

**CAT CARE SOCIETY**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**CAT CARE SOCIETY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

January 26, 2016

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, 2015, 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.

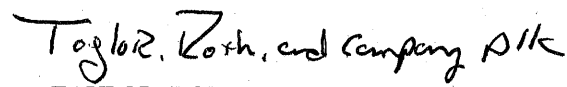
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**CAT CARE SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**  
**(WITH COMPARATIVE TOTALS FOR 2014)**

	2015	2014
<u>Assets</u>		
Cash and cash equivalents	\$ 311,139	\$ 94,909
Cash and cash equivalents - temporarily restricted	-	35,968
Accounts receivable	2,350	781
Inventory (Note 3)	13,996	12,060
Investments (Note 4)	77,474	77,257
Property and equipment (Note 5)	1,197,235	1,235,921
Beneficial interest of assets held by others (Note 6)	30,577	-
Total assets	\$ 1,632,771	\$ 1,456,896
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 18,571	\$ 21,986
Accrued payroll costs	30,624	30,418
Lines of credit (Note 7)	-	25
Total liabilities	49,195	52,429
<u>Net assets</u>		
Unrestricted		
Operating	355,764	132,578
Net investment in fixed assets (Note 8)	1,197,235	1,235,921
Temporarily restricted	-	35,968
Permanently restricted (Note 6)	30,577	-
Total net assets	1,583,576	1,404,467
Total liabilities and net assets	\$ 1,632,771	\$ 1,456,896

The accompanying notes are an integral part of these financial statements

**CAT CARE SOCIETY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**(WITH COMPARATIVE TOTALS FOR 2014)**

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Revenue and other support</u>					
Contributions	\$ 294,242	-	30,000	\$ 324,242	\$ 346,696
Program service fees	258,028	-	-	258,028	225,868
Bequests	319,122	-	-	319,122	231,787
Special event income	87,220	-	-	87,220	83,938
Less: direct event expenses	(21,449)	-	-	(21,449)	(29,324)
Grants	17,195	-	-	17,195	751
Membership	4,835	-	-	4,835	22,365
Investment income	217	-	577	794	439
Other	1,109	-	-	1,109	4,209
Net assets released from restrictions (Note 9)	35,968	(35,968)	-	-	-
Total revenue and other support	996,487	(35,968)	30,577	991,096	886,729
<u>Expense</u>					
Program services					
Shelter/Adoption Education	271,689	-	-	271,689	263,893
Veterinary/Clinic	254,385	-	-	254,385	233,315
Total program	526,074	-	-	526,074	497,208
Supporting services					
Management and general	157,365	-	-	157,365	142,519
Fundraising	128,548	-	-	128,548	123,020
Total expense	811,987	-	-	811,987	762,747
Change in net assets	184,500	(35,968)	30,577	179,109	123,982
Net assets, beginning of year	1,368,499	35,968	-	1,404,467	1,280,485
Net assets, end of year	<u>\$ 1,552,999</u>	<u>\$ -</u>	<u>\$ 30,577</u>	<u>\$ 1,583,576</u>	<u>\$ 1,404,467</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, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)**

	2015					2014	
	Program Services			Supporting Services		Total	Total
	Shelter/ Adoption/ Education	Veterinary/ Clinic	Total Program	Management and General	Fund- raising		
Salaries	\$ 137,340	\$ 132,359	\$ 269,699	\$ 87,938	\$ 64,286	\$ 421,923	\$ 393,661
Payroll taxes & benefits	16,604	16,001	32,605	10,631	7,772	51,008	52,370
Veterinary services & medication	46,350	41,650	88,000	-	-	88,000	72,871
Contract & professional fees	305	34,665	34,970	3,829	9,531	48,330	33,916
Utilities	10,050	10,050	20,100	3,134	3,148	26,382	26,422
Retail merchandise	2,176	9,022	11,198	-	5,951	17,149	15,920
Insurance	5,080	4,895	9,975	3,253	2,377	15,605	8,177
Repairs & maintenance	-	-	-	13,631	1,442	15,073	1,810
Publications	-	-	-	-	12,811	12,811	11,339
Supplies	6,503	1,692	8,195	1,428	2,916	12,539	42,106
Dues & subscriptions	-	1,086	1,086	685	7,069	8,840	13,833
Bank fees	-	-	-	8,477	-	8,477	6,693
Accounting	-	-	-	8,450	-	8,450	8,375
Equipment & software	-	-	-	7,985	-	7,985	4,051
Telephone & internet	1,858	1,858	3,716	1,872	1,858	7,446	6,172
Postage	148	119	267	334	3,961	4,562	5,269
Employee expenses	1,599	541	2,140	825	162	3,127	2,229
Advertising	-	-	-	100	2,452	2,552	630
Legal services	-	-	-	2,535	-	2,535	-
Volunteer	-	-	-	1,201	-	1,201	4,000
Education & training	-	-	-	765	-	765	175
Taxes & license fees	350	175	525	75	-	600	1,020
Interest	-	-	-	-	-	-	1,280
All other	481	272	753	217	2,812	3,782	5,188
	228,844	254,385	483,229	157,365	128,548	769,142	717,507
Depreciation	42,845	-	42,845	-	-	42,845	45,240
<b>Total</b>	<b>\$ 271,689</b>	<b>\$ 254,385</b>	<b>\$ 526,074</b>	<b>\$ 157,365</b>	<b>\$ 128,548</b>	<b>\$ 811,987</b>	<b>\$ 762,747</b>

