

LEAGUE FOR ANIMAL WELFARE

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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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, 2014 and 2013, 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, 2014 and 2013 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
August 3, 2015

LEAGUE FOR ANIMAL WELFARE
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2014 AND 2013

ASSETS		
	2014	2013
Cash and cash equivalents	\$ 196,623	\$ 230,788
Restricted cash	93,791	74,665
Investments, at market value	4,690,832	4,664,278
Prepaid expenses	5,818	2,973
Property and equipment, net	1,883,248	1,864,622
TOTAL ASSETS	\$ 6,870,312	\$ 6,837,326
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 18,430	\$ 49,878
Accrued expenses	24,394	2,641
TOTAL LIABILITIES	42,824	52,519
NET ASSETS		
Unrestricted	6,645,254	6,642,596
Temporarily restricted	182,234	142,211
TOTAL NET ASSETS	6,827,488	6,784,807
TOTAL LIABILITIES AND NET ASSETS	\$ 6,870,312	\$ 6,837,326

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Contributions and grants	\$ 472,294	\$ 689,316
Memorials	45,508	24,934
Fundraising less direct expenses	72,069	49,220
Membership dues	15,045	26,231
Adoption fees	53,835	52,227
Other income	14,523	14,165
Investment income less fees of \$32,171 and \$29,557	81,507	83,396
Unrealized and realized gains	177,289	566,605
	932,070	1,506,094
Net assets released from restrictions	93,302	40,429
Net assets released from restrictions for property improvement	21,675	276,287
TOTAL UNRESTRICTED REVENUE AND SUPPORT	1,047,047	1,822,810
EXPENSES		
Animal care	904,239	896,546
Management and general	104,789	42,699
Fundraising and special events	35,361	40,149
TOTAL EXPENSES	1,044,389	979,394
INCREASE IN UNRESTRICTED NET ASSETS	2,658	843,416
TEMPORARILY RESTRICTED NET ASSETS		
SUPPORT		
Grants and contributions	155,000	50,000
TOTAL TEMPORARILY RESTRICTED SUPPORT	155,000	50,000
Less: net assets released from restrictions	(114,977)	(316,716)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED SUPPORT	40,023	(266,716)
INCREASE IN NET ASSETS	42,681	576,700
NET ASSETS, BEGINNING OF YEAR	6,784,807	6,264,807
Impairment of long-lived asset	-	(56,700)
NET ASSETS, END OF YEAR	\$ 6,827,488	\$ 6,784,807

