

ADG CPA

SPAY NEUTER ACTION PROJECT AUDITED FINANCIAL STATEMENTS MARCH 31, 2016

CONTENTS	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-8

ADG CPA

To the Board of Directors of
Spay Neuter Action Project, Inc.

I have audited the accompanying financial statements of Spay Neuter Action Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2016, 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

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 Spay Neuter Action Project, Inc., as of March 31, 2016, 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.



Andres D. Garcia, CPA
August 9, 2016

SPAY NEUTER ACTION PROJECT
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

ASSETS:

Cash and Cash Equivalents	\$ 66,096
Inventory	584
Accounts Receivable	8,435
Grants Receivable	87,574
Total Current Assets	<u>162,689</u>
Property and Equipment	276,264
Less: (Accumulated Depreciation)	<u>(258,464)</u>
Property & Equipment, Net	<u>17,800</u>
Total Assets	<u><u>\$ 180,489</u></u>

LIABILITIES:

Total Liabilities	\$ <u>-</u>
-------------------	-------------

NET ASSETS:

Unrestricted	<u>180,489</u>
Total Net Assets	<u>180,489</u>
Total Liabilities & Net Assets	<u><u>\$ 180,489</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	Total
SUPPORT & REVENUE:	
Spay and Neuter Fees	\$ 296,825
Contributions	154,276
Grants	87,574
Fundraising	11,202
Interest	20
Total Support & Revenue	549,897
EXPENSES:	
Program Services	
Neuter Scooter Clinics	490,455
Supporting Services:	
Management & General	17,628
Fundraising	10,516
Total Supporting Services	28,144
Total Expenses	518,599
Change in Net Assets	31,298
Net Assets, Beginning of Year	149,191
Net Assets, End of Year	\$ 180,489

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2016

	<u>SUPPORTING SERVICES</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	
Payroll & Related				
Salaries & Wages	\$ 227,394	\$	\$	\$ 227,394
Payroll Taxes	23,451			23,451
Insurance: Workers Compensation	9,195			9,195
Payroll Service	3,673			3,673
	<u>263,713</u>	<u>-</u>	<u>-</u>	<u>263,713</u>
Total Payroll & Related				
Other Expenses				
Veterinarians	113,989			113,989
Supplies	75,074	266		75,340
Bus Repairs and Gasoline	9,232			9,232
Insurance		3,560		3,560
Office Expenses		2,709		2,709
Storage	5,956			5,956
Staff Meals and Travel	4,963			4,963
Direct Fundraising Expenses			10,516	10,516
Telephone	3,977	252		4,229
Professional fees		5,565		5,565
Laundry	2,412			2,412
Licenses and Permits	394	422		816
Postage		997		997
Community Outreach	1,348			1,348
Bank Fees		130		130
Advertising	3,750	3,077		6,827
Website		650		650
	<u>221,095</u>	<u>17,628</u>	<u>10,516</u>	<u>249,239</u>
Total Other Expenses				
Depreciation	5,647			5,647
Total Expenses	<u>\$ 490,455</u>	<u>\$ 17,628</u>	<u>\$ 10,516</u>	<u>\$ 518,599</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 31,298
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	5,647
(Increase) Decrease in:	
Inventory	(584)
Accounts Receivable	(1,510)
Grants Receivable	(87,574)
CASH FLOWS (USED) BY OPERATING ACTIVITIES	<u><u>(52,723)</u></u>

CASH FLOWS FROM INVESTING ACTIVITIES

Property and Equipment purchases	(3,774)
CASH FLOWS (USED) BY INVESTING ACTIVITIES	<u><u>(3,774)</u></u>

(Decrease) in Cash (56,497)

Cash & Cash Equivalents, March 31, 2015 122,593

Cash & Cash Equivalents, March 31, 2016 \$ 66,096

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

Note 1. Nature of Organization

Spay Neuter Action Project (SNAP), Inc. (the Organization) is the first and only organization in San Diego County that provides comprehensive programs to solve the core causes of pet overpopulation and its tragic consequences. SNAP's mission is to achieve zero euthanasia of adoptable and treatable pets in San Diego County through prevention by providing public awareness, educational materials, affordable spay/neuter procedures and subsidies when qualified.

SNAP was co-founded in 1990 by Candy Schumann. She was a volunteer in a local animal shelter and after seeing countless stray animals come and go, she knew that adoption alone wasn't going to solve the problem. Candy realized that to reduce the number of animals euthanized in shelters every year, it would be necessary to reduce the number of homeless animals coming into shelters in the first place.

As of today, over two decades later, SNAP has spayed and neutered over 55,000 animals in clinics throughout San Diego County. The Neuter Scooter is a mobile surgery bus which began operations in 2003, primarily serving communities in southwest San Diego County, including City Heights, El Cajon and Chula Vista. The Neuter Scooter travels to low-income neighborhoods, providing affordable spay/neuter services right where they are most needed.

SNAP is funded through grants, private donations, and corporate sponsorships. In addition to SNAP spay/neuter services, SNAP offers information about spay/neuter as well as classes and workshops for people of all ages.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant, receivables and other liabilities.

Fund Accounting: To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

The Organization also prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets not subject to donor-imposed restrictions or stipulations as to purpose of use.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of the Organization or the passage of time.

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

Note 2. Summary of Significant Accounting Policies, continued

Fund Accounting: continued.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used for the Organization’s operations and programs. The Organization does not have any permanently restricted net assets as of March 31, 2015.

Cash and Cash Equivalents: The Organization has defined cash and cash equivalents as cash in banks and money market accounts with an initial maturity of three months or less.

Accounts Receivable: Accounts receivables are receivables from a cost-reimbursement contract with the Department of Animal Services. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. No allowance for doubtful accounts was considered necessary as of March 31, 2016.

Property and Equipment: Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year. Depreciation is computed using the straight-line method over the useful lives of the assets, which vary between five or seven years for buses, equipment and medical instruments

Depreciation expense for the year ended March 31, 2016 amounted to \$5,647.

Contributions: Contributions are recognized as revenues in the period received. Contributions are available for unrestricted use unless specifically restricted by the donor. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

Donated Materials and Services: Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Use of Estimates: The preparation of the financial statements in conformity with U.S. 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 these estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

Note 2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing these services.

Note 3. Income Tax Status

The Organization is a California Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Tax Code 23701(d), respectively, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The FASB Interpretation No.48, *Accounting for Uncertainty in Income Taxes*, (FIN 48) which was subsequently included in the FASB Codification as ASC 740, prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of the Organization has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Organization's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

Note 4. Property and Equipment

Property and equipment consists of the following at March 31, 2016:

Buses	\$ 251,741
Equipment and Medical Instruments	24,523
	<u>276,264</u>
Less: Accumulated Depreciation	(258,464)
	<u>\$ 17,800</u>

Note 5. Subsequent Events

The management of the Organization have reviewed the results of operations and evaluated subsequent events for the period of time from its year end March 31, 2016 through August 9, 2016, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.