

ALL ABOUT ANIMALS RESCUE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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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, 2009, and were engaged to audit 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.

Except as indicated in the following paragraph, 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 accordance with the terms of our engagement, we did not audit the statement of financial position of All About Animals Rescue, Inc. as of December 31, 2008. Such statement of financial position includes amounts which enter materially into the determination of the results of activities unrestricted, functional expenses and cash flows for the year ended December 31, 2009.

Because of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the results of activities unrestricted, functional expenses and cash flows for the year ended December 31, 2009.

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, 2009, in conformity with accounting principles generally accepted in the United States of America.

Doeren Mayhew
DOEREN MAYHEW

April 13, 2010
Troy, Michigan

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ALL ABOUT ANIMALS RESCUE, INC.

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2009

ASSETS

Current Assets

Cash and cash equivalents (note 1)	\$ 116,491
Accounts receivable	5,120
Prepaid rent	<u>2,800</u>

Total current assets 124,411

Equipment

At cost, less accumulated depreciation of \$21,550 (note 2) 120,356

Security Deposits

2,800

Total assets \$ 247,567

LIABILITIES AND NET ASSETS - UNRESTRICTED

Liabilities

Accounts payable	\$ 33,822
Accrued liabilities	<u>12,040</u>

Total liabilities 45,862

Net Assets - Unrestricted

201,705

Total liabilities and net assets - unrestricted \$ 247,567

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, 2009**

Revenue and Support From Operations	
Corporate contributions	\$ 91,200
Clinic and wellness	606,521
Other contributions and support	<u>197,528</u>
Total revenue and support from operations	895,249
Functional Expenses	
Program services	680,493
Supporting services	76,603
Fundraising	<u>5,567</u>
Total functional expenses	<u>762,663</u>
Increase in Net Assets	132,586
Net Assets - Unrestricted - January 1, 2009	<u>69,119</u>
Net Assets - Unrestricted - December 31, 2009	<u>\$ 201,705</u>

See accompanying notes to financial statements

ALL ABOUT ANIMALS RESCUE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Services	Supporting Services	Fundraising	Total Functional Expenses
Salaries and fringes	\$ 306,771	\$ 37,916	\$ -	\$ 344,687
Outside services	22,961	2,838	-	25,799
Utilities	7,286	900	-	8,186
Advertising	12,504	-	5,567	18,071
Printing and postage	926	-	-	926
Professional fees	29,456	-	-	29,456
Entertainment	1,805	-	-	1,805
Depreciation	15,668	-	-	15,668
Telephone	3,201	396	-	3,597
Interest/finance charges	175	-	-	175
Space rental	23,878	2,951	-	26,829
Supplies	218,582	27,016	-	245,598
Dues and subscriptions	182	-	-	182
Maintenance and repairs	9,411	1,163	-	10,574
Insurance	8,324	1,029	-	9,353
Payroll taxes	7,176	887	-	8,063
Recruiting	1,015	126	-	1,141
Miscellaneous	11,172	1,381	-	12,553
	\$ 680,493	\$ 76,603	\$ 5,567	\$ 762,663
Total functional expenses	\$ 680,493	\$ 76,603	\$ 5,567	\$ 762,663

See accompanying notes to financial statements

ALL ABOUT ANIMALS RESCUE, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Flows From Operating Activities:

Increase in net assets	\$ 132,586
Adjustments:	
Depreciation	15,668
Changes in assets and liabilities:	
Decrease in accounts receivable	130
Increase in prepaid rent	(800)
Increase in security deposits	(800)
Increase in accounts payable	28,185
Decrease in accrued liabilities	<u>(5,448)</u>
Total adjustments	<u>36,935</u>
Net cash provided from operating activities	169,521
Cash Flows From Investing Activities:	
Purchase of equipment	<u>(79,188)</u>
Net Increase in Cash and Cash Equivalents	90,333
Cash and Cash Equivalents - January 1, 2009	<u>26,158</u>
Cash and Cash Equivalents - December 31, 2009	<u><u>\$ 116,491</u></u>

See accompanying notes to financial statements

ALL ABOUT ANIMALS RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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.

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, 2009

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, 2009. 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, 2009

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 13, 2010, 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, 2009 amounted to \$18,071.

Note 2 - Equipment

The principal categories of equipment as of December 31, 2009 may be summarized as follows:

Furniture, fixtures and equipment	\$ 80,923
Vehicles	<u>60,983</u>
Total	141,906
Less accumulated depreciation	<u>21,550</u>
Undepreciated cost	<u>\$ 120,356</u>

ALL ABOUT ANIMALS RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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, 2009.

Note 4 - Operating Expense

AAAR leases its office space from unrelated third parties. Total lease expense for the year ended December 31, 2009 was \$26,829.

The Organization's office lease in Warren, Michigan is a non-cancelable lease agreement requiring monthly payments of \$2,000 per month expiring in September 2011. The Organization's office lease in Pontiac, Michigan is a non-cancellable lease agreement requiring monthly payments of \$800 per month expiring in September, 2010.

The future minimum rental payments under this operating lease as of December 31, 2009 are as follows:

2010	30,700
2011	<u>16,000</u>
Total	<u>\$ 46,700</u>