

**FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC  
dba ANIMAL FRIENDS ALLIANCE**

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Fort Collins Cat Rescue & Spay/Neuter Clinic  
DbA Animal Friends Alliance  
Fort Collins, Colorado

We have audited the accompanying financial statements of Fort Collins Cat Rescue & Spay/Neuter Clinic dba Animal Friends Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves 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, 2019, 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.

**Prior Year Financial Statements**

The financial statements for the year ending December 31, 2018 were audited by other auditors whose report dated May 28, 2019 expressed an unmodified opinion on those statements. They are included here for comparability purposes.

Cindy McGrorey, CPA

Cindy McGrorey, CPA, LLC  
Certified Public Accountant

April 30, 2020

**FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC**  
**dba ANIMAL FRIENDS ALLIANCE**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

<b>ASSETS</b>	2019	2018
Current Assets:		
Cash	\$ 509,329	\$ 371,088
Accounts Receivable (net)	3,110	1,296
Grants Receivable	-	8,538
Inventory	10,670	13,187
Prepaid Expenses	39,808	24,143
<b>Total Current Assets</b>	562,917	418,252
Other Assets:		
Property and Equipment	1,897,034	502,136
Less: Accumulated Depreciation	(187,416)	(109,361)
Net Property and Equipment	1,709,618	392,775
Assets held at Community Foundation	17,466	13,364
<b>TOTAL ASSETS</b>	\$ 2,290,001	\$ 824,391
 <b>LIABILITIES &amp; NET ASSETS</b>		
Current Liabilities:		
Accounts Payable	\$ 47,842	\$ 19,034
Accrued Payroll Liabilities	74,988	42,847
Deferred Event Income	4,500	16,500
Current Portion of Notes Payable	25,147	7,146
Current Portion of Capital Lease	2,467	3,994
<b>Total Current Liabilities</b>	154,944	89,521
Long Term Notes Payable, less current portion	968,871	192,556
Long Term Capital Lease, less current portion	-	1,400
<b>TOTAL LIABILITIES</b>	1,123,815	283,477
<b>NET ASSETS:</b>		
Without Donor Restrictions	1,013,220	512,849
With Donor Restrictions	152,966	28,065
<b>TOTAL NET ASSETS</b>	1,166,186	540,914
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 2,290,001	\$ 824,391

**FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC**  
**dba ANIMAL FRIENDS ALLIANCE**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31,**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE:</b>						
Clinic income	\$ 643,692	\$ -	\$ 643,692	\$ 601,222	\$ -	\$ 601,222
Shelter income	330,905	-	330,905	282,846	-	282,846
Merchandise sales, net	15,353	-	15,353	26,696	-	26,696
Other Income	19,043	-	19,043	13,624	-	13,624
<b>TOTAL REVENUE:</b>	<u>1,008,993</u>	<u>-</u>	<u>1,008,993</u>	<u>924,388</u>	<u>-</u>	<u>924,388</u>
<b>PUBLIC SUPPORT:</b>						
Grants	103,786	289,300	393,086	66,160	127,379	193,539
Contributions	620,584	400	620,984	563,680	2,600	566,280
Fundraisers, net	101,950	-	101,950	109,859	-	109,859
In-kind contributions	245,477	-	245,477	171,362	-	171,362
Released from restrictions	164,799	(164,799)	-	153,248	(153,248)	-
<b>TOTAL PUBLIC SUPPORT:</b>	<u>1,236,596</u>	<u>124,901</u>	<u>1,361,497</u>	<u>1,064,309</u>	<u>(23,269)</u>	<u>1,041,040</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE:</b>	<u>2,245,589</u>	<u>124,901</u>	<u>2,370,490</u>	<u>1,988,697</u>	<u>(23,269)</u>	<u>1,965,428</u>
<b>EXPENSES:</b>						
Program Services:						
Animal care	1,810,496	-	1,810,496	1,613,657	-	1,613,657
Support Services:						
Management and general	211,944	-	211,944	68,299	-	68,299
Fundraising	191,192	-	191,192	138,531	-	138,531
<b>TOTAL EXPENSES:</b>	<u>2,213,632</u>	<u>-</u>	<u>2,213,632</u>	<u>1,820,487</u>	<u>-</u>	<u>1,820,487</u>
<b>CHANGE IN NET ASSETS</b>	31,957	124,901	156,858	168,210	(23,269)	144,941
<b>Equity Increase from transfer of assets</b>	468,414		468,414	-	-	-
<b>NET ASSETS</b> Beginning of year	<u>512,849</u>	<u>28,065</u>	<u>540,914</u>	<u>344,639</u>	<u>51,334</u>	<u>395,973</u>
<b>NET ASSETS</b> End of year	<u>\$ 1,013,220</u>	<u>\$ 152,966</u>	<u>\$ 1,166,186</u>	<u>\$ 512,849</u>	<u>\$ 28,065</u>	<u>\$ 540,914</u>

**FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC**  
**dba ANIMAL FRIENDS ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31,**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 156,858	\$ 144,941
Adjustment for non-cash items:		
Depreciation	23,209	19,561
Unrealized loss on investments	454	1,477
Donations of capital assets	(45,659)	-
Decrease (increase) in accounts receivable	(1,814)	198
Decrease (increase) in grants receivable	8,538	(3,575)
Decrease (increase) in inventory	2,517	(4,123)
Decrease (increase) in prepaid expenses	(15,665)	(22,202)
Increase (decrease) in accounts payable	28,808	(15,836)
Increase (decrease) in accrued expenses	32,141	11,280
Increase (decrease) in deferred income	(12,000)	5,550
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>177,387</b>	<b>137,271</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of facility	(24,703)	-
Purchase of furniture and equipment	-	(16,976)
Additions to long-term investment	(400)	(2,500)
Reinvested interest and dividends	(3,226)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(28,329)</b>	<b>(19,476)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on mortgage notes	(7,890)	(7,337)
Payments on capital lease obligations	(2,927)	(4,186)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(10,817)</b>	<b>(11,523)</b>
<b>NET INCREASE IN CASH</b>	<b>138,241</b>	<b>106,272</b>
<b>CASH BALANCE</b> Beginning of year	<b>371,088</b>	<b>264,816</b>
<b>CASH BALANCE</b> End of year	<b>\$ 509,329</b>	<b>\$ 371,088</b>
Interest Paid	\$ 16,514	\$ 10,170
Taxes Paid	\$ -	\$ -

**FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC**  
**dba ANIMAL FRIENDS ALLIANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
	<u>Animal Care</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Advertising	3,049	3,378	2,157	8,584
Bank charges	17,092	3,418	2,279	22,789
Contract labor	16,369	8,545	7,030	31,944
Depreciation	18,567	4,642	-	23,209
Donated services	13,370	938	1,706	16,014
Event expenses	2,069	-	-	2,069
Facility maintenance	41,908	1,972	21	43,901
Fundraising expenses	-	-	39,782	39,782
Insurance	31,247	3,676	1,838	36,761
Interest expense	8,284	8,230	-	16,514
License/dues/registrations	4,338	10,105	1,391	15,834
Personnel: salaries	992,937	119,171	120,188	1,232,296
Personnel: payroll taxes	84,409	11,189	7,586	103,184
Personnel: benefits	22,901	10,309	-	33,210
Postage & printing	5,389	1,930	1,925	9,244
Rent	21,151	8,370	1,170	30,691
Supplies: office	24,188	3,701	1,387	29,276
Supplies: medical	304,543	-	-	304,543
Supplies: clinic and shelter	152,432	-	-	152,432
Staff & volunteer appreciation	15,510	6,334	57	21,901
Telephone and internet	5,145	1,945	1,691	8,781
Travel & meetings	3,080	3,161	519	6,760
Utilities	7,905	930	465	9,300
Vehicle maintenance	14,613	-	-	14,613
<b>Total Expenses</b>	<b><u>\$ 1,810,496</u></b>	<b><u>\$ 211,944</u></b>	<b><u>\$ 191,192</u></b>	<b><u>\$ 2,213,632</u></b>



**FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC**  
**dba ANIMAL FRIENDS ALLIANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Program</u>		<u>Support Services</u>		<u>Total</u>
	<u>Animal</u>	<u>Management</u>	<u>Fund</u>		
	<u>Care</u>	<u>and General</u>	<u>Raising</u>		
Accounting	\$ 7,380	\$ 6,888	\$ 10,332		\$ 24,600
Advertising	6,248	-	197		6,445
Bank charges	13,696	-	7,521		21,217
Depreciation	15,649	3,912	-		19,561
Donated services	20,508	-	5,620		26,128
Event expense	804	-	-		804
Facility expense	25,863	3,043	1,521		30,427
Fundraising expenses	-	-	31,354		31,354
Insurance	30,820	701	701		32,222
Interest expense	9,153	1,017	-		10,170
Miscellaneous business expenses	29,103	3,638	3,638		36,379
Personnel: salaries	810,918	38,942	66,432		916,292
Personnel: payroll taxes	63,433	3,047	5,196		71,676
Personnel: employee benefits	35,208	1,691	2,884		39,783
Postage & printing	2,712	388	673		3,773
Rent	23,391	519	2,080		25,990
Supplies: office	8,027	3,297	-		11,324
Supplies: medical	279,054	-	-		279,054
Supplies: clinic and shelter	145,234	-	-		145,234
Telephone and internet	6,882	382	382		7,646
Utilities	7,510	834	-		8,344
Veterinary care and services	72,064	-	-		72,064
	<u>\$ 1,613,657</u>	<u>\$ 68,299</u>	<u>\$ 138,531</u>		<u>\$ 1,820,487</u>

**Fort Collins Cat Rescue & Spay/Neuter Clinic dba  
Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018**

**NOTE 1 – Organization and Nature of Activities**

Fort Collins Cat Rescue & Spay/Neuter Clinic dba Animal Friends Alliance (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.

The mission of the Organization is very similar to that of Animal House Pets & Grooming, also based in Fort Collins, Colorado, which focuses primarily on dogs. The two entities have decided that, to best serve the needs of the community, and to better utilize their resources to this end, they will combine efforts and merge into one organization called Animal Friends Alliance. Through this merger, Animal House will dissolve and Fort Collins Cat Rescue will be the successor entity, retaining their EIN number and renaming as Animal Friends Alliance. Although the merger has not been completed as of December 31, 2019, Fort Collins Cat Rescue & Spay/Neuter Clinic has officially changed their name to Animal Friends Alliance and some assets of Animal House have been transferred to Animal Friends Alliance. All activity presented in these financial statements for both years ended December 31, 2019 and 2018 represent activity from Fort Collins Cat Rescue & Spay/Neuter Clinic Services only. Animal House activity will not be combined with Animal Friends Alliance until 2020 (See Note 12).

Fort Collins Cat Rescue & Spay/Neuter Clinic dba Animal Friends Alliance 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 Organization presents its financial statements in accordance with the FASB Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions are those assets currently available at the discretion of the Board of Directors for use in the Organization's operations. These assets may include funds that were received without donor restrictions but have been designated by the Board of Directors for specific programs or purposes.

(continued)

**Fort Collins Cat Rescue & Spay/Neuter Clinic dba  
Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018**

**NOTE 2 - Summary of Significant Accounting Policies - Basis of Accounting and  
Financial Statement Presentation (continued)**

Net Assets with Donor Restrictions are those assets restricted by donors specifically for certain time periods, purposes or programs. When the restriction stipulation ends or is accomplished, the donor restriction is removed and the net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. These assets may include temporarily and permanently restricted net assets.

