

LEAGUE FOR ANIMAL WELFARE

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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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, 2015 and 2014, 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, 2015 and 2014 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  
May 31, 2016

LEAGUE FOR ANIMAL WELFARE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014

ASSETS		
	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 115,590	\$ 196,623
Restricted cash	7,807	93,791
Pledges receivable	6,000	-
Investments, at market value	3,969,376	4,690,832
Prepaid expenses	8,336	5,818
Property and equipment, net	<u>2,104,067</u>	<u>1,883,248</u>
 TOTAL ASSETS	 <u><u>\$ 6,211,176</u></u>	 <u><u>\$ 6,870,312</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 35,444	\$ 18,430
Accrued expenses	<u>11,245</u>	<u>24,394</u>
TOTAL LIABILITIES	<u>46,689</u>	<u>42,824</u>
NET ASSETS		
Unrestricted	6,150,090	6,645,254
Temporarily restricted	<u>14,397</u>	<u>182,234</u>
TOTAL NET ASSETS	<u>6,164,487</u>	<u>6,827,488</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 6,211,176</u></u>	 <u><u>\$ 6,870,312</u></u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Contributions and grants	\$ 456,660	\$ 472,294
Memorials	29,246	45,508
Fundraising less direct expenses	86,852	72,069
Membership dues	-	15,045
Adoption fees	74,179	53,835
Other income	16,694	14,523
Investment income less fees of \$30,763 and \$32,171	78,374	81,507
Unrealized and realized gains	(252,795)	177,289
	<u>489,210</u>	<u>932,070</u>
Net assets released from restrictions	92,698	93,302
Net assets released from restrictions for property improvement	102,204	21,675
TOTAL UNRESTRICTED REVENUE AND SUPPORT	<u>684,112</u>	<u>1,047,047</u>
EXPENSES		
Animal care	1,043,123	904,239
Management and general	113,491	104,789
Fundraising and special events	22,662	35,361
TOTAL EXPENSES	<u>1,179,276</u>	<u>1,044,389</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>(495,164)</u>	<u>2,658</u>
TEMPORARILY RESTRICTED NET ASSETS		
SUPPORT		
Grants and contributions	<u>27,065</u>	<u>155,000</u>
TOTAL TEMPORARILY RESTRICTED SUPPORT	<u>27,065</u>	<u>155,000</u>
Less: net assets released from restrictions	<u>(194,902)</u>	<u>(114,977)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED SUPPORT	<u>(167,837)</u>	<u>40,023</u>
INCREASE IN NET ASSETS	<u>(663,001)</u>	<u>42,681</u>
NET ASSETS, BEGINNING OF YEAR	<u>6,827,488</u>	<u>6,784,807</u>
NET ASSETS, END OF YEAR	<u><u>\$ 6,164,487</u></u>	<u><u>\$ 6,827,488</u></u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (663,001)	\$ 42,681
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	81,866	70,688
Unrealized/realized change in market value	252,795	(177,289)
Changes in:		
Pledges receivable	(6,000)	-
Prepaid expenses	(2,518)	(2,845)
Accounts payable	17,014	(31,448)
Accrued expenses	(13,149)	21,753
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(332,993)</u>	<u>(76,460)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of securities	1,050,609	564,095
Purchase of securities	(581,948)	(413,360)
Purchase of property and equipment	(302,685)	(89,314)
NET CASH USED BY INVESTING ACTIVITIES	<u>165,976</u>	<u>61,421</u>
NET CHANGE IN CASH	(167,017)	(15,039)
CASH AT BEGINNING OF YEAR	<u>290,414</u>	<u>305,453</u>
CASH AT END OF YEAR	<u><u>\$ 123,397</u></u>	<u><u>\$ 290,414</u></u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	2014
Bank fees	\$ 5,920	\$ 789	\$ 1,184	\$ 7,893	\$ 8,980
Bottle feeding program	730	-	-	730	2,003
Caretaker house	1,887	-	-	1,887	1,448
Communications	9,485	1,054	-	10,539	27,113
Consulting	3,605	3,605	-	7,210	35,007
Contingencies	9,709	-	-	9,709	1,564
Continuing education	1,748	267	41	2,057	1,008
Cost of retail goods	10,252	-	-	10,252	2,534
Depreciation	77,773	4,093	-	81,866	70,688
Dues and memberships	2,278	-	-	2,278	3,372
Employee appreciation	1,145	175	27	1,347	-
Grounds	32,310	1,701	-	34,011	29,052
Health insurance	20,993	3,211	494	24,698	23,720
Information technology	15,389	1,710	-	17,099	4,760
Insurance	7,691	855	-	8,546	10,252
Kennel supplies	63,912	-	-	63,912	58,694
Marketing	22,386	3,424	527	26,337	18,815
Mileage reimbursement	3,974	-	-	3,974	2,261
Newsletter	18,539	9,270	9,270	37,078	16,359
None left behind program	20,058	-	-	20,058	13,854
Office expense	10,074	3,358	-	13,432	18,777
Officers insurance	-	1,880	-	1,880	-
Other taxes	507	27	-	534	-
Payroll processing	5,052	773	119	5,944	5,206
Payroll taxes	35,459	5,423	834	41,716	35,547
Pre-hire expense	1,244	190	29	1,464	1,441
Professional fees	2,834	315	-	3,149	11,969
Salaries	430,843	65,894	10,137	506,874	422,424
Shelter exterior	3,078	162	-	3,240	5,855
Shelter interior	16,186	852	-	17,038	12,443
Uniforms	1,255	-	-	1,255	1,072
Utilities	33,928	3,770	-	37,698	34,879
Vehicle	6,250	695	-	6,945	11,056
Veterinary	127,667	-	-	127,667	77,900
Volunteer training	1,215	-	-	1,215	2,824
Vouchers	37,744	-	-	37,744	71,512
	<u>\$ 1,043,123</u>	<u>\$ 113,491</u>	<u>\$ 22,662</u>	<u>\$ 1,179,276</u>	<u>\$ 1,044,389</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Bank fees	\$ 6,735	\$ 898	\$ 1,347	\$ 8,980
Bottle feeding program	2,003	-	-	2,003
Caretaker house	1,448	-	-	1,448
Communications	22,541	1,367	3,205	27,113
Consulting	11,669	11,669	11,669	35,007
Contingencies	1,564	-	-	1,564
Continuing education	857	131	20	1,008
Cost of retail goods	-	-	2,534	2,534
Depreciation	63,619	7,069	-	70,688
Dues and memberships	-	1,923	1,449	3,372
Grounds	27,599	1,453	-	29,052
Health insurance	20,866	2,380	474	23,720
Information technology	4,284	476	-	4,760
Insurance	8,272	1,980	-	10,252
Kennel supplies	58,694	-	-	58,694
Marketing	18,815	-	-	18,815
Mileage reimbursement	2,261	-	-	2,261
Newsletter	5,453	5,453	5,453	16,359
None left behind program	13,854	-	-	13,854
Office expense	14,083	4,694	-	18,777
Payroll processing	4,425	677	104	5,206
Payroll taxes	31,001	3,918	628	35,547
Pre-hire expense	1,225	187	29	1,441
Professional fees	10,772	1,197	-	11,969
Salaries	359,061	54,915	8,448	422,424
Shelter exterior	5,562	293	-	5,855
Shelter interior	11,821	622	-	12,443
Uniforms	1,072	-	-	1,072
Utilities	31,391	3,488	-	34,879
Vehicle	11,056	-	-	11,056
Veterinary	77,900	-	-	77,900
Volunteer training	2,824	-	-	2,824
Vouchers	71,512	-	-	71,512
	<u>\$ 904,239</u>	<u>\$ 104,789</u>	<u>\$ 35,361</u>	<u>\$ 1,044,389</u>

