

LEAGUE FOR ANIMAL WELFARE

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
League for Animal Welfare

I have audited the accompanying financial statements of League for Animal Welfare (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibilities 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of League for Animal Welfare as of December 31, 2017 and 2016 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.

Kathleen F. Wesp CPA

Kathleen F. Wesp, CPA
February 23, 2018

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS		
	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 164,408	\$ 175,231
Restricted cash	130,908	33,309
Pledges receivable	2,000	495
Investments, at market value	3,702,164	3,783,842
Prepaid expenses	11,215	11,886
Property and equipment, net	<u>1,996,442</u>	<u>2,119,750</u>
 TOTAL ASSETS	 <u><u>\$ 6,007,137</u></u>	 <u><u>\$ 6,124,513</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 25,132	\$ 46,904
Accrued expenses	<u>9,595</u>	<u>12,375</u>
TOTAL LIABILITIES	<u>34,727</u>	<u>59,279</u>
 NET ASSETS		
Unrestricted	5,841,502	6,031,925
Temporarily restricted	<u>130,908</u>	<u>33,309</u>
TOTAL NET ASSETS	<u>5,972,410</u>	<u>6,065,234</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 6,007,137</u></u>	 <u><u>\$ 6,124,513</u></u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT						
Contributions and grants	\$ 604,000	\$ 222,206	\$ 826,206	\$ 522,652	\$ 315,957	\$ 838,609
Adoption fees	101,510	-	101,510	88,714	-	88,714
Fundraising events						
less direct expenses	18,277	-	18,277	59,988	-	59,988
Investment income less						
fees of \$26,677 and \$27,596	79,562	-	79,562	77,710	-	77,710
Unrealized and realized gains	362,247	-	362,247	133,012	-	133,012
Other income	15,804	-	15,804	18,066	-	18,066
Net assets released from				297,045	(297,045)	-
from restriction	124,607	(124,607)	-			
TOTAL SUPPORT	1,306,007	97,599	1,403,606	1,197,187	18,912	\$ 1,216,099
EXPENSES						
Animal Care	1,050,274	-	1,050,274	1,140,442	-	1,140,442
Management and general	187,844	-	187,844	137,054	-	137,054
Fundraising	258,312	-	258,312	37,856	-	37,856
TOTAL EXPENSES	1,496,430	-	1,496,430	1,315,352	-	1,315,352
INCREASE (DECREASE)						
IN NET ASSETS	(190,423)	97,599	(92,824)	(118,165)	18,912	(99,253)
NET ASSETS						
BEGINNING OF YEAR	6,031,925	33,309	6,065,234	6,150,090	14,397	6,164,487
NET ASSETS, END OF YEAR	\$ 5,841,502	\$ 130,908	\$ 5,972,410	\$ 6,031,925	\$ 33,309	\$ 6,065,234