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 42,681	\$ 576,700
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	70,688	61,780
Unrealized/realized change in market value	(177,289)	(566,605)
Changes in:		
Prepaid expenses	(2,845)	(1,037)
Accounts payable	(31,448)	19,578
Accrued expenses	21,753	(1,215)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(76,460)</u>	<u>89,201</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of securities	564,095	279,384
Purchase of securities	(413,360)	(273,914)
Purchase of property and equipment	(89,314)	(311,119)
NET CASH USED BY INVESTING ACTIVITIES	<u>61,421</u>	<u>(305,649)</u>
NET CHANGE IN CASH	(15,039)	(216,448)
CASH AT BEGINNING OF YEAR	<u>305,453</u>	<u>521,901</u>
CASH AT END OF YEAR	<u>\$ 290,414</u>	<u>\$ 305,453</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	2013
Advertising	\$ 33,815	\$ -	\$ -	\$ 33,815	\$ 19,156
Auto and van	4,153	-	-	4,153	3,080
Bank charges	6,735	898	1,347	8,980	6,040
Consultant Fee	11,669	11,669	11,669	35,007	-
Cost of retail goods	-	-	2,534	2,534	644
Depreciation	63,619	7,069	-	70,688	61,780
Fund raising	-	-	-	-	4,594
Groundskeeping	27,599	1,453	-	29,052	40,645
Insurance	8,272	1,980	-	10,252	9,575
Kennel maintenance	19,746	-	-	19,746	28,060
Kennel - food	14,604	-	-	14,604	15,010
Kennel - other	17,776	-	-	17,776	17,097
Medical supplies	27,251	-	-	27,251	22,076
Memberships	-	1,923	1,449	3,372	768
Miscellaneous	1,563	-	-	1,563	123
Mobile adoption van	9,164	-	-	9,164	6,818
Newsletter	5,453	5,453	5,453	16,359	10,654
Office	14,083	4,694	-	18,777	9,435
Professional fees	15,457	1,718	-	17,175	7,093
Property fees	-	-	-	-	157
Salaries	359,061	54,915	8,448	422,424	433,400
Shop overhead	-	-	-	-	4,032
Spay and neuter	93,302	-	-	93,302	85,067
Payroll taxes and benefits	53,370	8,162	1,256	62,788	65,803
Telephone and technology	12,300	1,367	3,205	16,872	28,100
Utilities	31,391	3,488	-	34,879	31,600
Veterinarian	71,032	-	-	71,032	68,587
Volunteer	2,824	-	-	2,824	-
	<u>\$ 904,239</u>	<u>\$ 104,789</u>	<u>\$ 35,361</u>	<u>\$ 1,044,389</u>	<u>\$ 979,394</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Advertising	\$ 19,156	\$ -	\$ -	\$ 19,156
Auto and van	3,080	-	-	3,080
Bank charges	6,040	-	-	6,040
Cost of retail goods	-	-	644	644
Depreciation	61,780	-	-	61,780
Fund raising	-	-	4,594	4,594
Groundskeeping	38,613	2,032	-	40,645
Insurance	7,695	1,880	-	9,575
Kennel maintenance	28,060	-	-	28,060
Kennel - food	15,010	-	-	15,010
Kennel - other	17,097	-	-	17,097
Medical supplies	22,076	-	-	22,076
Memberships	-	768	-	768
Miscellaneous	-	123	-	123
Mobile adoption van	6,818	-	-	6,818
Newsletter	-	-	10,654	10,654
Office	9,435	-	-	9,435
Professional fees	6,384	709	-	7,093
Property fees	-	157	-	157
Salaries	381,374	29,085	22,941	433,400
Shop overhead	4,032	-	-	4,032
Spay and neuter	85,067	-	-	85,067
Payroll taxes and benefits	62,512	1,975	1,316	65,803
Telephone and technology	25,290	2,810	-	28,100
Utilities	28,440	3,160	-	31,600
Veterinarian	68,587	-	-	68,587
	<u>\$ 896,546</u>	<u>\$ 42,699</u>	<u>\$ 40,149</u>	<u>\$ 979,394</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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, 2012 and 2011 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, 2014 AND 2013

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 \$70,688 and \$61,780 during 2014 and 2013.

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, 2014 AND 2013

NOTE #2 - INVESTMENTS

Long term investments, carried at market value based on quoted prices in active markets (all level 1 measurements) at December 31, 2014 and 2013 consisted of the following:

	2014	2014 Cost	2013	2013 Cost
Cash and money funds	\$ 216,018	\$ 216,018	\$ 236,121	\$ 236,121
Fixed income	1,362,501	1,344,480	1,432,050	1,468,273
Mutual funds	369,286	1,702,488	342,964	383,738
Equities	2,743,027	374,166	2,653,143	1,558,026
	<u>\$4,690,832</u>	<u>\$3,637,152</u>	<u>\$4,664,278</u>	<u>\$3,646,158</u>

NOTE #3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2014 and 2013 consisted of the following:

	2014	2013
Equipment and furniture	\$ 201,197	\$ 118,087
Buildings and improvements	1,623,004	1,616,800
Vehicles	154,069	154,069
Land	632,742	632,742
	<u>2,611,012</u>	<u>2,521,698</u>
Less: accumulated depreciation	<u>(727,764)</u>	<u>(657,076)</u>
	<u>\$ 1,883,248</u>	<u>\$ 1,864,622</u>

NOTE #4 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consisted of the following:

	2014	2013
Cat room expansion	\$ 102,204	123,879
Spay and neuter	80,030	18,332
	<u>\$ 182,234</u>	<u>\$ 142,211</u>

NOTE #5 - IMPAIRMENT OF LONG-LIVED ASSET

During 2003, a parcel of land in Alaska was donated to the organization. The land was recorded on the books at its fair market value of \$56,700 based on the real estate tax appraisal. The organization was paying the real estate taxes. Since no valid deed to the property could be obtained, the board wrote off the balance through an adjustment to unrestricted net assets in 2013.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE #6- SUBSEQUENT EVENTS

The organization has evaluated subsequent events for recognition and disclosure through August 3, 2015, 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.