

**ALL ABOUT ANIMALS RESCUE, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

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Independent Auditor's Report

To the Board of Directors of  
**All About Animals Rescue, Inc.**

We have audited the accompanying statement of financial position of All About Animals Rescue, Inc. as of December 31, 2010, and the related statements of activities and changes in net assets - unrestricted, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of All About Animals Rescue, Inc. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial position referred to above presents fairly, in all material respects, the financial position of All About Animals Rescue, Inc. as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

*Doeren Mayhew*

DOEREN MAYHEW

April 2, 2011  
Troy, Michigan

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2010

### ASSETS

#### Current Assets

Cash and cash equivalents (note 1)	\$ 272,855
Accounts receivable	2,535

Total current assets 275,390

#### Property and Equipment

At cost, less accumulated depreciation of \$63,874 (note 2)	489,084
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#### Security Deposits

6,800

Total assets (note 5) \$ 771,274

### LIABILITIES AND NET ASSETS - UNRESTRICTED

#### Current Liabilities

Accounts payable	\$ 43,123
Current portion of long-term debt (note 5)	7,478
Accrued liabilities	9,502

Total current liabilities 60,103

#### Long-Term Debt (note 5)

189,376

#### Net Assets - Unrestricted

521,795

Total liabilities and net assets - unrestricted \$ 771,274

See accompanying notes to financial statements

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - UNRESTRICTED FOR THE YEAR ENDED DECEMBER 31, 2010

<b>Revenue and Support From Operations</b>	
Corporate contributions	\$ 271,822
Clinic and wellness	1,156,416
Other contributions and support	<u>89,148</u>
Total revenue and support from operations	1,517,386
<b>Functional Expenses</b>	
Program services	1,060,611
Supporting services	119,118
Fundraising	<u>17,567</u>
Total functional expenses	<u>1,197,296</u>
<b>Increase in Net Assets</b>	320,090
<b>Net Assets - Unrestricted - January 1, 2010</b>	<u>201,705</u>
<b>Net Assets - Unrestricted - December 31, 2010</b>	<u><u>\$ 521,795</u></u>

See accompanying notes to financial statements

## ALL ABOUT ANIMALS RESCUE, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Program Services</b>	<b>Supporting Services</b>	<b>Fundraising</b>	<b>Total Functional Expenses</b>
Salaries and fringes	\$ 467,123	\$ 57,734	\$ -	\$ 524,857
Utilities	17,876	2,209	-	20,085
Advertising	12,230	-	5,567	17,797
Printing and postage	5,972	-	-	5,972
Professional fees	53,791	-	12,000	65,791
Entertainment	1,849	-	-	1,849
Depreciation	43,001	-	-	43,001
Telephone	3,914	484	-	4,398
Interest/finance charges	5,897	-	-	5,897
Space rental	35,614	4,402	-	40,016
Supplies	316,420	39,108	-	355,528
Maintenance and repairs	10,422	1,288	-	11,710
Insurance	18,917	2,338	-	21,255
Payroll taxes	38,468	4,754	-	43,222
Recruiting	35	4	-	39
Travel	1,385	171	-	1,556
Miscellaneous	27,697	3,423	-	31,120
Loss on sale of assets	-	3,203	-	3,203
	<b>\$ 1,060,611</b>	<b>\$ 119,118</b>	<b>\$ 17,567</b>	<b>\$ 1,197,296</b>
Total functional expenses	<b>\$ 1,060,611</b>	<b>\$ 119,118</b>	<b>\$ 17,567</b>	<b>\$ 1,197,296</b>

See accompanying notes to financial statements

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

### Cash Flows From Operating Activities:

Increase in net assets	\$ 320,090
Adjustments:	
Depreciation	43,001
Loss on sale of fixed assets	3,203
Changes in assets and liabilities:	
Decrease in accounts receivable	2,585
Decrease in prepaid rent	2,800
Increase in security deposits	(4,000)
Increase in accounts payable	9,301
Decrease in accrued liabilities	<u>(2,538)</u>
Total adjustments	<u>54,352</u>
Net cash provided from operating activities	374,442
<b>Cash Flows From Investing Activities:</b>	
Acquisition of property and equipment	(214,932)
<b>Cash Flows From Financing Activities:</b>	
Repayment of long-term debt	<u>(3,146)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	156,364
<b>Cash and Cash Equivalents - January 1, 2010</b>	<u>116,491</u>
<b>Cash and Cash Equivalents - December 31, 2010</b>	<u><u>\$ 272,855</u></u>

### Schedule of Noncash Investing and Financing Activities

Property acquired with notes payable	<u><u>\$ 200,000</u></u>
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See accompanying notes to financial statements

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

### Note 1 - Nature of Activities and Significant Accounting Policies

#### Nature of Activities

All About Animals Rescue, Inc. (AAAR or "the Organization") is a non-profit animal welfare group that was formed in June 2005. They are dedicated to the goal of no more homeless pets in the State of Michigan. AAAR does this by promoting and providing adoption, spay/neuter, and wellness programs in Warren and Pontiac, Michigan.