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (92,824)	\$ (99,253)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	124,573	100,340
Unrealized/realized change in market value	(362,247)	(133,012)
Changes in:		
Pledges receivable	(1,505)	5,505
Prepaid expenses	671	(3,550)
Accounts payable	(21,772)	11,460
Accrued expenses	<u>(2,780)</u>	<u>1,130</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(355,884)</u>	<u>(117,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of securities	997,718	1,331,841
Purchase of securities	(553,793)	(1,013,295)
Purchase of property and equipment	<u>(1,265)</u>	<u>(116,023)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>442,660</u>	<u>202,523</u>
NET CHANGE IN CASH	86,776	85,143
CASH AT BEGINNING OF YEAR	<u>208,540</u>	<u>123,397</u>
CASH AT END OF YEAR	<u><u>\$ 295,316</u></u>	<u><u>\$ 208,540</u></u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	2016
Bank fees	\$ 1,653	\$ -	\$ 6,635	\$ 8,288	\$ 9,119
Bottle feeding program	2,271	-	-	2,271	1,018
Caretaker house	1,998	-	-	1,998	646
Communications	4,746	1,582	1,582	7,910	7,738
Consulting	-	-	-	-	5,632
Contingencies	-	21	-	21	2,500
Continuing education	-	433	-	433	1,722
Cost of retail goods	10,001	-	-	10,001	10,837
Depreciation	105,887	17,440	1,246	124,573	100,340
Dues and memberships	1,048	-	1,572	2,620	4,232
Employee appreciation	30	15	3	48	329
Fundraising	-	-	72,736	72,736	-
Grounds	22,774	8,133	1,627	32,534	13,012
Health insurance	36,872	9,091	7,608	53,571	32,531
Information technology	8,293	4,147	4,147	16,587	21,071
Insurance	6,930	2,978	495	10,403	12,969
Kennel supplies	71,290	-	-	71,290	65,995
Marketing	18,107	-	18,107	36,214	28,715
Medical RV	37,600	-	-	37,600	31,780
Mileage reimbursement	1,152	-	3,452	4,604	4,927
Newsletter	-	-	13,523	13,523	38,215
None left behind program	18,840	-	-	18,840	18,899
Office expense	3,572	6,429	4,286	14,287	11,453
Other taxes	88	-	112	200	200
Payroll processing	1,597	377	343	2,317	2,992
Payroll taxes	45,549	10,748	9,776	66,073	57,479
Pre-hire expense	876	207	188	1,271	911
Professional fees	-	-	3,954	3,954	21,718
Salaries	481,767	113,684	103,400	698,851	649,297
Shelter exterior	4,647	547	273	5,467	657
Shelter interior	16,574	2,925	-	19,499	12,087
Spay and neuter vouchers	55,397	-	-	55,397	28,966
Stewardship	-	-	1,440	1,440	951
Uniforms	1,868	801	-	2,669	1,337
Utilities	20,942	7,479	1,496	29,917	32,631
Vehicle	9,418	496	-	9,914	12,873
Veterinary	56,000	-	-	56,000	68,407
Volunteer training	2,487	311	311	3,109	1,166
	<u>\$ 1,050,274</u>	<u>\$ 187,844</u>	<u>\$ 258,312</u>	<u>\$ 1,496,430</u>	<u>\$ 1,315,352</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Bank fees	\$ 6,839	\$ 912	\$ 1,368	\$ 9,119
Bottle feeding program	1,018	-	-	1,018
Caretaker house	614	32	-	646
Communications	6,964	774	-	7,738
Consulting	2,816	2,816	-	5,632
Contingencies	2,500	-	-	2,500
Continuing education	1,464	224	34	1,722
Cost of retail goods	-	-	10,837	10,837
Depreciation	95,323	5,017	-	100,340
Dues and memberships	3,809	423	-	4,232
Employee appreciation	-	329	-	329
Grounds	12,361	651	-	13,012
Health insurance	27,651	4,229	651	32,531
Information technology	18,964	2,107	-	21,071
Insurance	10,313	1,146	-	11,459
Kennel supplies	65,995	-	-	65,995
Marketing	24,408	3,733	574	28,715
Medical RV	31,780	-	-	31,780
Mileage reimbursement	4,434	493	-	4,927
Newsletter	19,108	9,554	9,553	38,215
None left behind program	18,899	-	-	18,899
Office expense	9,773	1,086	594	11,453
Officers insurance	-	1,510	-	1,510
Other taxes	-	200	-	200
Payroll processing	2,543	389	60	2,992
Payroll taxes	48,857	7,473	1,149	57,479
Pre-hire expense	-	911	-	911
Professional fees	19,546	2,172	-	21,718
Salaries	551,902	84,409	12,986	649,297
Shelter exterior	624	33	-	657
Shelter interior	11,483	604	-	12,087
Spay and neuter vouchers	28,966	-	-	28,966
Stewardship	-	951	-	951
Uniforms	1,136	174	27	1,337
Utilities	29,368	3,263	-	32,631
Vehicle	11,586	1,287	-	12,873
Veterinary	68,407	-	-	68,407
Volunteer training	991	152	23	1,166
	<u>\$ 1,140,442</u>	<u>\$ 137,054</u>	<u>\$ 37,856</u>	<u>\$ 1,315,352</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the League for Animal Welfare is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of the organization's management who is responsible for the integrity and objectivity of the financial statements.

