

**CATSKILL ANIMAL  
SANCTUARY, INC.  
FINANCIAL REPORT  
DECEMBER 31, 2017**

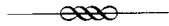
Catskill Animal Sanctuary, Inc.

FINANCIAL REPORT

DECEMBER 31, 2017

|                                       |      |
|---------------------------------------|------|
| Independent Auditors' Report.....     | 1-2  |
| Financial Statements:                 |      |
| Statement of Financial Position.....  | 3-4  |
| Statement of Activities.....          | 5    |
| Statement of Cash Flows.....          | 6    |
| Statement of Functional Expenses..... | 7    |
| Notes to Financial Statements.....    | 8-13 |

*Thomas F. Lindgren, CPA, P.C.*



417 Albany Avenue, PO Box 4236  
Kingston, NY 12402  
(845) 338-1001 ~ (845) 338-2003  
tlindgren@tflcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Catskill Animal Sanctuary, Inc.  
Saugerties, NY 12477

Ladies and Gentlemen:

I have audited the accompanying financial statements of the Catskill Animal Sanctuary, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Catskill Animal Sanctuary, Inc. as of December 31, 2017, 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.

A handwritten signature in black ink, appearing to read "Thomas Lindgren". The signature is fluid and cursive, with the first name "Thomas" and last name "Lindgren" clearly distinguishable.

Thomas F. Lindgren, CPA

Kingston, New York  
August 7, 2018

**Catskill Animal Sanctuary, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

**ASSETS**

**Current Assets:**

|   |               |
|---|---------------|
| Cash                                      | \$ 940,381    |
| Cash - temporarily restricted             | 74,036        |
| Contributions and pledges receivable      | 504,865       |
| Inventories                               | 15,085        |
| Prepaid expenses and other current assets | <u>21,693</u> |

**Total Current Assets** 1,556,060

**Fixed Assets:**

|                            |               |
|----------------------------|---------------|
| Land                       | 995,730       |
| Buildings and improvements | 2,171,372     |
| Equipment                  | 179,887       |
| Vehicles                   | 111,131       |
| Work in process            | <u>41,112</u> |

3,499,232  
Less accumulated depreciation (638,548)

**Total Fixed Assets** 2,860,684

**Other Assets:**

|                                |                |
|--------------------------------|----------------|
| Pledges receivable - long-term | 278,373        |
| Long-term investments          | <u>731,755</u> |

**Total Other Assets** 1,010,128

**TOTAL ASSETS** \$ 5,426,872

See independent auditors report and notes to financial statements

**Catskill Animal Sanctuary, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

|                  |              |
|------------------|--------------|
| Accounts payable | \$ 8,631     |
| Accrued expenses | 38,886       |
| Deferred revenue | <u>7,805</u> |

**Total Current Liabilites** 55,322

**Total Liabilities** 55,322

**Net Assets:**

|                        |                  |
|------------------------|------------------|
| Unrestricted           | 3,318,262        |
| Temporarily restricted | <u>2,053,288</u> |

