

**ALL ABOUT ANIMALS RESCUE, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2014

*(With Independent Auditor's Report Thereon)*

# ALL ABOUT ANIMALS RESCUE, INC.

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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, 2014, 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, 2014, 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*

Troy, Michigan  
April 27, 2015

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2014

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<u>Assets</u>	
Current assets:	
Cash and cash equivalents (note 4)	\$ 397,633
Accounts receivable	8,000
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Total current assets	405,633
Property and equipment:	
At cost, less accumulated depreciation of \$497,820 (notes 2 and 4)	491,027
Deposits	1,600
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Total assets	<u>\$ 898,260</u>
<u>Liabilities and Net Assets</u>	
Current liabilities:	
Accounts payable	\$ 10,198
Current portion of long-term debt (note 4)	197,709
Accrued liabilities	61,190
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Total current liabilities	269,097
Long-term debt (note 4)	51,581
Net assets:	
Unrestricted	405,682
Temporarily restricted	171,900
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Total net assets	577,582
Total liabilities and net assets	<u>\$ 898,260</u>

See accompanying notes to financial statements

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2014

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Revenue and support from operations:	
Corporate contributions	\$ 24,565
Clinic and wellness	2,303,316
Other contributions and support	<u>115,615</u>
Total revenue and support from operations	2,443,496
Functional expenses:	
Program services	2,403,690
Supporting services	261,311
Fundraising	<u>17,267</u>
Total functional expenses	<u>2,682,268</u>
Excess expenses over revenues	(238,772)
Other changes in unrestricted net assets:	
Net assets released from restriction	<u>178,750</u>
Decrease in unrestricted net assets	(60,022)
Changes in temporarily restricted net assets:	
Net assets released from restriction	(178,750)
Net assets contributed - grant revenue	<u>220,750</u>
Net decrease in net assets	(18,022)
Net assets - January 1, 2014	<u>595,604</u>
Net assets - December 31, 2014	<u>\$ 577,582</u>

See accompanying notes to financial statements

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2014

	Program Services	Supporting Services	Fundraising	Total Functional Expenses
Advertising	\$ -	\$ 5,010	\$ 2,178	\$ 7,188
Banking and credit card fees	18,594	-	-	18,594
Conferences and conventions	12,902	-	-	12,902
Depreciation	125,348	-	-	125,348
Information technology	2,999	-	2,932	5,931
Insurance	32,480	4,014	-	36,494
Interest	22,277	-	-	22,277
Licenses and permits	446	-	-	446
Maintenance and repairs	26,918	3,327	-	30,245
Meetings, luncheons and dinners	-	-	1,883	1,883
Miscellaneous	501	102	323	926
Payroll taxes	164,746	20,362	-	185,108
Printing and postage	14,777	2,645	6,627	24,049
Professional fees	151,898	-	1,190	153,088
Recruiting	442	55	-	497
Salaries and fringes	1,078,081	133,246	-	1,211,327
Security	2,149	-	-	2,149
Space rental	23,718	2,932	-	26,650
Supplies	666,184	82,344	56	748,584
Telephone	8,102	1,001	-	9,103
Travel	11,276	1,650	2,078	15,004
Uniforms	2,450	-	-	2,450
Utilities	37,402	4,623	-	42,025
<b>Total functional expenses</b>	<b><u>\$ 2,403,690</u></b>	<b><u>\$ 261,311</u></b>	<b><u>\$ 17,267</u></b>	<b><u>\$ 2,682,268</u></b>

See accompanying notes to financial statements

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2014

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Cash flows from operating activities:

Decrease in net assets	\$ (18,022)
Adjustments:	
Depreciation	125,348
Changes in assets and liabilities:	
Decrease in accounts receivable	70,940
Decrease in accounts payable	(33,938)
Increase in accrued liabilities	<u>23,801</u>
Total adjustments	<u>186,151</u>
Net cash provided from operating activities	168,129
Cash flows from investing activities:	
Acquisition of property and equipment	(13,696)
Cash flows from financing activities:	
Repayment of long-term debt	<u>(39,595)</u>
Net increase in cash and cash equivalents	114,838
Cash and cash equivalents - January 1, 2014	<u>282,795</u>
Cash and cash equivalents - December 31, 2014	<u>\$ 397,633</u>

See accompanying notes to financial statements



# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### 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.

#### 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, 2014, the Organization had deposits in excess of FDIC coverage of approximately \$86,000.

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### 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. Based upon review of its receivables at December 31, 2014, the Organization does not deem an allowance for doubtful accounts necessary.

#### 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.

#### 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.

#### 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.

#### Advertising

The Organization records advertising expenses as they are incurred. Advertising costs for the year ended December 31, 2014 amounted to \$7,188.

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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

#### 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 2011 - 2014.

#### 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.

#### Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 27, 2014, which is the date the financial statements were available to be issued.

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### Note 2 - Property and Equipment

The principal categories of property and equipment as of December 31, 2014 may be summarized as follows:

Land, building and building improvements	\$ 408,806
Furniture, fixtures and equipment	199,622
Vehicles	<u>380,419</u>
Total	988,847
Less accumulated depreciation	<u>497,820</u>
Undepreciated cost	<u>\$ 491,027</u>

### Note 3 - Operating Leases

AAAR leases its office spaces from unrelated third-parties. Total lease expense for the year ended December 31, 2014 was \$26,650.

The Organization's office lease in Auburn Hills, Michigan is a noncancellable lease agreement requiring monthly payments of \$1,300 per month expiring October 2017.

The Organization's office lease in Detroit, Michigan is a noncancellable lease agreement requiring monthly payments of \$850 per month expiring August 2015.

The future minimum rental payments under these operating leases as of December 31, 2014 are as follows:

2015	\$ 21,550
2016	15,600
2017	11,700

**ALL ABOUT ANIMALS RESCUE, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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**Note 4 - 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 \$290,148 and cash deposit accounts with the bank totaling \$74,670 as of December 31, 2014	\$ 162,157	\$ -
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 \$111,554 and cash deposit accounts with the bank totaling \$74,670 as of December 31, 2014	<u>35,552</u>	<u>51,581</u>
Total notes payable and long-term debt	<u>\$ 197,709</u>	<u>\$ 51,581</u>

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

2015	\$ 197,709
2016	37,933
2017	13,648

Interest expense for the year ended December 31, 2014 amounted to \$22,277.

The notes payable are subject to a borrower debt service coverage financial covenant. Under the terms of the loan agreements, the bank may call the loans if the Organization is in violation of the covenant.

**\* \* \* End of Notes \* \* \***