

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

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Dye & Whitcomb, LLC
CERTIFIED PUBLIC ACCOUNTANTS
A Limited Liability Company

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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, 2011 and 2010, 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, 2011 and 2010, 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

March 30, 2011

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

ASSETS	2011	2010
Current Assets:		
Cash	\$ 109,493	\$ 61,658
Accounts Receivable (net)	468	789
Inventory	1,334	-
Prepaid Rent	3,900	2,300
Total Current Assets	115,195	64,747
Other Assets:		
Furniture and Equipment	49,968	36,302
Less: Accumulated Depreciation	(23,529)	(15,130)
Net Furniture and Equipment	26,439	21,172
TOTAL ASSETS	\$ 141,634	\$ 85,919
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts Payable	12,161	1,535
Accrued Payroll	14,804	8,846
Deferred Event Income	7,140	16,390
Total Current Liabilities	34,105	26,771
TOTAL LIABILITIES	34,105	26,771
NET ASSETS:		
Unrestricted	82,499	50,099
Temporarily Restricted	25,030	9,049
TOTAL NET ASSETS	107,529	59,148
TOTAL LIABILITES AND NET ASSETS	\$ 141,634	\$ 85,919

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

		2011		
REVENUE:		Unrestricted	Temporarily Restricted	Total
				\$ -
	Clinic Income	277,213		277,213
	Shelter Income	31,280		31,280
	Merchandise sales, net	5,551		5,551
TOTAL REVENUE:		314,044	-	314,044
PUBLIC SUPPORT:				
	Grants	21,000	34,375	55,375
	Contributions	100,546	15,272	115,818
	Fundraising income	110,861		110,861
	In-Kind donations	22,261		22,261
	Released from restrictions	33,666	(33,666)	-
TOTAL PUBLIC SUPPORT:		288,334	15,981	304,315
TOTAL PUBLIC SUPPORT AND REVENUE:		602,378	15,981	618,359
EXPENSES:				
Program Services:				
	Animal Care	497,641		497,641
Support Services:				
	Management and General	30,006		30,006
	Fundraising	42,331		42,331
TOTAL EXPENSES:		569,978	-	569,978
CHANGE IN NET ASSETS		32,400	15,981	48,381
NET ASSETS	Beginning of year	50,099	9,049	59,148
NET ASSETS	End of year	\$ 82,499	\$ 25,030	\$ 107,529

2010

Unrestricted	Temporarily Restricted	Total
		\$ -
275,842		275,842
30,875		30,875
5,962		5,962
312,679	-	312,679
8,250	5,000	13,250
87,618	12,953	100,571
97,775		97,775
15,345		15,345
13,009	(13,009)	-
221,997	4,944	226,941
534,676	4,944	539,620
431,155		431,155
29,525		29,525
34,347		34,347
495,027	-	495,027
39,649	4,944	44,593
10,450	4,105	14,555
\$ 50,099	\$ 9,049	\$ 59,148

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

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 48,381	\$ 44,593
Adjustments to reconcile change in net assets		
Depreciation (non-cash)	8,399	6,187
Loss on obsolete asset (non-cash)	-	12
Decrease (increase) in accounts receivable	321	(789)
Decrease (increase) in inventory	(1,334)	-
Decrease (increase) in prepaid expenses	(1,600)	(2,300)
Increase (decrease) in accounts payable	10,626	(9,147)
Increase (decrease) in accrued expenses	5,958	(575)
Increase (decrease) in deferred income	(9,250)	(4,110)
	61,501	33,871
NET CASH FLOWS FROM OPERATING ACTIVITIES	61,501	33,871
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(13,666)	(12,088)
	(13,666)	(12,088)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(13,666)	(12,088)
NET INCREASE IN CASH	47,835	21,783
CASH BALANCE Beginning	61,658	39,875
CASH BALANCE Ending	\$ 109,493	\$ 61,658
Interest Paid	\$ -	\$ 104
Taxes Paid	\$ -	\$ -