**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).

Restrictions on cash is detailed in Note 6 and consists of the amount of cash necessary to fulfill unspent donor-imposed restrictions on net assets.

**Grants and Accounts Receivable**

The Organization requires payment at the time services are rendered. Therefore, accounts receivable balances are historically very low. 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, 2019 and 2018 was \$0.

Grants receivable consist of grants *awarded* prior to year-end, but payment will not be received until after year-end. Per generally accepted accounting principles for not-for-profits, these grants are to be recognized as revenue in the statement of activities in the year in which they are awarded, and they are included as 'net assets *with* restrictions' in the statement of financial position.

**Inventory**

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

**Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. Donated equipment is reported as in-kind contributions and capitalized at fair value on the date of donation. The policy for capitalization is any major asset with a value over \$1,500 and a remaining useful life of three 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 ten years for furniture, equipment and vehicles and 39 years for real property.

(continued)

**Fort Collins Cat Rescue & Spay/Neuter Clinic dba  
Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018**

**NOTE 2 - Summary of Significant Accounting Policies (continued)**

**Fair Value of Financial Instruments**

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial instruments that are recognized or disclosed at fair value in the financial statements. The Organization's financial instruments consist of cash and the investment with the Community Foundation, both of which are measured at fair value in the statement of financial position. The fair value is determined by the instruments' net asset values (NAVs), which are Level 1 measurements in the hierarchy of fair value measures because their fair values are readily determinable (i.e. the instruments can be traded at their published NAVs).

**Support and Revenue**

Fort Collins Cat Rescue & Spay/Neuter Clinic dba Animal Friends Alliance receives contributions from individual contributors, corporate sponsors, grants and fundraising events. This support may be received either with or without donor restrictions and is classified in the Statement of Activities as such. When donor restrictions from prior periods expire, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

Revenue from unconditional grants and contributions is recognized when received or pledged. Revenue from fundraisers and service fees is recognized when received or earned.

**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 and are detailed out in the statements of functional expenses. Supporting services include management and general expenses that are not directly identifiable with any specific function or program but provide for the overall support and direction of the organization. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management as follows:

<u>Expense</u>	<u>Allocation Method</u>
Personnel Costs	Time and effort
General office and operations	Time and effort
Facilities and equipment	Square footage used
Program specific costs	Direct costs

(continued)

**Fort Collins Cat Rescue & Spay/Neuter Clinic dba  
Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018**

**NOTE 2 - Summary of Significant Accounting Policies (continued)**

**Advertising Costs**

The Organization expenses all advertising costs as incurred, and were \$8,584 and \$6,445 during the years ended December 31, 2019 and 2018, 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.

**Income Taxes**

The Fort Collins Cat Rescue & Spay/Neuter Clinic dba Animal Friends Alliance is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable Colorado law. In addition, the Organization qualifies as a public charity under Section 170 (b)(1)(A) and is not a private foundation, therefore contributions to the Organization are deductible as charitable contributions.

The Organization files form 990 with federal and state authorities in the state of Colorado. The Organization has determined that it is not subject to unrelated business income tax for its clinic services, as they are substantially related to the Organization's exempt purpose. However, the Organization's form 990 returns are open and subject to examination by the IRS for the years ending December 31, 2016 through 2019.

**NOTE 3 - Property and Equipment**

Property and equipment, at December 31, consisted of:

	2019	2018
Land (non-depreciable)	\$ 237,528	\$ 88,278
Buildings and improvements	1,456,740	247,220
Furniture and equipment	129,154	138,663
Vehicles	73,612	27,975
Total Property and Equipment	\$ 1,897,034	\$ 502,136
Less: Accumulated Depreciation	(187,416)	(109,361)
Net Property and Equipment	\$ 1,709,618	\$ 392,775

(continued)

**Fort Collins Cat Rescue & Spay/Neuter Clinic dba  
Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018**

**NOTE 4 - Assets Held at Community Foundation**

The account Assets held at Community Foundation consists of funds invested with the Community Foundation of Northern Colorado with the Organization as the beneficiary. It is considered a 'quasi-endowment fund' because the intent is for the Community Foundation to make available a portion of the fund balance each year for use by the Organization, although the Organization has the right to request larger distributions from the fund for specific purposes. The funds were invested specifically from donor-restricted donations to the Organization for this purpose. Investment earnings of \$2,772 in 2019 from this investment are included in other income in the statement of activities.

