

CATSKILL ANIMAL SANCTUARY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009**

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CAMERON F. RABE

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INDEPENDENT AUDITOR'S REPORT

Licenses held in
New York
New Jersey
Virginia

Board of Directors
Catskill Animal Sanctuary
316 Old Stage Road
Saugerties, New York 12477

I have audited the accompanying statements of financial position of the Catskill Animal Sanctuary, Inc. ("the Organization") as of December 31, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based upon my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catskill Animal Sanctuary as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Cameron F. Rabe, CPA
Kingston, NY
May 31, 2011

CATSKILL ANIMAL SANCTUARY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

ASSETS	December 31, 2010	2009
Cash and cash equivalents	1,720,832	1,075,466
Contributions receivable	63,993	119,100
Inventory	46,886	39,574
Property and equipment (net)	<u>911,441</u>	<u>795,513</u>
Total Assets	<u>2,743,152</u>	<u>2,029,653</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	<u>21,140</u>	<u>14,433</u>
Total Liabilities	21,140	14,433
NET ASSETS		
Unrestricted	2,722,012	2,015,220
Temporarily Restricted	<u>0</u>	<u>0</u>
Total Net Assets	<u>2,722,012</u>	<u>2,015,220</u>
Total Liabilities & Net Assets	<u>2,743,152</u>	<u>2,029,653</u>

CATSKILL ANIMAL SANCTUARY, INC.
 STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2010
 WITH COMPARATIVE TOTALS FOR 2009

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES AND SUPPORT				
Contributions	1,415,530		1,415,530	1,974,374
Program service revenue	16,865		16,865	66,954
Interest income	13,545		13,545	2,170
Other revenue	9,936		9,936	8,827
Net Assets Released From Restrictions				
Total revenues and support	<u>1,455,876</u>	<u>-</u>	<u>1,455,876</u>	<u>2,052,325</u>
EXPENSES				
Program service expenses	655,315	-	655,315	521,490
General and administrative expenses	57,940	-	57,940	56,615
Fundraising	35,829	-	35,829	42,583
Total expenses	<u>749,084</u>	<u>-</u>	<u>749,084</u>	<u>620,688</u>
Increase (decrease) in net assets	706,792	-	706,792	1,431,637
Net assets, beginning of year	<u>2,015,220</u>	<u>-</u>	<u>2,015,220</u>	<u>583,583</u>
Net assets, end of year	<u>2,722,012</u>	<u>0</u>	<u>2,722,012</u>	<u>2,015,220</u>

CATSKILL ANIMAL SANCTUARY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

	2010	2009
Cash flows from operating activities		
Increase in net assets	706,792	1,433,241
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
(Increase) in inventory	(7,312)	(28,533)
(Increase) decrease in contributions receivable	55,107	(35,363)
Increase in accounts payable and accrued liabilities	6,707	143
Depreciation	32,533	16,054
Net cash provided by operations	<u>793,827</u>	<u>1,385,542</u>
 Cash flows from investing activities		
Purchase of property and equipment	<u>(148,461)</u>	<u>(464,363)</u>
Net cash used in investing activities	<u>(148,461)</u>	<u>(464,363)</u>
 Cash flows from financing activities		
Net cash used in financing activities	<u>0</u>	<u>0</u>
 Change in cash and cash equivalents	645,366	921,179
Cash and cash equivalents, beginning of year	1,075,466	154,287
Cash and cash equivalents, end of year	<u><u>1,720,832</u></u>	<u><u>1,075,466</u></u>
 Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>-</u>	<u>-</u>

**CATSKILL ANIMAL SANCTUARY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009**

	2010			2009	
	Program	Administrative and General	Fundraising	Total	Total
Salaries and Payroll Expenses	268,537	43,632	9,660	321,829	268,892
Advertising	4,816	-	4,816	9,632	13,404
Animal care and supplies	181,640	-	-	181,640	170,980
Farm repairs and maintenance	50,936	-	-	50,936	35,256
Utilities	11,904	1,399	683	13,986	9,167
Office expense	32,119	3,892	2,910	38,921	43,258
Contract services	22,510	2,712	1,898	27,120	13,306
Education	40,951	-	-	40,951	30,000
Fundraising events and merchandise	-	-	13,585	13,585	11,721
Insurance and property taxes	14,900	3,052	-	17,952	7,046
Depreciation	27,002	3,253	2,277	32,532	17,658
Total expenses	655,315	57,940	35,829	749,084	620,688

CATSKILL ANIMAL SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Catskill Animal Sanctuary, Inc. is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code. The Organization is incorporated in the State of New York.

