

LEAGUE FOR ANIMAL WELFARE

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
League for Animal Welfare

I have audited the accompanying statements of financial position of the League for Animal Welfare (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 the organization's management. The auditor's responsibility is to express an opinion on these financial statements based upon the audit.

The audit was conducted in accordance with United States generally accepted auditing standards. Those standards require the auditor to 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the League for Animal Welfare 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.

Kathleen F Wesp, CPA
Kathleen F. Wesp
Certified Public Accountant

May 30, 2012

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS		
	2011	2010
Cash and cash equivalents	\$ 583,723	\$ 383,769
Investments, at market value	3,468,495	3,388,719
Prepaid expenses	5,916	5,325
Property and equipment, net	1,606,894	1,659,814
TOTAL ASSETS	\$ 5,665,028	\$ 5,437,627
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 18,234	\$ 23,491
Accrued expenses	3,238	8,929
TOTAL LIABILITIES	21,472	32,420
 NET ASSETS		
Unrestricted	5,571,432	5,333,083
Temporarily restricted	72,124	72,124
TOTAL NET ASSETS	5,643,556	5,405,207
TOTAL LIABILITIES AND NET ASSETS	\$ 5,665,028	\$ 5,437,627

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Contributions	\$ 242,165	\$ 172,096
Bequests and memorials	607,915	716,892
Fundraising	70,995	50,714
Membership dues	35,102	35,255
Adoption fees	46,862	53,308
Other income	15,535	20,373
Investment income less fees of \$23,920 and \$19,218	75,138	68,160
Unrealized and realized gains	5,597	172,776
TOTAL UNRESTRICTED REVENUE AND SUPPORT	1,099,309	1,289,574
EXPENSES		
Animal care	783,772	794,393
Management and general	17,929	22,597
Fundraising and special events	59,259	57,922
TOTAL EXPENSES	860,960	874,912
INCREASE IN UNRESTRICTED NET ASSETS	238,349	414,662
TEMPORARILY RESTRICTED NET ASSETS		
SUPPORT		
Contributions	-	41,963
TOTAL TEMPORARILY RESTRICTED SUPPORT	-	41,963
INCREASE IN TEMPORARILY RESTRICTED SUPPORT	-	41,963
INCREASE IN NET ASSETS	238,349	456,625
NET ASSETS, BEGINNING OF YEAR	5,405,207	4,948,582
NET ASSETS, END OF YEAR	\$ 5,643,556	\$ 5,405,207

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 238,349	\$ 456,625
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation (Note #1)	73,374	72,067
Unrealized/realized change in market value	5,597	172,776
Changes in:		
Prepaid expenses	(591)	(5,325)
Accounts payable	(5,257)	10,169
Accrued expenses	(5,691)	7,712
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>305,781</u>	<u>714,024</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of securities	76,619	281,636
Purchase of securities	(161,992)	(694,089)
Purchase of property and equipment	(20,454)	(16,759)
NET CASH USED BY INVESTING ACTIVITIES	<u>(105,827)</u>	<u>(429,212)</u>
NET CHANGE IN CASH	199,954	284,812
CASH AT BEGINNING OF YEAR	<u>383,769</u>	<u>98,957</u>
CASH AT END OF YEAR	<u><u>\$ 583,723</u></u>	<u><u>\$ 383,769</u></u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Advertising	\$ 6,420	\$ -	\$ -	\$ 6,420
Auto and van	3,727	-	-	3,727
Bank charges	3,802	-	-	3,802
Cost of retail goods	-	-	2,301	2,301
Depreciation (Note #1)	73,374	-	-	73,374
Fund raising events	-	-	33,278	33,278
Groundskeeping	39,890	-	-	39,890
Insurance	6,824	1,880	-	8,704
Kennel maintenance	12,967	-	-	12,967
Kennel - food	11,000	-	-	11,000
Kennel - other	10,868	-	-	10,868
Medical supplies	17,948	-	-	17,948
Miscellaneous	786	337	-	1,123
Newsletter	-	-	12,287	12,287
Office	7,781	410	-	8,191
Professional fees	24,973	1,314	-	26,287
Salaries	363,772	9,573	9,573	382,918
Spay and neuter	34,954	-	-	34,954
Payroll taxes and benefits	69,140	1,820	1,820	72,780
Telephone	6,766	356	-	7,122
Utilities	30,041	1,581	-	31,622
Veterinarian	44,244	-	-	44,244
Website and technology	5,920	658	-	6,578
My last hope	8,575	-	-	8,575
	<u>\$ 783,772</u>	<u>\$ 17,929</u>	<u>\$ 59,259</u>	<u>\$ 860,960</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Advertising	\$ 7,996	\$ -	\$ -	\$ 7,996
Auto and van	444	-	-	444
Bank charges	3,733	-	-	3,733
Cost of retail goods	-	-	7,955	7,955
Depreciation (Note #1)	72,067	-	-	72,067
Fund raising events	-	-	27,151	27,151
Groundskeeping	27,859	-	-	27,859
Insurance	1,201	1,612	-	2,813
Licenses	546	-	-	546
Kennel maintenance	16,520	-	-	16,520
Kennel - food	12,065	-	-	12,065
Kennel - other	9,728	-	-	9,728
Medical supplies	26,931	-	-	26,931
Memberships	-	130	-	130
Miscellaneous	2,294	-	-	2,294
Mobile adoption van	4,210	-	-	4,210
Newsletter	-	-	13,642	13,642
Office	10,149	534	-	10,683
Professional fees	12,625	665	-	13,290
Property fees	-	8,348	-	8,348
Repairs and maintenance	114	-	-	114
Salaries	356,347	7,423	7,423	371,193
Shop overhead	2,804	-	-	2,804
Spay and neuter	42,812	-	-	42,812
Payroll taxes and benefits	84,055	1,751	1,751	87,557
Telephone	6,882	362	-	7,244
Utilities	33,659	1,772	-	35,431
Veterinarian	51,823	-	-	51,823
My last hope	7,529	-	-	7,529
	<u>\$ 794,393</u>	<u>\$ 22,597</u>	<u>\$ 57,922</u>	<u>\$ 874,912</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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 2011, 2010 and 2009 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.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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 \$73,374 and \$72,067 during 2011 and 2010.

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.

NOTE #2 - INVESTMENTS

Investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investments are presented in the financial statements at fair market values. Investments at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Cash and money funds	\$ 240,720	\$ 170,206
Fixed income	1,497,661	1,503,200
Mutual funds and other	147,702	105,586
Stocks	1,582,412	1,609,727
	<u>\$3,468,495</u>	<u>\$3,388,719</u>

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE #3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Equipment and furniture	\$ 77,279	\$ 69,332
Buildings and improvements	1,212,157	1,199,650
Vehicles	151,999	151,999
Land	689,442	689,442
	<u>2,130,877</u>	<u>2,110,423</u>
Less: accumulated depreciation	<u>(523,983)</u>	<u>(450,609)</u>
	<u>\$ 1,606,894</u>	<u>\$ 1,659,814</u>

NOTE #4 – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains cash balances at one financial institution located in Southwestern Ohio. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2011, the organization's uninsured cash balances totaled \$348,601.

NOTE #5– RESTRICTION ON NET ASSETS

Temporarily restricted net assets were for expansion of the cat room.

NOTE #6– SUBSEQUENT EVENTS

The organization has evaluated subsequent events for recognition and disclosure through May 30, 2012, 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.