**Total Net Assets** 5,371,550

**TOTAL LIABILITIES AND NET ASSETS** \$ 5,426,872

See independent auditors report and notes to financial statements

**Catskill Animal Sanctuary, Inc.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | Unrestricted       | Temporarily<br>Restricted | Permanently<br>Restricted | Total              |
|--|--------------------|---------------------------|---------------------------|--------------------|
| <b>Revenue and Support</b>               |                    |                           |                           |                    |
| Program service revenue                  | \$ 434,788         | 0                         | 0                         | 434,788            |
| Contributions                            | 445,431            | 702,250                   | 0                         | 1,147,681          |
| Interest income                          | 4,157              | 0                         | 0                         | 4,157              |
| Other revenue                            | 10,013             | 0                         | 0                         | 10,013             |
|  | <u>894,389</u>     | <u>702,250</u>            | <u>0</u>                  | <u>1,596,639</u>   |
| Sub-total                                |                    |                           |                           |                    |
| Special events - income                  | 55,832             | 0                         | 0                         | 55,832             |
| Special events - expenses                | (6,877)            | 0                         | 0                         | (6,877)            |
|  | <u>48,955</u>      | <u>0</u>                  | <u>0</u>                  | <u>48,955</u>      |
| Special Events - net                     |                    |                           |                           |                    |
| Merchandise sales                        | 62,449             | 0                         | 0                         | 62,449             |
| Cost of goods sold                       | (49,789)           | 0                         | 0                         | (49,789)           |
|  | <u>12,660</u>      | <u>0</u>                  | <u>0</u>                  | <u>12,660</u>      |
| Merchandise sales - net                  |                    |                           |                           |                    |
| <b>Total Revenue and Support</b>         | <u>956,004</u>     | <u>702,250</u>            | <u>0</u>                  | <u>1,658,254</u>   |
| <b>Expenses</b>                          |                    |                           |                           |                    |
| Program                                  | 1,635,024          | 0                         | 0                         | 1,635,024          |
| Manangement and General                  | 282,052            | 0                         | 0                         | 282,052            |
| Fundraising                              | 187,000            | 0                         | 0                         | 187,000            |
| <b>Total Expenses</b>                    | <u>2,104,076</u>   | <u>0</u>                  | <u>0</u>                  | <u>2,104,076</u>   |
| <b>Other Changes</b>                     |                    |                           |                           |                    |
| Investment return                        | 16,190             | 0                         | 0                         | 16,190             |
| Net Assets Released From Restrictio      | 322,722            | (322,722)                 | 0                         | 0                  |
| <b>Total Other Changes</b>               | <u>338,912</u>     | <u>(322,722)</u>          | <u>0</u>                  | <u>16,190</u>      |
| <b>Increase/(Decrease) in Net Assets</b> | (809,160)          | 379,528                   | 0                         | (429,632)          |
| <b>Net Assets - Beginning of Year</b>    | <u>4,127,422</u>   | <u>1,673,760</u>          | <u>0</u>                  | <u>5,801,182</u>   |
| <b>Net Assets - End of Year</b>          | <u>\$3,318,262</u> | <u>\$2,053,288</u>        | <u>\$ 0</u>               | <u>\$5,371,550</u> |

See independent auditors report and notes to financial statements

**Catskill Animal Sanctuary, Inc.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Cash Flows From Operating Activities:**

|   |                |
|---|----------------|
| Decrease in net assets  | \$ (429,632)   |
| Adjustments to reconcile net assets to net cash provided by (used for) operations |                |
| Depreciation and amortization   | 95,704         |
| Unrealized (gain)/loss on investments   | (7,323)        |
| (Increase) decrease in operating assets:  |                |
| Contributions and Pledges   | 882,460        |
| Inventories   | 1,623          |
| Prepaid expenses and other current assets   | 19,088         |
| Increase (decrease) in operating liabilities:                                     |                |
| Accounts payable  | (8,056)        |
| Accrued expenses  | (26,300)       |
| Deferred revenue  | <u>(462)</u>   |
| Net cash provided by operating activities   | <u>527,102</u> |

**Cash Flows From Investing Activities:**

|                                       |                  |
|---------------------------------------|------------------|
| Purchase of fixed assets              | (313,131)        |
| Purchase of long-term investments     | (383,600)        |
| Sale of long-term investments         | <u>100,000</u>   |
| Net cash used by investing activities | <u>(596,731)</u> |