#### Basis of Presentation

All About Animals Rescue, Inc. has adopted generally accepted accounting principles. Under these standards, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of All About Animals Rescue, Inc. and changes therein are classified and reported as follows:

#### Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

#### Income Taxes

AAAR is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Generally accepted accounting principles clarify the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2007 - 2010.

#### Property and Equipment

Depreciation is provided over the estimated useful lives of the assets on the straight-line method. Donated equipment is stated at cost or approximate fair value at the date of donation.



# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

### Note 1 - Nature of Activities and Significant Accounting Policies - Continued

#### Accounts Receivable

Accounts receivable are carried at customer invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. Amounts deemed uncollectible are written-off in the period that determination is made. The Organization considers all accounts receivable to be fully collectible.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

AAAR receives a substantial portion of its contributions from companies and individuals across the United States. This country has experienced job losses and other recessionary impacts that could significantly impact the Organization's future operations and financial conditions.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include highly liquid debt instruments with original maturities of three months or less. AAAR places its temporary cash investments with high credit quality financial institutions. AAAR's cash balance was not in excess of the FDIC insurance limit at December 31, 2010. All cash and cash equivalents are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain cash and cash equivalents, it is at least reasonably possible that changes in the values of cash and cash equivalents could occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

### Note 1 - Nature of Activities and Significant Accounting Policies - Continued

#### Allocation of Functional Expenses

In the statement of functional expenses, salaries and related expenses are allocated to program services and supporting services on the basis of the actual or estimated time devoted to those activities. Other expenses have been allocated using various bases as determined by management.

Expenses reported under program services represent the cost of providing adoptions, spay/neuter, and wellness. Expenses reported under supporting services include costs relating to the operations of the Organization, general recordkeeping, accounting, general board activities, fundraising and other related costs.

#### Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 2, 2011, which is the date the financial statements were available to be issued.

#### Advertising

The Organization records advertising expenses as they are incurred. Advertising costs for the year ended December 31, 2010 amounted to \$17,797.

### Note 2 - Property and Equipment

The principal categories of property and equipment as of December 31, 2010 may be summarized as follows:

Furniture, fixtures and equipment	\$ 93,747
Vehicles	132,522
Building	<u>326,689</u>
Total	552,958
Less accumulated depreciation	<u>63,874</u>
Undepreciated cost	<u>\$ 489,084</u>

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

### Note 3 - Donated Services

The value of time donated by volunteers to AAAR has not been determined. The value of such services has not been reflected in the financial statements for the year ended December 31, 2010.

### Note 4 - Operating Expense

AAAR leases its office space from unrelated third parties. Total lease expense for the year ended December 31, 2010 was \$40,016.

The Organization's office lease in Warren, Michigan is a noncancellable lease agreement requiring monthly payments of \$2,000 per month expiring in September 2011. The Organization's office lease in Pontiac, Michigan is a noncancellable lease agreement requiring monthly payments of \$800 per month through February 2010, when it increased to \$850 per month expiring in September, 2010. The Organization's office lease in Auburn Hills, Michigan is a noncancellable lease agreement requiring monthly payments of \$2,000 per month expiring September 2012.

The future minimum rental payments under these operating leases as of December 31, 2010 are as follows:

2011	\$ 40,000
2012	<u>16,000</u>
Total	<u>\$ 56,000</u>

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

### Note 5 - Note Payable and Long-Term Debt

	<u>Current</u>	<u>Long-Term</u>
Note payable to bank, due in monthly installments of \$1,809 including principal and interest at 7.0%, until August 2015 when the remaining balance is due. The note is secured by substantially all Organization assets	<u>\$ 7,478</u>	<u>\$ 189,376</u>

The amounts of long-term debt coming due during the five years ending December 31, 2015 are as follows:

2011	\$ 7,478
2012	8,722
2013	9,353
2014	10,029
2015	161,272

Interest expense for the year ended December 31, 2010 amounted to \$5,897.