

LEAGUE FOR ANIMAL WELFARE

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, 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, 2016 and 2015 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 21, 2017

LEAGUE FOR ANIMAL WELFARE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015

ASSETS		
	2016	2015
Cash and cash equivalents	\$ 175,231	\$ 109,000
Restricted cash	33,309	14,397
Pledges receivable	495	6,000
Investments, at market value	3,783,842	3,969,376
Prepaid expenses	11,886	8,336
Property and equipment, net	<u>2,119,750</u>	<u>2,104,067</u>
 TOTAL ASSETS	 <u><u>\$ 6,124,513</u></u>	 <u><u>\$ 6,211,176</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 46,904	\$ 35,444
Accrued expenses	<u>12,375</u>	<u>11,245</u>
TOTAL LIABILITIES	<u>59,279</u>	<u>46,689</u>
 NET ASSETS		
Unrestricted	6,031,925	6,150,090
Temporarily restricted	<u>33,309</u>	<u>14,397</u>
TOTAL NET ASSETS	<u>6,065,234</u>	<u>6,164,487</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 6,124,513</u></u>	 <u><u>\$ 6,211,176</u></u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Contributions and grants	\$ 522,652	\$ 485,906
Fundraising less direct expenses	59,988	86,852
Adoption fees	88,714	74,179
Other income	18,066	16,694
Investment income less fees of \$27,596 and \$30,763	77,710	78,374
Unrealized and realized gains	133,012	(252,795)
	<u>900,142</u>	<u>489,210</u>
Net assets released from restrictions	117,165	92,698
Net assets released from restrictions for fixed assets	179,880	102,204
TOTAL UNRESTRICTED REVENUE AND SUPPORT	<u>1,197,187</u>	<u>684,112</u>
EXPENSES		
Animal care	1,140,442	1,043,123
Management and general	137,054	113,491
Fundraising and special events	37,856	22,662
TOTAL EXPENSES	<u>1,315,352</u>	<u>1,179,276</u>
DECREASE IN UNRESTRICTED NET ASSETS	<u>(118,165)</u>	<u>(495,164)</u>
TEMPORARILY RESTRICTED NET ASSETS		
SUPPORT		
Grants and contributions	315,957	27,065
TOTAL TEMPORARILY RESTRICTED SUPPORT	315,957	27,065
Less: net assets released from restrictions	(297,045)	(194,902)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED SUPPORT	<u>18,912</u>	<u>(167,837)</u>
DECREASE IN NET ASSETS	(99,253)	(663,001)
NET ASSETS, BEGINNING OF YEAR	<u>6,164,487</u>	<u>6,827,488</u>
NET ASSETS, END OF YEAR	<u><u>\$ 6,065,234</u></u>	<u><u>\$ 6,164,487</u></u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (99,253)	\$ (663,001)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	100,340	81,866
Unrealized/realized change in market value	(133,012)	252,795
Changes in:		
Pledges receivable	5,505	(6,000)
Prepaid expenses	(3,550)	(2,518)
Accounts payable	11,460	17,014
Accrued expenses	<u>1,130</u>	<u>(13,149)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(117,380)</u>	<u>(332,993)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of securities	1,331,841	1,050,609
Purchase of securities	(1,013,295)	(581,948)
Purchase of property and equipment	<u>(116,023)</u>	<u>(302,685)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>202,523</u>	<u>165,976</u>
NET CHANGE IN CASH	85,143	(167,017)
CASH AT BEGINNING OF YEAR	<u>123,397</u>	<u>290,414</u>
CASH AT END OF YEAR	<u><u>\$ 208,540</u></u>	<u><u>\$ 123,397</u></u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	2015
Bank fees	\$ 6,839	\$ 912	\$ 1,368	\$ 9,119	\$ 7,893
Bottle feeding program	1,018	-	-	1,018	730
Caretaker house	614	32	-	646	1,887
Communications	6,964	774	-	7,738	10,539
Consulting	2,816	2,816	-	5,632	7,210
Contingencies	2,500	-	-	2,500	9,709
Continuing education	1,464	224	34	1,722	2,057
Cost of retail goods	-	-	10,837	10,837	10,252
Depreciation	95,323	5,017	-	100,340	81,866
Dues and memberships	3,809	423	-	4,232	2,278
Employee appreciation	-	329	-	329	1,347
Grounds	12,361	651	-	13,012	34,011
Health insurance	27,651	4,229	651	32,531	24,698
Information technology	18,964	2,107	-	21,071	17,099
Insurance	10,313	1,146	-	11,459	8,546
Kennel supplies	65,995	-	-	65,995	63,912
Marketing	24,408	3,733	574	28,715	26,337
Medical RV	31,780	-	-	31,780	-
Mileage reimbursement	4,434	493	-	4,927	3,974
Newsletter	19,108	9,554	9,553	38,215	37,078
None left behind program	18,899	-	-	18,899	20,058
Office expense	9,773	1,086	594	11,453	13,432
Officers insurance	-	1,510	-	1,510	1,880
Other taxes	-	200	-	200	534
Payroll processing	2,543	389	60	2,992	5,944
Payroll taxes	48,857	7,473	1,149	57,479	41,716
Pre-hire expense	-	911	-	911	1,464
Professional fees	19,546	2,172	-	21,718	3,149
Salaries	551,902	84,409	12,986	649,297	506,874
Shelter exterior	624	33	-	657	3,240
Shelter interior	11,483	604	-	12,087	17,038
Spay and neuter vouchers	28,966	-	-	28,966	37,744
Stewardship	-	951	-	951	-
Uniforms	1,136	174	27	1,337	1,255
Utilities	29,368	3,263	-	32,631	37,698
Vehicle	11,586	1,287	-	12,873	6,945
Veterinary	68,407	-	-	68,407	127,667
Volunteer training	991	152	23	1,166	1,215
	<u>\$ 1,140,442</u>	<u>\$ 137,054</u>	<u>\$ 37,856</u>	<u>\$ 1,315,352</u>	<u>\$ 1,179,276</u>