**NOTE 5 - Mortgage Notes Payable**

The Organization currently has two mortgage notes payable, both secured by the property to which they are associated, as follows:

- I. Associated with the building purchases noted in Note 9, during 2019 the Organization had four mortgage notes on the properties. Three of these notes related to 2016 and 2017 building purchases that were set to come due in 2026 and 2027. On December 30, 2019 the Organization refinanced these three notes, together with the mortgage note on the [formerly] Animal House property (Note 12) into one note, as follows:

Principal: \$904,532

Term: 120 months

Monthly payments (of principal and interest): \$5,631.19 (increasing on month 61 to approximately \$5,650)

Interest rate: 4.25%

Final payment upon maturity of \$554,379.

In response to the COVID-19 pandemic, on April 9, 2020, the Organization received a deferment of loan payments for 3 months, to start up again in July of 2020, with new note terms. The new terms are:

Principal outstanding at time of deferment: \$896,480

Interest rate: 4.30%

Monthly payments (of principal and interest): \$5,631.19 (for next 54 months, beginning on July 30, 2020), then \$5,754 for the next 62 months

Final payment upon maturity of \$564,417.

- II. In 2019, the Organization also purchased Unit 12 in the Mulberry complex of their facility. This purchase was financed with a personal note, dated March 1, 2019, as follows:

Principal: \$92,000

Term: 240 months

Monthly payments (principal and interest): \$607.16

Interest rate: 5%

(continued)

**Fort Collins Cat Rescue & Spay/Neuter Clinic dba  
Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018**

**NOTE – 5 continued**

Future maturities of long-term debt (principal only), as of December 31, 2019, and revised for the new, deferred note terms discussed above, are as follows:

2020	\$ 25,147
2021	32,134
2022	33,558
2023	35,046
2024	36,598
Thereafter	<u>831,535</u>
 Total	 <u>\$ 994,018</u>

**NOTE 6 – NET ASSET RESTRICTIONS AND LIQUIDITY**

Restrictions on net assets at December 31, 2019 are for the following purposes:

General Operations in 2020	\$ 28,000
2020 Adoption Expenses	20,000
Spay/Neuter & Feral Cat Programs	17,500
Capital Improvements	60,000
Merger Expenses	10,000
Endowment Asset	<u>17,466</u>
 Total Net Assets with Restrictions	 <u>\$ 152,966</u>

Resources available to meet these restrictions are found in the following assets:

	<u>Available Cash</u>	<u>Endowment Asset</u>
Donor-restricted funds	\$ 135,500	-
Endowment asset	-	17,466
Unrestricted cash available	<u>373,829</u>	<u>-</u>
 Available resource	 <u>\$ 509,329</u>	 <u>\$ 17,466</u>

(continued)

**Fort Collins Cat Rescue & Spay/Neuter Clinic dba  
Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018**

**NOTE 7 – In-Kind Contributions**

For the years ended December 31, 2019 and 2018, the Organization received non-cash contributions of donated services and supplies in the amounts of \$168,440 and \$168,135, respectively, and \$77,037 and \$3,227 of donated assets. Donated assets are capitalized at their fair market value at the time of donation and depreciated over their estimated remaining useful lives. Donated supplies and services are expenses according to their functional use.

**NOTE 8 – Special Events**

The Organization holds several fundraising events through-out the year, the purpose of which is to both raise funds and raise awareness. Revenue from these events is included in fundraising income, net of directly-related expenses, 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 \$92,897 in 2019 and \$87,124 in 2018.

