

CAT CARE SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

CAT CARE SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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Taylor, Roth and Company, PLLC
Certified Public Accountants
working exclusively with nonprofit organizations

January 14, 2015

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cat Care Society
Lakewood, Colorado

We have audited the accompanying financial statements of **Cat Care Society**, (a Colorado nonprofit corporation) which comprise the statement of financial position as of June 30, 2014, 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 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.

Auditors' 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 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 auditors' 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 Cat Care Society as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Cat Care Society's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor, Roth and Company PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

CAT CARE SOCIETY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 94,909	\$ 52,119
Cash and cash equivalents - temporarily restricted	35,968	-
Accounts receivable	781	5,103
Prepaid expenses	-	4,735
Inventory (Note 3)	12,060	11,724
Investments (Note 4)	77,257	76,824
Property and equipment (Note 5)	<u>1,232,151</u>	<u>1,276,241</u>
Total assets	<u>\$ 1,453,126</u>	<u>\$ 1,426,746</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 21,986	\$ 27,896
Accrued payroll costs	30,418	30,865
Lines of credit (Note 6)	25	75,000
Loans payable (Note 7)	<u>-</u>	<u>12,500</u>
Total liabilities	<u>52,429</u>	<u>146,261</u>
 <u>Net assets</u>		
<u>Unrestricted</u>		
Operating	132,578	4,244
Net investment in fixed assets	1,232,151	1,276,241
Temporarily restricted (Note 8)	<u>35,968</u>	<u>-</u>
Total net assets	<u>1,400,697</u>	<u>1,280,485</u>
Total liabilities and net assets	<u>\$ 1,453,126</u>	<u>\$ 1,426,746</u>

The accompanying notes are an integral part of these financial statements

CAT CARE SOCIETY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Contributions	\$ 310,728	35,968	\$ 346,696	\$ 327,313
Program service fees	225,868	-	225,868	231,327
Bequests	231,787	-	231,787	173,924
Special event income	83,938	-	83,938	64,488
Less: direct event expenses	(29,324)	-	(29,324)	(25,255)
Membership	22,365	-	22,365	11,385
Grants	751	-	751	2,529
Other	4,648	-	4,648	494
Total revenue and other support	<u>850,761</u>	<u>35,968</u>	<u>886,729</u>	<u>786,205</u>
<u>Expense</u>				
Program services				
Shelter/Adoption Education	263,893	-	263,893	264,424
Veterinary/Clinic	233,315	-	233,315	232,796
Total program	497,208	-	497,208	497,220
Supporting services				
Management and general	146,289	-	146,289	139,035
Fundraising	123,020	-	123,020	51,462
Total expense	<u>766,517</u>	<u>-</u>	<u>766,517</u>	<u>687,717</u>
Change in net assets	84,244	35,968	120,212	98,488
Net assets, beginning of year	<u>1,280,485</u>	<u>-</u>	<u>1,280,485</u>	<u>1,181,997</u>
Net assets, end of year	<u>\$ 1,364,729</u>	<u>\$ 35,968</u>	<u>\$ 1,400,697</u>	<u>\$ 1,280,485</u>

The accompanying notes are an integral part of these financial statements

CAT CARE SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014					2013	
	Program Services			Supporting Services		Total	Total
	Shelter/ Adoption/ Education	Veterinary/ Clinic	Total Program	Management and General	Fund- raising		
Salaries	\$ 130,198	\$ 125,939	\$ 256,137	\$ 93,658	\$ 43,866	\$ 393,661	\$ 355,937
Payroll taxes & benefits	17,321	16,754	34,075	12,460	5,835	52,370	60,616
Veterinary services & medication	35,587	37,284	72,871	-	-	72,871	71,777
Supplies	4,321	2,464	6,785	-	35,321	42,106	30,097
Contract & professional fees	7,288	24,434	31,722	2,194	-	33,916	20,385
Utilities	11,040	11,040	22,080	2,142	2,200	26,422	21,876
Retail merchandise	6,106	7,120	13,226	-	2,694	15,920	8,019
Dues & subscriptions	125	95	220	549	13,064	13,833	5,623
Publications	-	-	-	-	11,339	11,339	9,957
Accounting	-	-	-	8,375	-	8,375	8,250
Insurance	2,704	2,616	5,320	1,946	911	8,177	10,650
Bank fees	-	-	-	6,693	-	6,693	7,077
Telephone & internet	1,543	1,543	3,086	1,543	1,543	6,172	6,314
Postage	92	-	92	822	4,355	5,269	1,307
Equipment & software	-	-	-	4,051	-	4,051	2,162
Volunteer	-	-	-	4,000	-	4,000	261
Employee expenses	1,143	379	1,522	436	271	2,229	8,437
Bad debts	-	1,871	1,871	-	-	1,871	540
Repairs & maintenance	-	-	-	1,377	433	1,810	2,734
Interest	-	-	-	1,280	-	1,280	3,568
Taxes & license fees	350	595	945	75	-	1,020	1,191
All other	835	1,181	2,016	4,688	1,188	7,892	2,242
	218,653	233,315	451,968	146,289	123,020	721,277	639,020
Depreciation	45,240	-	45,240	-	-	45,240	48,697
Total	\$ 263,893	\$ 233,315	\$ 497,208	\$ 146,289	\$ 123,020	\$ 766,517	\$ 687,717