**NET DECREASE IN CASH** (69,629)

**CASH - BEGINNING** 1,084,046

**CASH - ENDING** \$ 1,014,417

See independent auditors report and notes to financial statements



**Catskill Animal Sanctuary, Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                     | Program<br><u>Services</u> | Mangement<br><u>and General</u> | <u>Fundraising</u> | Total<br><u>Expenses</u> |
|-------------------------------------|----------------------------|---------------------------------|--------------------|--------------------------|
| Salaries and wages                  | \$ 953,591                 | \$ 81,168                       | \$ 95,580          | \$ 1,130,339             |
| Payroll taxes and employee benefits | 149,076                    | 27,833                          | 10,748             | 187,657                  |
| Animal feed and supplies            | 143,479                    | 0                               | 0                  | 143,479                  |
| Veterinary and medical              | 101,934                    | 0                               | 0                  | 101,934                  |
| Professional fees                   | 25,633                     | 35,366                          | 30,957             | 91,956                   |
| Repairs and maintenance             | 71,659                     | 3,698                           | 223                | 75,580                   |
| Supplies                            | 22,002                     | 6,610                           | 9,184              | 37,796                   |
| Utilities                           | 20,256                     | 13,826                          | 857                | 34,939                   |
| Licenses, fees and dues             | 953                        | 19,956                          | 4,855              | 25,764                   |
| Printing and copying                | 2,747                      | 8,949                           | 16,208             | 27,904                   |
| Advertising and promotion           | 13,201                     | 26,047                          | 534                | 39,782                   |
| Bad debts                           | 0                          | 25,732                          | 0                  | 25,732                   |
| Bank and merchant fees              | 12,203                     | 3,897                           | 3,956              | 20,056                   |
| Equipment and facilities rental     | 10,638                     | 0                               | 8,464              | 19,102                   |
| Insurance                           | 0                          | 11,667                          | 0                  | 11,667                   |
| Postage and delivery                | 212                        | 3,131                           | 3,693              | 7,036                    |
| Travel                              | 3,831                      | 2,004                           | 739                | 6,574                    |
| Office                              | 2,728                      | 2,356                           | 684                | 5,768                    |
| Miscellaneous                       | 1,521                      | 512                             | 311                | 2,344                    |
| Property taxes                      | 2,355                      | 3,365                           | 0                  | 5,720                    |
| Recruitment                         | 154                        | 2,537                           | 7                  | 2,698                    |
| Telephone and telecommunications    | 1,147                      | 3,398                           | 0                  | 4,545                    |
|                                     | <hr/>                      | <hr/>                           | <hr/>              | <hr/>                    |
| Expenses before depreciation        | 1,539,320                  | 282,052                         | 187,000            | 2,008,372                |
| Depreciation                        | 95,704                     | 0                               | 0                  | 95,704                   |
|                                     | <hr/>                      | <hr/>                           | <hr/>              | <hr/>                    |
| Total Expenses`                     | <u>\$ 1,635,024</u>        | <u>\$ 282,052</u>               | <u>\$ 187,000</u>  | <u>\$ 2,104,076</u>      |

See independent auditors report and notes to financial statements

**Catskill Animal Sanctuary, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1- ORGANIZATION AND NATURE OF ACTIVITIES**

Catskill Animal Sanctuary, Inc. (the "Organization") 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, Inc. 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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Organization follows FASB ASC 958-210. Accordingly, 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, and other inflows of 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.

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.

See independent auditors report

**Catskill Animal Sanctuary, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Investments

Investment with readily determinable fair values are reflected at fair market value. Donated securities are recorded at fair value on the date of the gift. To adjust the carrying value, unrealized gains and losses are reported in the statements of activity as a component of investment income or loss. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

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 and improvements are capitalized. Depreciation is calculated using the straight line method based on the useful lives of the assets. Useful lives range from 3 years to 30 years depending on the nature of the assets. Depreciation expense for the year was \$85,838.

Inventory

Inventory is recorded at the lower of cost (average cost method) or market, determined by the first-in- first-out (FIFO) method.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not liable for income taxes if it operates within the confines of its exempt status, though the Organization may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the Organization could be changed if an adjustment in the tax exempt purpose or income from unrelated business activities is ultimately determined by the taxing authorities. The Organization's income tax filings are subject to audit by various taxing authorities.

**Catskill Animal Sanctuary, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes (cont.)

The Organization's open audit periods are 2015 - 2017. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes their evaluations are appropriate based on current facts and circumstances.

Catskill Animal Sanctuary, Inc. had no income tax liabilities for the year 2016, and as such, no provision for income taxes is included in the accompanying financial statements.

Contribution Receivable

Contributions receivable is stated at their estimated collectible amounts. Contributions receivable is periodically evaluated for collectability based on factors such as past history and prior loss experience. At December 31, 2017, net contributions receivable totaled \$782,373. Management expects to collect approximately \$504,000 of this amount in 2018 and the remainder over the following two years.

Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Recognition Revenue

The Organization follows FASB ASC 958-210, 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.

**Catskill Animal Sanctuary, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 3 - CONTRIBUTIONS RECEIVABLE**

Contribution receivables as of December 31, 2017, are as followed:

|                                |                   |
|--------------------------------|-------------------|
| Gross contributions receivable | \$ 804,000        |
| Less: Unamortized discounts    | <u>(21,627)</u>   |
| Net contributions receivable   | <u>\$ 782,373</u> |
| Amounts due in:                |                   |
| Less than one year             | \$ 504,000        |
| One to five years              | <u>300,000</u>    |
| Contributions receivable       | <u>\$ 804,000</u> |

Contribution receivables due in more than one year are recognized at fair value, using net present value techniques. As of December 31, 2017, multi-year pledges totaled \$804,000.

**NOTE 4 - INVESTMENTS**

Investments at December 31, 2017 are summarized as follows:

|                               | <u>Cost</u>       | <u>Fair Value</u> | <u>Unrealized<br/>Appreciation<br/>(Depreciation)</u> |
|-------------------------------|-------------------|-------------------|---|
| Readily Marketable Securities | <u>733,152</u>    | <u>731,755</u>    | <u>(1,397)</u>  |
|                               | <u>\$ 733,152</u> | <u>\$ 731,755</u> | <u>\$ (1,397)</u>                                     |

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The fair value measurements and levels within the fair value hierarchy of those measurements for assets reported at fair value on a recurring basis at December 31, 2016 are as follows:

|                               | <u>Fair Value</u> | <u>Quoted Price<br/>Inputs<br/>(Level 1)</u> |
|-------------------------------|-------------------|--|
| Long term investments         |                   |  |
| Readily Marketable Securities | <u>\$ 731,755</u> | <u>\$ 731,755</u>                            |

See independent auditors report

**Catskill Animal Sanctuary, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 6 - INVESTMENT RETURN**

The long-term investments have been stated at market value in these financial statements. The earnings on these investments as well as the fluctuation in the market values of these investments and the interest earned on cash balances make up the investment return in the statement of activities. The following summarizes the investment return and its classification in the statement of activities.

|   |           |                |
|---|-----------|----------------|
| Interest and dividends earned             | \$        | 15,589         |
| Net realized and unrealized gain/(losses) |           | 5,478          |
| Less: Investment Fees                     |           | <u>(4,877)</u> |
| Investment return                         | <u>\$</u> | <u>16,190</u>  |

**NOTE 7 - CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash and money market deposit accounts at two financial institutions. As part of the Federal Deposit Insurance Corporation both noninterest and interest bearing accounts will be insured up to a combined balance of \$250,000 per bank. At December 31, 2017 the Organization's bank balances totaled \$1,014,417 of which, \$921,161 was in excess of the limits.

The Organization is economically dependent upon contributions from the general public to finance its activities. For the year ended December 31, 2016, the Organization had many single individual contributors from the general public. No one contributor made up a significant amount of the contributions. Contributions from individuals totaled \$489,968 in 2016.

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes

|                                   |           |                  |
|-----------------------------------|-----------|------------------|
| General Animal Care               | \$        | 102,587          |
| Capital Projects                  |           | <u>1,571,173</u> |
| Temporarily Restricted Net Assets | <u>\$</u> | <u>1,673,760</u> |

Pursuant to FASB 958-605-45-5, contributions of unconditional promises to give with payments due in future periods should be reported as restricted support unless explicit donor stipulations or circumstances surrounding the receipt of a promise make clear that the donor intended it to be used to support activities in the current period. It is reasonable to assume that by specifying future payment dates donors indicate that their gift is to support activities in each period in which a payment is scheduled. For example, receipts of unconditional promises to give cash in future years generally increase temporarily restricted net assets.

**Catskill Animal Sanctuary, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 9 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events thru August 8, 2018, the date which the financial statements were available for the initial review.

See independent auditors report