

**ALL ABOUT ANIMALS RESCUE, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

*(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., (the "Organization") which comprise the statement of financial position as of December 31, 2018, 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 Organization'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 Organization'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, 2018, 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  
May 15, 2019

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018

### Assets

Current assets:	
Cash and cash equivalents (notes 4 and 5)	\$ 1,816,827
Property and equipment:	
At cost, less accumulated depreciation of \$803,569 (notice 2 and 4)	1,494,196
Other assets:	
Security deposits	<u>2,450</u>
Total assets	<u><u>\$ 3,313,473</u></u>

### Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 21,987
Accrued liabilities	113,468
Current portion of long-term debt (note 4)	<u>21,664</u>
Total current liabilities	157,119
Long-term debt (note 4)	369,613
Net assets:	
Without donor restrictions (note 1)	2,600,741
With donor restrictions (note 1)	<u>186,000</u>
Total net assets	<u>2,786,741</u>
Total liabilities and net assets	<u><u>\$ 3,313,473</u></u>

See accompanying notes to financial statements

## ALL ABOUT ANIMALS RESCUE, INC.

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support from operations:			
Clinic and wellness	\$ 4,372,577	\$ -	\$ 4,372,577
Public contributions and support	279,368	214,000	493,368
Interest and other revenue	1,873	-	1,873
Total revenue and other support	4,653,818	214,000	4,867,818
Net assets released from restriction	103,000	(103,000)	-
Total revenue and other support and net assets released from restrictions	4,756,818	111,000	4,867,818
Expenses:			
Program services	3,736,959	-	3,736,959
Supporting services	517,325	-	517,325
Fundraising	19,028	-	19,028
Total expenses	4,273,312	-	4,273,312
Net increase in net assets	483,506	111,000	594,506
Net assets - January 1, 2018	2,117,235	75,000	2,192,235
Net assets - December 31, 2018	\$ 2,600,741	\$ 186,000	\$ 2,786,741

See accompanying notes to financial statements

## ALL ABOUT ANIMALS RESCUE, INC.

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018

	Program Services	Supporting Services	Fundraising	Total Functional Expenses
Advertising	\$ -	\$ 7,709	\$ -	\$ 7,709
Banking and credit card fees	-	47,786	12	47,798
Conferences and conventions	-	5,930	350	6,280
Depreciation	79,625	9,841	-	89,466
Information technology	5,436	1,019	2,813	9,268
Insurance	40,025	4,947	-	44,972
Interest	-	21,462	-	21,462
Licenses and permits	3,289	-	-	3,289
Maintenance and repairs	67,520	8,345	-	75,865
Meetings, luncheons and dinners	1,520	-	-	1,520
Miscellaneous	-	142	12,274	12,416
Payroll processing	9,203	1,138	-	10,341
Payroll taxes	141,540	17,494	-	159,034
Printing and postage	20,439	2,969	3,579	26,987
Professional fees	302,790	10,300	-	313,090
Recruiting	4,025	497	-	4,522
Salaries and fringes	1,627,553	201,158	-	1,828,711
Security	5,241	-	-	5,241
Space rental	29,681	3,669	-	33,350
Supplies	1,298,710	160,515	-	1,459,225
Telephone	10,416	1,287	-	11,703
Travel	13,123	1,622	-	14,745
Uniforms	3,591	444	-	4,035
Utilities	73,232	9,051	-	82,283
<b>Total functional expenses</b>	<b>\$ 3,736,959</b>	<b>\$ 517,325</b>	<b>\$ 19,028</b>	<b>\$ 4,273,312</b>

See accompanying notes to financial statements

# ALL ABOUT ANIMALS RESCUE, INC.

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2018

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Cash flows from operating activities:

Increase in net assets	\$ 594,506
Adjustments:	
Depreciation	89,466
Changes in liabilities:	
Increase in accounts payable	2,829
Increase in accrued liabilities	<u>22,072</u>
Total adjustments	<u>114,367</u>
Net cash provided from operating activities	708,873
Cash flows from investing activities:	
Acquisition of property and equipment	(185,728)
Cash flows from financing activities:	
Repayment of long-term debt	<u>(23,637)</u>
Net increase in cash and cash equivalents	499,508
Cash and cash equivalents - January 1, 2018	<u>1,317,319</u>
Cash and cash equivalents - December 31, 2018	<u><u>\$ 1,816,827</u></u>

See accompanying notes to financial statements



# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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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, Flint, and Warren, Michigan.