The accompanying notes are an integral part of these financial statements

**CAT CARE SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**(WITH COMPARATIVE TOTALS FOR 2014)**

	2015	2014
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 179,109	\$ 123,982
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Gains)losses on investments	(169)	(371)
Depreciation	42,845	45,240
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(1,569)	4,322
(Increase)decrease in prepaid expenses	-	4,735
(Increase)decrease in inventory	(1,936)	(336)
Increase(decrease) in accounts payable	(3,415)	(5,910)
Increase(decrease) in payroll accruals	206	(447)
Net cash provided(used) by operating activities	215,071	171,215
 <u>Cash flows from investing activities</u>		
(Purchase) of fixed assets	(4,159)	(4,920)
(Reinvestment) of earnings	(48)	(62)
Net cash provided(used) by investing activities	(4,207)	(4,982)
 <u>Cash flows from financing activities</u>		
(Repayment) on lines of credit	(25)	(74,975)
(Repayment) on notes and loans payable	-	(12,500)
(Additions) to assets held by others	(30,000)	-
(Gains) on assets held by others	(479)	-
(Reinvestment) of earnings on assets held by others	(98)	-
Net cash provided(used) by financing activities	(30,602)	(87,475)
Net increase(decrease) in cash and cash equivalents	180,262	78,758
Cash and cash equivalents, beginning of year	130,877	52,119
Cash and cash equivalents, end of year	\$ 311,139	\$ 130,877
 <u>Supplemental disclosure of information:</u>		
Cash paid during the period for interest	\$ -	\$ 1,280

The accompanying notes are an integral part of these financial statements

## CAT CARE SOCIETY

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

#### 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, 2015, 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, 2014, 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 26, 2016, 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 2014 financial statements to conform to the 2015 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>
Clinic medication	\$ 6,996
Meow Mart merchandise	4,363
Clinic supplies inventory	2,046
Clinic food	<u>591</u>
Total	<u>\$ 13,996</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	\$ 75,621
Mutual funds	<u>1,853</u>
Total	<u>\$ 77,474</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Unrealized gains	\$ 169
Interest and dividend income	<u>48</u>
Net investment return	<u>\$ 217</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	1,590,909
Furniture and equipment	175,212
Clinic equipment	81,240
Website	<u>5,800</u>
Total	1,953,161
Less: accumulated depreciation	<u>(755,926)</u>
Net property and equipment	<u>\$ 1,197,235</u>

Depreciation expense for the year was \$42,845.

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

A permanent endowment fund is held by the Community First Foundation for operations and mission of Cat Care Society. Under the terms of the endowment, the contributions and accumulated interest and gains are held in perpetuity. Annual distributions equaling 2% of the fund may be distributed to the Organization.

<u>Description</u>	<u>Amount</u>
Contributions at June 30, 2015	\$ 30,000
Accumulated interest and gains	<u>577</u>
Total	<u>\$ 30,577</u>

<u>Description</u>	<u>Amount</u>
Balance, beginning of year	\$ 0
Contributions	30,000
Interest and gains	<u>577</u>
Balance, at year-end	<u>\$ 30,577</u>

NOTE 7 - 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, 2015, 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, 2015, this certificate of deposit has a balance of \$75,621 and is classified in unrestricted net assets under investments.

The Organization also has overdraft protection of \$10,000 with an annual percentage rate of 9.25%. At June 30, 2015, outstanding principal on this line of credit was \$0.

NOTE 8 - PRIOR PERIOD ADJUSTMENT

During fiscal 2015, it was determined that expenses were overstated in 2014 in the amount of \$3,770. Website improvements of \$3,770 should have been included in fixed assets, but were booked incorrectly as an expense. Corrections to fixed assets and expenses were made resulting in the following restated balances for 2014:

	<u>Original</u>	<u>Change</u>	<u>Restated</u>
Fixed assets	\$1,232,151	\$3,770	\$1,235,921
Administrative expense	\$146,289	(\$3,770)	\$142,519
Change in net assets	\$120,212	\$3,770	\$123,982
Net investment in fixed assets, end of year	\$1,232,151	\$3,770	\$1,235,921

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses, satisfying the restricted program purposes:

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