

**CATSKILL ANIMAL SANCTUARY, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2009  
WITH COMPARATIVE TOTALS FOR 2008**

**CAMERON F. RABE, CPA  
58 PEARL STREET  
KINGSTON, NY 12401**

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# CAMERON F. RABE

CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

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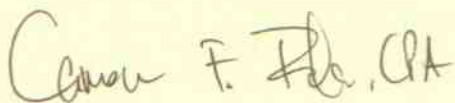
*Licenses held in  
New York  
New Jersey  
Virginia*

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, 2009 and 2008 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, 2009 and 2008, 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  
April 30, 2010

CATSKILL ANIMAL SANCTUARY, INC.  
 STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2009  
 WITH COMPARATIVE TOTALS FOR 2008

ASSETS	December 31, 2009	2008
Cash and cash equivalents	1,075,466	154,287
Contributions receivable	119,100	83,737
Inventory	39,574	11,041
Property and equipment (net)	<u>797,117</u>	<u>348,808</u>
<b>Total Assets</b>	<b><u>2,031,257</u></b>	<b><u>597,873</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	<u>14,433</u>	<u>14,290</u>
<b>Total Liabilities</b>	<b>14,433</b>	<b>14,290</b>
<b>NET ASSETS</b>		
Unrestricted	2,016,824	583,583
Temporarily Restricted	<u>0</u>	<u>0</u>
<b>Total Net Assets</b>	<b><u>2,016,824</u></b>	<b><u>583,583</u></b>
<b>Total Liabilities &amp; Net Assets</b>	<b><u>2,031,257</u></b>	<b><u>597,873</u></b>

CATSKILL ANIMAL SANCTUARY, INC.  
 STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 WITH COMPARATIVE TOTALS FOR 2008

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUES AND SUPPORT</b>				
Contributions	1,944,374			495,492
Fundraising income	66,954			187,112
Merchandise sales	2,170			12,336
Interest	8,827			1,197
Net Assets Released From Restrictions				0
<b>Total revenues and support</b>	<b>2,022,325</b>	-	<b>2,022,325</b>	<b>696,137</b>
<b>EXPENSES</b>				
Program service expenses	498,615	-	498,615	365,903
General and administrative expenses	58,551	-	58,551	56,248
Fundraising	31,918	-	31,918	23,220
<b>Total expenses</b>	<b>589,084</b>	-	<b>589,084</b>	<b>445,371</b>
<b>Increase (decrease) in net assets</b>	1,433,241	-	1,433,241	250,766
<b>Net assets, beginning of year</b>	<b>583,583</b>	-	<b>583,583</b>	<b>332,817</b>
<b>Net assets, end of year</b>	<b>2,016,824</b>	<b>0</b>	<b>2,016,824</b>	<b>583,583</b>

CATSKILL ANIMAL SANCTUARY, INC.  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2009  
 WITH COMPARATIVE TOTALS FOR 2008

	2009	2008
Cash flows from operating activities		
Increase in net assets	1,433,241	250,766
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Increase in inventory	(28,533)	(83,737)
Increase in contributions receivable	(35,363)	(11,041)
Increase in accounts payable and accrued liabilities	143	74
Depreciation	16,054	10,135
Net cash provided by operations	<u>1,385,542</u>	<u>166,197</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(464,363)</u>	<u>(86,023)</u>
Net cash used in investing activities	<u>(464,363)</u>	<u>(86,023)</u>
Cash flows from financing activities		
Net cash used in financing activities	<u>0</u>	<u>0</u>
Change in cash and cash equivalents	921,179	80,174
Cash and cash equivalents, beginning of year	154,287	74,113
Cash and cash equivalents, end of year	<u>1,075,466</u>	<u>154,287</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, 2009  
 WITH COMPARATIVE TOTALS FOR 2008

	2009			2008	
	Program	Administrative and General	Fundraising	Total	Total
Salaries and Payroll Expenses	212,425	45,712	10,756	268,892	202,649
Advertising	6,702	-	6,702	13,404	2,100
Animal care and supplies	170,980	-	-	170,980	137,083
Farm repairs and maintenance	35,256	-	-	35,256	16,305
Utilities	7,242	1,558	-	9,167	18,848
Office expense	34,174	7,354	1,730	43,258	24,941
Education	13,306	-	-	13,306	14,472
Fundraising events and merchandise	-	-	11,721	11,721	11,479
Insurance	5,848	1,198	-	7,046	7,359
Depreciation	12,683	2,729	642	16,054	10,135
<b>Total expenses</b>	<b>498,615</b>	<b>58,551</b>	<b>31,918</b>	<b>589,084</b>	<b>445,371</b>



CATSKILL ANIMAL SANCTUARY, INC.  
NOTES TO FINANCIAL STATEMENTS

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December 31, 2009

**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, 2008, 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**

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**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 \$41,665 in 2009, \$22,332 of which was capitalized.

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

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**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, 2009, 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, 2009, contributions receivable totaled \$83,737. Management expects to collect this amount in full in 2010.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2009:

	Estimated Life	
Buildings	40 years	\$ 341,939
Equipment	5 years	19,301
Improvements	10 years	46,915
		<u>408,155</u>
Less: accumulated depreciation		59,347
Fixed Assets, net		<u>\$ 348,808</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**

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**NOTE 4 – LEASES, CONTINUED**

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

2010 - 2014	<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, 2009, 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 \$70,000 in 2009.

**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 \$10,448 in 2009.

**NOTE 7 – TEMPORARILY RESTRICTED ASSETS**

The Organization received funds to be used specifically for repairs and improvements to structures. The amount of net assets released from these restrictions was \$25,000 at December 31, 2009. There are no net assets restricted as to purpose at December 31, 2009.

**NOTE 8 – SUBSEQUENT EVENTS**

In September 2009, the Organization purchased additional land used for its activities. The sales price of the property was \$262,000, which was paid in full in cash by the Organization.

Also in 2009, the Organization received notification of a \$1.5 million dollar matching grant to support its activities and provide for capital improvements. Funds will be released in installments as the Organization meets its matching obligations.

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