#### Net Assets

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 or donor-imposed restrictions. Accordingly, net assets of AAAR and changes therein are classified and reported as follows:

#### Net Assets Without Donor Restrictions

This portion of the Organization’s net assets is available for general obligations and is not subject to any donor-imposed restrictions. Revenues earned from contributions without donor restrictions, investment income available for general operations and all operating expenses are reported in this category. As needed, the Board may designate net assets to be allocated for specific actions.

#### Net Assets With Donor Restrictions

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.

#### Recognition of Donor Restrictions

Support that is restricted by the donor or grantor is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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### 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, 2018, the Organization had deposits in excess of FDIC coverage of approximately \$1,566,000.

#### 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. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000.

#### 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, 2018 amounted to \$7,709.

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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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 2015 - 2018.

#### 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.

#### Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements for Not-For-Profit Entities. ASU 2016-14 improves the net asset classification requirements and disclosure requirements regarding liquidity, financial performance, and cash flows. ASU 2016-14 requires retroactive application and is effective for fiscal years beginning after December 15, 2017. These financial statements reflect adoption of ASU 2016-14.

#### Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 15, 2019, which is the date the financial statements were available to be issued.

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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### Note 2 - Property and Equipment

The principal categories of property and equipment as of December 31, 2018 may be summarized as follows:

Land, building and building improvements	\$ 1,505,009
Furniture, fixtures and equipment	250,648
Vehicles	<u>542,108</u>
Total	2,297,765
Less accumulated depreciation	<u>803,569</u>
Undepreciated cost	<u>\$ 1,494,196</u>

### Note 3 - Operating Leases

AAAR leases office spaces from unrelated third-parties. Total lease expense for the year ended December 31, 2018 was \$33,350.

The Organization's office lease in Auburn Hills, Michigan is a noncancellable lease agreement requiring monthly payments of \$1,550 per month expiring October 2020.

The Organization's office lease in Detroit, Michigan is a noncancellable lease agreement requiring monthly payments of \$1,200 per month through September 2018, until rent decreases to \$1,100 per month expiring August 2021.

The future minimum rental payments under these operating leases as of December 31, 2018 are as follows:

2019	\$ 32,600
2020	27,150
2021	8,800

# ALL ABOUT ANIMALS RESCUE, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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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 \$1,206 including principal and interest at 4.50%, until July 2020 when the remaining balance is due. The note is secured by substantially all property and equipment and cash deposit accounts with the bank totaling \$100,197 as of December 31, 2018	\$ 7,712	\$ 121,304
Note payable to bank, due in monthly installments of \$2,258 including principal and interest at 4.96%, until April 2022 when the remaining balance is due. The note is secured by substantially all property and equipment and cash deposit accounts with the bank totaling \$100,197 as of December 31, 2018	<u>13,952</u>	<u>248,309</u>
Total	<u>\$ 21,664</u>	<u>\$ 369,613</u>

The amounts of long-term debt coming due during the four years ending December 31, 2022 are as follows:

2019	\$ 21,664
2020	136,425
2021	15,888
2022	217,300

Interest expense for the year ended December 31, 2018 amounted to \$21,462.

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

**ALL ABOUT ANIMALS RESCUE, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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**Note 5 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Total cash and cash equivalents	\$ 1,816,827
Less those unavailable for general expenditure within one year, due to:	
Restricted by donor with time or purpose restrictions	(186,000)
Board designated for program needs, growth, innovation and capital improvements	<u>                  -</u>
 Total	 <u>\$ 1,630,827</u>

Financial assets in the amount of \$1,630,827 are available for general expenditure without donor or other restrictions limiting their use. If funds to cover the cost of current liabilities are backed out a net amount of \$1,473,708 is available.

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