See notes to financial statements

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

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

See notes to financial statements



LEAGUE FOR ANIMAL WELFARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**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 2013 thru 2015 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, 2016 AND 2015

**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 \$100,340 and \$81,866 during 2016 and 2015.

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, 2016 AND 2015

**NOTE #2 - INVESTMENTS**

Long term investments, carried at market value based on quoted prices in active markets (all level 1 measurements) at December 31, 2016 and 2015 consisted of the following:

	2016	2016 Cost	2015	2015 Cost
Cash and money funds	\$ 68,922	\$ 68,922	\$ 148,154	\$ 148,154
Fixed income	981,356	977,066	1,104,090	1,232,352
Mutual funds	626,377	650,142	498,439	407,143
Equities	2,107,187	1,349,964	2,218,693	1,480,037
	<u>\$3,783,842</u>	<u>\$3,046,094</u>	<u>\$3,969,376</u>	<u>\$3,267,686</u>

**NOTE #3 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Equipment and furniture	\$ 229,976	\$ 216,640
Buildings and improvements	1,848,389	1,762,246
Medical RV and equipment	164,544	150,000
Vehicles	154,069	154,069
Land	632,742	632,742
	<u>3,029,720</u>	<u>2,913,697</u>
Less: accumulated depreciation	<u>(909,970)</u>	<u>(803,630)</u>
	<u>\$ 2,119,750</u>	<u>\$ 2,104,067</u>

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

Temporarily restricted net assets consisted of the following:

	2016	2015
Capital campaign	\$ 4,906	\$ -0-
Miscellaneous	1,719	-0-
Dog vaccines	5,800	-0-
Cat shelving	2,333	-0-
Spay and neuter	18,551	14,397
	<u>\$ 33,309</u>	<u>\$ 14,397</u>

**NOTE #5- SUBSEQUENT EVENTS**

The organization has evaluated subsequent events for recognition and disclosure through February 21, 2017, 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.