

**ALL ABOUT ANIMALS RESCUE, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

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## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of All About Animals Rescue, Inc., which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 from 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.

**Auditor's Responsibility - Continued**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All About Animals Rescue, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

*Doeren Mayhew*

DOEREN MAYHEW

June 7, 2013  
Troy, Michigan

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2012

### ASSETS

#### Current Assets

Cash and cash equivalents (note 5)	\$ 191,970
Grants receivable	<u>10,000</u>
Total current assets	201,970

#### Property and Equipment

At cost, less accumulated depreciation of \$240,922 (notes 2 and 5)	720,373
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#### Deposits

1,600

Total assets	<u><u>\$ 923,943</u></u>
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### LIABILITIES AND NET ASSETS

#### Current Liabilities

Accounts payable	\$ 9,463
Current portion of long-term debt (note 5)	40,613
Accrued liabilities	<u>36,570</u>

Total current liabilities	86,646
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#### Notes Payable and Long-Term Debt (note 5)

291,960

#### Net Assets

Unrestricted	493,837
Temporarily restricted	<u>51,500</u>

Total net assets	<u>545,337</u>
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Total liabilities and net assets	<u><u>\$ 923,943</u></u>
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See accompanying notes to financial statements

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012

### Revenue and Support From Operations

Corporate contributions	\$ 258,603
Clinic and wellness	1,676,450
Donated services (note 3)	76,000
Other contributions and support	<u>74,104</u>

Total revenue and support from operations 2,085,157

### Functional Expenses

Program services	1,938,594
Supporting services	173,104
Fundraising	<u>4,552</u>

Total functional expenses 2,116,250

Decrease in Unrestricted Net Assets (31,093)

### Temporarily Restricted Net Assets

Net assets contributed - grant revenue	<u>51,500</u>
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Net Increase in Net Assets 20,407

Net Assets - January 1, 2012 524,930

Net Assets - December 31, 2012 \$ 545,337

See accompanying notes to financial statements

## ALL ABOUT ANIMALS RESCUE, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total Functional Expenses</u>
Advertising	\$ -	\$ 30,250	\$ 145	\$ 30,395
Bank fees	1,942	-	161	2,103
Conferences and conventions	8,908	-	-	8,908
Card processing fees	11,544	-	-	11,544
Depreciation	113,050	-	-	113,050
Donated services (note 3)	67,640	8,360	-	76,000
Information technology	10,007	-	942	10,949
Insurance	19,674	2,432	-	22,106
Interest	25,618	-	-	25,618
Licenses and permits	2,903	-	-	2,903
Maintenance and repairs	20,418	2,524	-	22,942
Meetings, luncheons and dinners	1,850	-	-	1,850
Miscellaneous	3,078	380	-	3,458
Payroll taxes	103,050	12,736	-	115,786
Printing and postage	13,635	-	3,304	16,939
Professional fees	116,064	-	-	116,064
Recruiting	479	59	-	538
Salaries and fringes	858,633	106,123	-	964,756
Space rental	27,857	3,443	-	31,300
Supplies	473,202	-	-	473,202
Telephone	7,881	974	-	8,855
Travel	7,358	909	-	8,267
Uniforms	4,043	-	-	4,043
Utilities	39,760	4,914	-	44,674
	<u>\$ 1,938,594</u>	<u>\$ 173,104</u>	<u>\$ 4,552</u>	<u>\$ 2,116,250</u>

See accompanying notes to financial statements

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

### Cash Flows From Operating Activities:

Increase in net assets	\$ 20,407
Adjustments:	
Depreciation	25,618
Changes in assets and liabilities:	
Increase in grant receivable	(10,000)
Decrease in deposits	2,400
Decrease in accounts payable	(1,406)
Increase in accrued liabilities	<u>29,703</u>
Total adjustments	<u>46,315</u>
Net cash provided from operating activities	66,722
<b>Cash Flows From Investing Activities:</b>	
Acquisition of property and equipment	(76,546)
<b>Cash Flows From Financing Activities:</b>	
Repayment of long-term debt	<u>(28,100)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(37,924)
<b>Cash and Cash Equivalents - January 1, 2012</b>	<u>229,894</u>
<b>Cash and Cash Equivalents - December 31, 2012</b>	<u><u>\$ 191,970</u></u>

### Schedule of Noncash Investing and Financing Activities

Property and equipment acquired with long-term debt	<u><u>\$ 171,082</u></u>
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See accompanying notes to financial statements



# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

### 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. 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 Auburn Hills, Detroit and Warren, 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.

#### **Temporarily Restricted Net Assets**

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net assets.

#### **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 2009 - 2012.

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### **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. Total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of December 31, 2012, the Organization did not have any uninsured deposits at financial institutions.

#### **Grants Receivable**

Grants receivable consists of amounts due from private foundations. No allowance for uncollectible accounts has been provided. Management has evaluated the accounts based on historical experience and review of current status and believes they are all collectible.

#### **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.

#### **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.

#### **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. Program services and fundraising revenues are recognized when an event has occurred and collection is likely.

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

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

#### Advertising

The Organization records advertising expenses as they are incurred. Advertising costs for the year ended December 31, 2012 amounted to \$30,395.

#### 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 June 7, 2013, 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, 2012 may be summarized as follows:

Land, building and building improvements	\$ 398,432
Furniture, fixtures and equipment	182,444
Vehicles	<u>380,419</u>
Total	961,295
Less accumulated depreciation	<u>240,922</u>
Undepreciated cost	<u>\$ 720,373</u>

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

### 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 \$76,000 during the year ended December 31, 2012.

### Note 4 - Operating Leases

AAAR leases its office spaces from unrelated third-parties. Total lease expense for the year ended December 31, 2012 was \$31,300.

The Organization's office lease in Auburn Hills, Michigan is a noncancellable lease agreement requiring monthly payments of \$1,300 per month expiring September 2014. The Organization's office lease in Detroit, Michigan is a noncancellable lease agreement requiring monthly payments of \$800 per month expiring July 2013.

The future minimum rental payments under these operating leases as of December 31, 2012 are as follows:

2013	\$	21,200
2014		11,700

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

### Note 5 - Notes 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 assets with net book values of \$516,559 and cash deposit accounts with the bank totaling \$85,669 as of December 31, 2012	\$ 9,361	\$ 171,748
Note payable to bank, due in monthly installments of \$3,347 including principal and interest at 6.5%, until April 2017 when the remaining balance is due. The note is secured by assets with net book values of \$516,559 and cash deposit accounts with the bank totaling \$85,669 as of December 31, 2012	<u>31,252</u>	<u>120,212</u>
Total notes payable and long-term debt	<u>\$ 40,613</u>	<u>\$ 291,960</u>

The amounts of long-term debt coming due during the five years ending December 31, 2017 are as follows:

2013	\$	40,613
2014		43,383
2015		197,288
2016		37,961
2017		13,328

Interest expense for the year ended December 31, 2012 amounted to \$25,538.