The accompanying notes are an integral part of these financial statements

CAT CARE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 120,212	\$ 98,488
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Gains)losses on investments	(371)	(111)
Depreciation	45,240	48,697
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	4,322	(245)
(Increase)decrease in prepaid expenses	4,735	-
(Increase)decrease in inventory	(336)	(4,580)
Increase(decrease) in accounts payable	(5,910)	(38,289)
Increase(decrease) in payroll accruals	(447)	4,891
Net cash provided(used) by operating activities	<u>167,445</u>	<u>108,851</u>
 <u>Cash flows from investing activities</u>		
(Purchase) of fixed assets	(1,150)	(9,286)
(Reinvestment) of earnings	(62)	(187)
Net cash provided(used) by investing activities	<u>(1,212)</u>	<u>(9,473)</u>
 <u>Cash flows from financing activities</u>		
(Repayment) on line of credit	(74,975)	(34,547)
(Repayment) on notes and loans payable	(12,500)	(37,500)
Net cash provided(used) by financing activities	<u>(87,475)</u>	<u>(72,047)</u>
Net increase(decrease) in cash and cash equivalents	78,758	27,331
Cash and cash equivalents, beginning of year	<u>52,119</u>	<u>24,788</u>
Cash and cash equivalents, end of year	<u>\$ 130,877</u>	<u>\$ 52,119</u>
 <u>Supplemental disclosure of information:</u>		
Cash paid during the period for interest	<u>\$ 1,280</u>	<u>\$ 3,568</u>

The accompanying notes are an integral part of these financial statements

CAT CARE SOCIETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - NATURE OF ACTIVITIES

Cat Care Society (the Organization) is located in Lakewood, Colorado, and was incorporated in 1981 as a nonprofit corporation under the laws of the State of Colorado. The Organization is dedicated to the improvement of the quality of life for abandoned, injured, and abused cats in the metropolitan Denver area. The Organization operates a cage-free shelter, sponsors educational programs to promote public awareness, and actively seeks qualified homes for the cats it receives. In August 2006, the Organization opened its on-site Cat Clinic, which provides veterinary services to all cats entering the shelter. Since February 2007, the Clinic also provides low-cost spays, neuters, and veterinary care to qualifying low-income families on a sliding fee scale. The Organization is funded primarily by contributions and program service fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

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.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction 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.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. 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.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

The Organization follows the guidance of FASB codification (ASC) 740-10 and related subsections. The Organization determined that no uncertain tax positions have been taken (or are expected to be taken) that could have a material effect on its income tax liabilities. The Organization believes that it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status.

8. Functional Reporting of Expenses

For the year ended June 30, 2014, 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.

9. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

10. Fair Value Measurements

The Organization is subject to the provisions of the *Fair Value Measurements and Disclosures* accounting standard. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

11. Subsequent Events

Management has evaluated subsequent events through January 14, 2015, the date the financial statements were available to be issued.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

12. Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 presentation.

NOTE 3 - INVENTORY

At year-end, inventory items held for sale to the public are valued at cost and consisted of:

<u>Description</u>	<u>Amount</u>
Meow Mart merchandise	\$ 6,473
Clinic medication	4,429
Clinic food	<u>1,158</u>
Total	<u>\$ 12,060</u>

NOTE 4 - INVESTMENTS

The carrying value of investments is based on quoted market prices (Level 1 inputs):

<u>Description</u>	<u>Amount</u>
Certificate of deposit	\$ 75,573
Mutual funds	<u>1,684</u>
Total	<u>\$ 77,257</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Realized and unrealized gains(losses)	\$ 371
Interest and dividend income	<u>68</u>
Net investment return	<u>\$ 439</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Land	\$ 100,000
Buildings and improvements	1,589,312
Furniture and equipment	174,680
Clinic equipment	<u>81,240</u>
Total	1,945,232
Less: accumulated depreciation	<u>(713,081)</u>
Net property and equipment	<u>\$ 1,232,151</u>

Depreciation expense for the year was \$45,240.

NOTE 6 - LINES OF CREDIT

The Organization has two lines of credit established with Bank of the West. The first is a \$150,000 revolving line of credit with an interest rate of prime + 3.25%. At June 30, 2014, the interest rate was 3.25% and outstanding principal on this line of credit was \$0. The Organization is required to hold a certificate of deposit as collateral for this line of credit. At June 30, 2014, this certificate of deposit has a balance of \$75,573 and is classified in unrestricted net assets under investments.

The second line of credit has a limit of \$10,000 and an annual percentage rate of 9.25%. At June 30, 2014, outstanding principal on this line of credit was \$25.

NOTE 7 - LOAN PAYABLES

On December 9, 2011, an individual loaned the Organization funds totaling \$50,000 to be repaid within five years and accruing interest at 2% per year. The balance was paid in full during fiscal year 2014.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

At year-end, temporarily restricted net assets were available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Clinic medication	\$ 10,000
Shelter food	10,000
Clinic	9,968
Veterinarian services	5,000
Computer database	<u>1,000</u>
Total	<u>\$ 35,968</u>