The League for Animal Welfare is a voluntary, no-kill, non-profit organization dedicated to bettering the lives of companion animals in the Greater Cincinnati area, by providing shelter, adoption, public education and spay/neuter programs.

The Internal Revenue Service has determined the organization meets the requirements of the Internal Revenue Code and is exempt from federal taxation under Section 501(c) (3) and is not a private foundation.

The organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ended 2014 thru 2016 are subject to examination by the IRS, generally for three years after they were filed.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Restricted and Unrestricted Support

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporary restricted or permanently restricted support that increases those net asset classes. When a restriction expires, or when the purpose of the 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. Any donation whose restriction is met in the current reporting period is recorded as unrestricted support.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents.

Advertising

Advertising is expensed as incurred

Functional Allocation of Expenses

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.

Equipment

Equipment is stated at cost, or if donated, at the approximate fair market value at the date of donation. Depreciation expense is computed on the accelerated and straight-line method over the estimated useful life of the assets. Expenditures for major renewals and betterments that extend the useful lives of fixed assets are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation was \$124,573 and \$100,340 during 2017 and 2016.

Fair Value of Financial Instruments

Assets and liabilities measured at fair value are categorized into one of three different levels depending on the observability of the inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are market-observable inputs for measuring the asset or liability other than quoted prices included within Level 1. Level 3 inputs are observable inputs for measuring the asset or liability reflecting significant modifications to observable related market data or the organization's assumptions about pricing by market participants. The carrying amounts of cash and cash equivalents, accounts payable and accrued expenses approximate fair value due to the short-term nature of the items, and are considered to fall within Level 1 of the fair value hierarchy.

Contributed Services

The Organization relies on many volunteer services to carry out its programs. No amounts have been recorded in the statement of activities because the criteria for recognition have not been satisfied.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE #2 - INVESTMENTS

Long term investments, carried at market value based on quoted prices in active markets (all level 1 measurements) at December 31, 2017 and 2016 consisted of the following:

	2017	2017 Cost	2016	2016 Cost
Cash and money funds	\$ 126,483	\$ 126,483	\$ 68,922	\$ 68,922
Fixed income	944,039	946,409	981,356	977,066
Mutual funds	577,424	565,901	626,377	650,142
Equities	2,054,218	1,205,409	2,107,187	1,349,964
	<u>\$3,702,164</u>	<u>\$2,844,202</u>	<u>\$3,783,842</u>	<u>\$3,046,094</u>

NOTE #3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Equipment and furniture	\$ 229,976	\$ 229,976
Buildings and improvements	1,849,654	1,848,389
Medical RV and equipment	164,544	164,544
Vehicles	154,069	154,069
Land	632,742	632,742
	<u>3,030,985</u>	<u>3,029,720</u>
Less: accumulated depreciation	<u>(1,034,543)</u>	<u>(909,970)</u>
	<u>\$ 1,996,442</u>	<u>\$ 2,119,750</u>

NOTE #4- RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consisted of the following:

	2017	2016
Capital campaign	\$ 128,575	\$ 4,906
Miscellaneous	-0-	1,719
Dog vaccines	-0-	5,800
Cat shelving	2,333	2,333
Spay and neuter	-0-	18,551
	<u>\$ 130,908</u>	<u>\$ 33,309</u>

NOTE #5 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The company's uninsured balance was \$45,291 and \$-0- for the years ended December 31, 2017 and 2016.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE #6- SUBSEQUENT EVENTS

The organization has evaluated subsequent events for recognition and disclosure through February 23, 2018, the date the financial statements were available to be issued. Through that date, there were no events requiring adjustments to or disclosures in the financial statements.