

ALL ABOUT ANIMALS RESCUE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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Independent Auditor's Report

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

We have audited the statement of financial position of All About Animals Rescue, Inc. as of December 31, 2011, 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, 2011, in conformity with accounting principles generally accepted in the United States of America.

Doeren Mayhew

DOEREN MAYHEW

April 12, 2012
Troy, Michigan

ALL ABOUT ANIMALS RESCUE, INC.

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2011

ASSETS

Current Assets

Cash and cash equivalents \$ 229,894

Property and Equipment

At cost, less accumulated depreciation of \$127,872 (note 2) 498,363

Deposits

4,000

Total assets (note 5) \$ 732,257

LIABILITIES AND NET ASSETS - UNRESTRICTED

Current Liabilities

Accounts payable \$ 10,869

Current portion of long-term debt (note 5) 8,722

Accrued liabilities 6,867

Total current liabilities 26,458

Long-Term Debt (note 5) 180,869

Net Assets - Unrestricted 524,930

Total liabilities and net assets - unrestricted \$ 732,257

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, 2011

Revenue and Support From Operations

Corporate contributions	\$ 161,044
Clinic and wellness	1,320,875
Donated services (note 3)	181,112
Other contributions and support	<u>62,889</u>

Total revenue and support from operations 1,725,920

Functional Expenses

Program services	1,537,734
Supporting services	180,683
Fundraising	<u>4,368</u>

Total functional expenses 1,722,785

Increase in Net Assets 3,135

Net Assets - Unrestricted - January 1, 2011 521,795

Net Assets - Unrestricted - December 31, 2011 \$ 524,930

See accompanying notes to financial statements

ALL ABOUT ANIMALS RESCUE, INC.

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

	Program Services	Supporting Services	Fundraising	Total Functional Expenses
Salaries and fringes	\$ 611,209	\$ 83,347	\$ -	\$ 694,556
Donated services (note 3)	159,379	21,733	-	181,112
Utilities	37,493	5,113	-	42,606
Advertising	13,395	-	1,198	14,593
Printing and postage	21,593	-	2,888	24,481
Professional fees	87,524	-	-	87,524
Meetings, luncheons, and dinners	589	-	-	589
Conferences and conventions	9,706	-	-	9,706
Depreciation	63,998	-	-	63,998
Telephone	6,556	894	-	7,450
Interest/finance charges	12,631	-	-	12,631
Space rental	35,200	4,800	-	40,000
Supplies	348,675	47,547	-	396,222
Maintenance and repairs	23,302	3,178	-	26,480
Insurance	12,365	1,686	-	14,051
Payroll taxes	56,134	7,655	-	63,789
Travel	9,426	1,285	-	10,711
Uniforms	3,580	-	-	3,580
Miscellaneous	24,979	3,445	282	28,706
	<u>\$ 1,537,734</u>	<u>\$ 180,683</u>	<u>\$ 4,368</u>	<u>\$ 1,722,785</u>
Total functional expenses	<u>\$ 1,537,734</u>	<u>\$ 180,683</u>	<u>\$ 4,368</u>	<u>\$ 1,722,785</u>

See accompanying notes to financial statements

ALL ABOUT ANIMALS RESCUE, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

Cash Flows From Operating Activities:

Increase in net assets	\$ 3,135
Adjustments:	
Depreciation	63,998
Changes in assets and liabilities:	
Decrease in accounts receivable	615
Decrease in deposits	2,800
Decrease in accounts payable	(32,254)
Decrease in accrued liabilities	<u>(2,635)</u>
Total adjustments	<u>32,524</u>
Net cash provided from operating activities	35,659
Cash Flows From Investing Activities:	
Acquisition of property and equipment	(71,357)
Cash Flows From Financing Activities:	
Repayment of long-term debt	<u>(7,263)</u>
Net Decrease in Cash and Cash Equivalents	(42,961)
Cash and Cash Equivalents - January 1, 2011	<u>272,855</u>
Cash and Cash Equivalents - December 31, 2011	<u><u>\$ 229,894</u></u>

See accompanying notes to financial statements

ALL ABOUT ANIMALS RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

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 Auburn Hills, 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 2008 - 2011.

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, 2011

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

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions are reported as unrestricted support.

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 did not have an accounts receivable balance at December 31, 2011.

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.

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. From December 31, 2010 - 2012, all non-interest bearing transactions are fully insured by the Federal Deposit Insurance Corporation regardless of the account balance and the ownership capacity of the funds.

Advertising

The Organization records advertising expenses as they are incurred. Advertising costs for the year ended December 31, 2011 amounted to \$14,593.

ALL ABOUT ANIMALS RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

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 12, 2012, which is the date the financial statements were available to be issued.

Note 2 - Property and Equipment

The principal categories of property and equipment as of December 31, 2011 may be summarized as follows:

Building and building improvements	\$ 348,056
Furniture, fixtures and equipment	145,657
Vehicles	<u>132,522</u>
Total	626,235
Less accumulated depreciation	<u>127,872</u>
Undepreciated cost	<u>\$ 498,363</u>

ALL ABOUT ANIMALS RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

Note 3 - Donated Services

Donated services and materials are reflected as contribution revenue and related expenses at their estimated fair values at the date of receipt. The Organization received donated services and materials with an assessed value of \$181,112 during the year ended December 31, 2011.

Note 4 - Operating Lease

The Organization's office lease in Warren, Michigan was a noncancellable lease agreement requiring monthly payments of \$2,000 per month that expired in September 2011. The Organization elected not to renew the lease when the term was completed. 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. Total lease expense for the year ended December 31, 2011 was \$40,000.

The future minimum rental payments under these operating leases as of December 31, 2011 are as follows:

2012	<u>\$ 16,000</u>
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ALL ABOUT ANIMALS RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

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>\$ 8,722</u>	<u>\$ 180,869</u>

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

2012	\$ 8,722
2013	9,353
2014	10,029
2015	161,487

Interest expense for the year ended December 31, 2011 amounted to \$12,631.