**NOTE 9 - Building Leases and Ownership**

The original Fort Collins Cat Rescue & Spay/Neuter organization operates out of 9 units located at 2321 E. Mulberry Street in Fort Collins, Colorado. In 2016, they purchased one of the units, five more in 2017, and another in January of 2019. Therefore, the Organization owns seven of these units, and continues to lease the other two. The two remaining leases are renewable one-year leases and are used for the shelter.

One lease required monthly payments of \$1,604 in 2019 (increasing to \$1,810 in January 2020) and currently expires on July 31, 2020. The other lease required monthly payments of \$600 in 2019 (\$650 beginning January 2020) and also expires in July 2020.

Minimum future lease payments on these leases are as follows:

Year Ending <u>December 31,</u>	
2020	\$17,220
Thereafter	<u>          -</u>
	<u>\$17,220</u>

Rent expense in the statement of functional expenses includes a nominal amount for rental of storage space.

(continued)



**Fort Collins Cat Rescue & Spay/Neuter Clinic dba  
Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018**

**NOTE 10 – 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 \$25,462 in 2019 and \$13,443 in 2018. There were no outstanding balances due to the related party as of December 31, 2019.

**NOTE 11 – Supplemental Disclosures of Non-Cash Transactions**

	<u>2019</u>
Noncash investing and financing transactions:	
Mortgage note acquired for purchase of building - Mulberry	\$ 92,000
Asset acquisition from merger – equity	\$ 468,414
Financed with mortgage note	<u>700,938</u>
Taft Hill Campus Purchase - FMV	\$1,169,352
Mortgage notes re-financed (3)	\$ 195,232
Add: Taft Hill mortgage note	700,938
Loan costs financed	<u>8,362</u>
Mortgage Note Acquired	\$ 904,532

**NOTE 12 – Merger of Animal House Pets & Grooming and Fort Collins Cat Rescue & Spay/Neuter Clinic**

In 2018, Animal House Pets & Grooming and Fort Collins Cat Rescue Spay/Neuter Clinic began discussions surrounding the benefits of merging the two nonprofits into one entity to be called Animal Friends Alliance. Both organizations work towards the same goal of reducing the number of unwanted pets, and finding loving homes for shelter animals. The overall goal of the merger is to amplify the organization’s community impact and allow the programs and services to benefit more people and animals. Both Boards overwhelmingly approved this merger, and began the process of transferring Animal House assets to Animal Friends Alliance in December of 2019. All services of both entities began operating through Animal Friends Alliance effective January 1, 2020. Although Animal House has not yet fully dissolved as of the date of this report, it is expected to occur soon and the merger will be complete.

(continued)

**Fort Collins Cat Rescue & Spay/Neuter Clinic dba  
Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018**

**NOTE 13 – COVID-19**

In response to the global pandemic that broke out in early 2020, the Organization has taken several steps to ensure the safety of its animals and employees and the ongoing viability of Animal Friends Alliance. While the business is allowed to remain open as an ‘essential business’, non animal-care employees are working remotely from home as much as possible. In order to comply with government mandates and guidelines, all services are by appointment only. Although revenue is down, the Organization has been able to retain all employees through the Payroll Protection Plan, and on April 17, 2020, a loan agreement and note payable under the SBA PPP was entered into. This note, in the amount of \$257,000, has a 1% interest rate, but will be forgiven if used for specific purposes. The Organization fully expects the loan to be forgiven. The Organization had to postpone its annual Gala, and while refunds of tickets were offered, only \$135 was requested to be returned. Other steps the Organization is taking include applying for emergency grants specifically offered to animal welfare organizations in response to COVID-19, encouraging supporters to become monthly donors through our Animal Advocate Club, and moving all supply drives to online events. It is reasonably possible that the virus could have a prolonged negative effect on operations but as of the date of these financial statements the effect cannot be determined.

**NOTE 14 - Subsequent Events**

Management has evaluated subsequent events through April 30, 2020, which is the date that the financial statements were available to be issued. 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.