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	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
	<hr/>	<hr/>	<hr/>	<hr/>
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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
	<u>Animal Care</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Advertising	\$ 3,374	\$ -	\$ 622	\$ 3,996
Accounting	-	2,000	-	2,000
Bank charges	7,324	710	-	8,034
Depreciation	5,913	274	-	6,187
Fundraising expenses	-	-	26,187	26,187
Insurance	5,712	922	863	7,497
Interest	-	104	-	104
Miscellaneous	3,265	363	-	3,628
Personnel: Salaries	185,894	20,170	3,500	209,564
Personnel: Payroll taxes & benefits	15,730	1,613	280	17,623
Postage & printing	1,334	332	2,490	4,156
Rent	25,915	1,685	-	27,600
Staff uniforms and appreciation	998	-	-	998
Supplies: office	2,582	434	-	3,016
Supplies: medical	87,305	-	-	87,305
Supplies: clinic and shelter	13,116	-	-	13,116
Telephone and internet	3,238	404	405	4,047
Utilities	4,630	514	-	5,144
Veterinary care and services	64,825	-	-	64,825
Total Expenses	\$ 431,155	\$ 29,525	\$ 34,347	\$ 495,027

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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 Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS 117, 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, 2011 and 2010.

(continued)

FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - Summary of Significant Accounting Policies (continued)

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).

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 an allowance for bad debts, which is based on historical experience combined with a review of the current status of existing receivables. The receivables balance at December 31, 2011 and 2010 consisted of coupon reimbursements the Organization is expecting from sponsoring organizations. The allowance at December 31, 2011 and 2010 was \$0.

Property and Equipment

Property and equipment purchased by The Fort Collins Cat Rescue & Spay/Neuter Clinic is recorded at cost. Donated equipment is reflected as contributions 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 Fort Collins Cat Rescue 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. This support may be either restricted or unrestricted. Support that is received with donor-imposed restrictions that are met in the same year in which the support is received may be classified as unrestricted income. Support that is received with either time or purpose restrictions that are not yet met are classified as temporarily restricted support.

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FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - Summary of Significant Accounting Policies (continued)

Support and Revenue (continued)

Per SFAS 116, Accounting for Contributions Received or Made, 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. Only donated time that requires specific expertise and would have otherwise been purchased by the organization is reportable in the financial statements. \$3,800 and \$5,550 of donated services were recorded as of December 31, 2011 and 2010, respectively, and is included in In-Kind Donations.

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 Fort Collins Cat Rescue expenses all advertising costs as incurred.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

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.

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FORT COLLINS CAT RESCUE & SPAY/NEUTER CLINIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 - Furniture and Equipment

<u>At December 31:</u>	<u>2011</u>	<u>2010</u>
Office furniture and equipment	\$ 3,483	\$ 2,738
Program equipment	46,485	33,565
Total Furniture and Equipment	49,968	36,303
Less: Accumulated Depreciation	(23,529)	(15,130)
Net Furniture and Equipment	<u>\$ 26,439</u>	<u>\$ 21,172</u>

NOTE 4 - In-Kind Donations

For the years ended December 31, 2011 and 2010, the Organization received in-kind donations for pet food and supplies in the amounts of \$18,461 and \$9,795, respectively, which were used for program services.

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 gala fundraiser. Net revenue generated from this annual event was \$52,796 in 2011 and \$40,654 in 2010.

NOTE 6 - Building Lease

The Organization has three leases for building space. The clinic lease was signed in August of 2009 for two (2) years at \$900 per month. The clinic lease was renewed for one (1) year at \$850 per month and currently expires on July 31, 2012. The shelter lease was signed in August, 2010 for one (1) year at \$1400 per month. This lease was renewed for one (1) year at the same rate and currently expires on July 31, 2012. Another lease for office space began June 1, 2011 for one (1) year at \$650 per month. This lease currently terminates on May 31, 2012

Minimum future lease payments as of December 31, 2011 are as follows:

Year Ending <u>December 31,</u>	
2012	\$19,000
2013 & 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, 2011 AND 2010

NOTE 7 - Restricted Net Assets

At December 31, 2011 and 2010, 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 \$6,960 in 2011 and \$0 in 2010.

NOTE 9 - Subsequent Events

The date through which events occurring after December 31, 2011 have been evaluated for possible adjustment to the financial statements is March 30, 2011, which is the date on which financial statements were available to be issued.