Total Furniture and Equipment	60,230	49,968
Less: Accumulated Depreciation	<u>(32,439)</u>	<u>(23,529)</u>
Net Furniture and Equipment	\$ 27,791	\$ 26,439

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FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 4 – In-Kind Donations

For the years ended December 31, 2012 and 2011, the Organization received in-kind donations of pet food and supplies, in the amounts of \$43,218 and \$18,461, respectively, and \$17,410 and \$3,800 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, 2012, is allocated among the functional expense categories as follows:

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>
Pet Food and Supplies	\$ 43,143	\$ -	\$ 75
Veterinary Care	15,235	-	-
Accounting & IT	900	900	-
Graphic Design	-	-	375
	<u>\$ 59,278</u>	<u>\$ 900</u>	<u>\$ 450</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 \$62,400 in 2012 and \$52,800 in 2011.

NOTE 6 - Building Lease

The Organization has three separate leases for building space. All of the leases are one-year terms, with the possibility of renewal each year. The clinic lease is \$850 per month and currently expires on July 31, 2013. The shelter lease is \$1400 per month and currently expires on July 31, 2013. The lease for office space is \$650 per month currently expires on May 31, 2013.

Minimum future lease payments as of December 31, 2012 are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2013	\$19,000
thereafter	<u> --</u>
	<u>\$19,000</u>

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FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 7 – Restricted Net Assets

At December 31, 2012 and 2011, temporarily restricted net assets consisted of grants and donations received specifically for spay and neuter services, but had not yet been spent by year-end.

NOTE 8 – Related Party

The Organization's executive director is an owner of a company that the Organization does business with. Total payments to this company by the Organization totaled \$8,300 in 2012 and \$6,960 in 2011.

NOTE 9 - Subsequent Events

The date through which events occurring after December 31, 2012 have been evaluated for possible adjustment to the financial statements is April 4, 2013, which is the date on which financial statements were available to be issued.