

LEAGUE FOR ANIMAL WELFARE

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

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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, 2012 and 2011, 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, 2012 and 2011 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
July 1, 2013

LEAGUE FOR ANIMAL WELFARE
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2012 AND 2011

ASSETS		
	2012	2011
Cash and cash equivalents	\$ 190,224	\$ 583,723
Restricted cash	331,677	-
Investments, at market value	4,103,143	3,468,495
Prepaid expenses	1,936	5,916
Property and equipment, net	1,671,983	1,606,894
TOTAL ASSETS	\$ 6,298,963	\$ 5,665,028
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 30,300	\$ 18,234
Accrued expenses	3,856	3,238
TOTAL LIABILITIES	34,156	21,472
 NET ASSETS		
Unrestricted	5,858,260	5,571,432
Temporarily restricted	408,927	72,124
TOTAL NET ASSETS	6,264,807	5,643,556
TOTAL LIABILITIES AND NET ASSETS	\$ 6,298,963	\$ 5,665,028

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Contributions and bequests	\$ 534,913	\$ 822,923
Memorials	27,747	27,157
Fundraising less direct expenses	70,087	41,003
Membership dues	27,740	35,102
Adoption fees	50,856	46,862
Other income	9,037	15,535
Investment income less fees of \$26,804 and \$23,920	80,911	75,138
Unrealized and realized gains	199,097	5,597
	1,000,388	1,069,317
Net assets released from restrictions	22,241	-
Net assets released from restrictions for property improvement	130,518	-
TOTAL UNRESTRICTED REVENUE AND SUPPORT	1,153,147	1,069,317
EXPENSES		
Animal care	819,471	783,772
Management and general	27,535	17,929
Fundraising and special events	21,693	29,267
TOTAL EXPENSES	868,699	830,968
INCREASE IN UNRESTRICTED NET ASSETS	284,448	238,349
TEMPORARILY RESTRICTED NET ASSETS		
SUPPORT		
Contributions	16,562	-
Grants	473,000	-
TOTAL TEMPORARILY RESTRICTED SUPPORT	489,562	-
Less: net assets released from restrictions	(152,759)	-
INCREASE IN TEMPORARILY RESTRICTED SUPPORT	336,803	-
INCREASE IN NET ASSETS	621,251	238,349
NET ASSETS, BEGINNING OF YEAR	5,643,556	5,405,207
NET ASSETS, END OF YEAR	\$ 6,264,807	\$ 5,643,556

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 621,251	\$ 238,349
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	72,534	73,374
Unrealized/realized change in market value	199,097	5,597
Changes in:		
Prepaid expenses	3,980	(591)
Accounts payable	9,686	(5,257)
Accrued expenses	618	(5,691)
NET CASH PROVIDED BY OPERATING ACTIVITIES	907,166	305,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of securities	204,647	76,619
Purchase of securities	(1,038,391)	(161,992)
Purchase of property and equipment	(137,624)	(20,454)
NET CASH USED BY INVESTING ACTIVITIES	(971,368)	(105,827)
NET CHANGE IN CASH	(64,202)	199,954
CASH AT BEGINNING OF YEAR	583,723	383,769
CASH AT END OF YEAR	\$ 519,521	\$ 583,723

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Advertising	\$ 15,448	\$ -	\$ -	\$ 15,448
Auto and van	857	-	-	857
Bank charges	4,078	-	-	4,078
Cost of retail goods	-	-	4,071	4,071
Depreciation	72,534	-	-	72,534
Fund raising events	-	-	3,506	3,506
Groundskeeping	21,898	-	-	21,898
Insurance	7,496	1,880	-	9,376
Kennel maintenance	12,990	-	-	12,990
Kennel - food	13,202	-	-	13,202
Kennel - other	13,144	-	-	13,144
Medical supplies	23,207	-	-	23,207
Memberships	-	574	-	574
Miscellaneous	-	714	-	714
Mobile adoption van	5,240	-	-	5,240
Newsletter	-	-	10,643	10,643
Office	6,153	684	-	6,837
Professional fees	10,670	1,186	-	11,856
Property fees	-	771	-	771
Salaries	406,554	15,327	3,023	424,904
Shop overhead	5,019	-	-	5,019
Spay and neuter	22,241	-	-	22,241
Payroll taxes and benefits	61,626	2,318	450	64,394
Telephone and technology	9,732	1,081	-	10,813
Utilities	27,000	3,000	-	30,000
Veterinarian	62,469	-	-	62,469
My last hope	17,913	-	-	17,913
	<u>\$ 819,471</u>	<u>\$ 27,535</u>	<u>\$ 21,693</u>	<u>\$ 868,699</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	73,374	-	-	73,374
Fund raising events	-	-	3,286	3,286
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>\$ 29,267</u>	<u>\$ 830,968</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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 and 2010 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, 2012 AND 2011

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 \$72,534 and \$73,374 during 2012 and 2011.

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, 2012 and 2011 consisted of the following:

	2012	2012 Cost	2011
Cash and money funds	\$ 105,868	\$ 105,868	\$ 240,720
Fixed income	1,684,463	1,639,030	1,497,661
Mutual funds	283,136	271,425	82,173
Equities	2,029,676	1,586,929	1,647,941
	<u>\$4,103,143</u>	<u>\$3,603,252</u>	<u>\$3,468,495</u>

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE #3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Equipment and furniture	\$ 72,337	\$ 77,279
Buildings and improvements	1,354,723	1,212,157
Vehicles	151,999	151,999
Land	689,442	689,442
	<u>2,268,501</u>	<u>2,130,877</u>
Less: accumulated depreciation	(596,518)	(523,983)
	<u>\$ 1,671,983</u>	<u>\$ 1,606,894</u>

NOTE #4 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets were for the following:

	<u>2012</u>	<u>2011</u>
Cat room expansion	\$ 400,166	72,124
Spay and neuter	8,761	-0-
	<u>\$ 408,927</u>	<u>\$ 72,124</u>

NOTE #5 – CONTINGENCY

During 2003 a parcel of land in Alaska was donated to the organization. The land is recorded on the books at a value of \$56,700. The taxes are being paid by the organization. There are questions regarding the validity of the deed.

NOTE #5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments (Note #2) are reported at readily-available quoted prices in active markets. The fair values of cash and accounts payables approximate carrying values because of the short-term maturity of these financial instruments.

NOTE #7 – SUBSEQUENT EVENTS

The organization has evaluated subsequent events for recognition and disclosure through July 1, 2013 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.