Catskill Animal Sanctuary was organized to provide a safe haven for abused, abandoned and neglected farm animals, to raise awareness of the treatment of these animals and its impact on the environment, and to serve as an educational resource to schools and other community organizations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

The cost of providing the Organization's various programs, supporting services and fundraising has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements include certain prior year comparative total amounts. Such amounts do not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such amounts should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the comparative total amounts were derived.

Classification of Net Assets

The Organization follows Statement of Financial Position (SFAS) No.117, *Financial Statements of Not-for-Profit Organizations*. Under this statement, the Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted Net Assets – Unrestricted net assets generally result from assets derived from providing services, receiving unrestricted contributions, realized gains, assets, less expenses incurred in providing services, raising contributions and performing administrative functions.

Temporarily Restricted Net Assets –Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

CATSKILL ANIMAL SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Permanently Restricted Net Assets – Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income of which is expendable to support program and operating activities.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Purchased property and equipment is stated at cost, and depreciated on a straight-line basis over the estimated useful lives of the assets. Additions, renewals and improvements are capitalized, unless of relatively minor amounts.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

Contributed Services

The Organization recognizes revenue for certain services received at the fair value of those services. In the absence of donor-imposed restrictions, those services are recorded as unrestricted support.

Contributed Property and Equipment

The Organization recognizes revenue for contributed property and equipment at its fair value at the date of contribution. In the absence of donor-imposed restrictions, contributions of property and equipment are recorded as unrestricted support. Contributions of fixed assets are capitalized, unless of relatively minor amounts. Contributions of property and equipment totaled \$18,667 in 2010, \$10,320 of which was capitalized.

CATSKILL ANIMAL SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization follows Statement of Financial Accounting Standard (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. Under this statement, the Organization records revenue as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of donor-imposed restrictions. When the conditions relating to the restriction are met, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as unrestricted.

Grants Receivable

Grants Receivable are stated at the amount management expects to collect. Management provides for uncollectible amounts using the valuation method. At December 31, 2010, there were no grants receivable.

Contributions Receivable

Contributions Receivable are stated at the amount management expects to collect. Management provides for uncollectible amounts using the valuation method. At December 31, 2010, contributions receivable totaled \$63,933. Management expects to collect this amount in full in 2011.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2010:

	Estimated Life	
Buildings and improvements	39 years	\$ 916,165
Equipment	7 years	63,026
Vehicles	5 years	41,788
		<u>1,020,979</u>
Less: accumulated depreciation		<u>109,538</u>
Fixed Assets, net		<u>\$ 911,441</u>

NOTE 4 – LEASES

The Organization leases land under a lease agreement beginning February 1, 2003. Annual lease payments are \$1. The initial term of the lease is five years with a provision to automatically renew for an additional five years provided the Organization is not in default on any lease terms. The Organization has the option not to extend the lease.

CATSKILL ANIMAL SANCTUARY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 4 – LEASES, CONTINUED

Future minimum lease payments under this lease agreement are as follows:

2011 - 2015	<u>\$5</u>
Total future minimum payments	<u>\$5</u>

NOTE 5 – CONCENTRATIONS OF CREDIT RISK / MAJOR CONTRIBUTORS

The Organization is economically dependent upon contributions from the general public to finance its activities. For the year ended December 31, 2010, the Organization had one single individual contributor whose contributions represented more than 10% of all contributions received from the general public. Total contributions from this individual totaled \$45,510 in 2010. In addition, the Organization had one grantor foundation whose grant represented more than 10% of all foundation and trust grants received. Total contributions from this foundation totaled \$865,000 in 2010.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Organization provides housing to be used by the acting director or whoever is on call in his or her absence. The purpose of this residence is to ensure that someone is present at the Sanctuary at all times to cover emergencies.

The Organization purchases books authored by the Executive Director and sells them as part of fundraising activities. The books are purchased at cost. Total purchases were \$21,175 in 2010.

NOTE 7 – TEMPORARILY RESTRICTED ASSETS

There are no net assets restricted as to purpose at December 31, 2010.

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