See notes to financial statements



LEAGUE FOR ANIMAL WELFARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

**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 2012 thru 2014 are subject to examination by the IRS, generally for three years after they were filed. The current year is under extension.

*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, 2015 AND 2014

**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 \$81,866 and \$70,688 during 2015 and 2014.

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, 2015 AND 2014

**NOTE #2 - INVESTMENTS**

Long term investments, carried at market value based on quoted prices in active markets (all level 1 measurements) at December 31, 2015 and 2014 consisted of the following:

	2015	2015 Cost	2014	2014 Cost
Cash and money funds	\$ 148,154	\$ 148,154	\$ 216,018	\$ 216,018
Fixed income	1,104,090	1,232,352	1,362,501	1,344,480
Mutual funds	498,439	407,143	369,286	1,702,488
Equities	2,218,693	1,480,037	2,743,027	374,166
	<u>\$3,969,376</u>	<u>\$3,267,686</u>	<u>\$4,690,832</u>	<u>\$3,637,152</u>

**NOTE #3 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2015 and 2014 consisted of the following:

	2015	2014
Equipment and furniture	\$ 214,640	\$ 201,197
Buildings and improvements	1,762,246	1,623,004
Vehicles	304,069	154,069
Land	632,742	632,742
	<u>2,913,697</u>	<u>2,611,012</u>
Less: accumulated depreciation	<u>(809,630)</u>	<u>(727,764)</u>
	<u>\$ 2,104,067</u>	<u>\$ 1,883,248</u>

**NOTE #4- RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consisted of the following:

	2015	2014
Cat room expansion	\$ -0-	102,204
Spay and neuter	14,397	80,030
	<u>\$ 14,397</u>	<u>\$ 182,234</u>

**NOTE #5- SUBSEQUENT EVENTS**

The organization has evaluated subsequent events for recognition and disclosure through May 31, 2016, 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.