

ADG CPA

**SPAY NEUTER ACTION PROJECT
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

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, 2020, 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 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 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, 2020, 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
December 15, 2020

SPAY NEUTER ACTION PROJECT
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

ASSETS:

Cash and Cash Equivalents		\$	138,561
Total Current Assets			<u>138,561</u>
Property and Equipment			240,926
Bus #2 - Construction in Progress			162,307
Less: (Accumulated Depreciation)			<u>(223,004)</u>
Property & Equipment, Net			<u>180,229</u>
Cash Restricted to Purchase Bus #2			<u>120,093</u>
Total Assets		\$	<u><u>438,883</u></u>

LIABILITIES:

Total Current Liabilities		\$	<u>-</u>
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NET ASSETS:

Without Donor Restrictions			304,415
With Donor Restrictions			134,468
Total Net Assets			<u>438,883</u>
Total Liabilities & Net Assets		\$	<u><u>438,883</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT & REVENUE:			
Spay and Neuter Fees	\$ 191,373	\$ -	\$ 191,373
Contributions	283,950	151,775	435,725
Grants	102,745	-	102,745
Interest	3,171	-	3,171
Net Assets Released from Restriction	<u>162,307</u>	<u>(162,307)</u>	<u>-</u>
 Total Support & Revenue	 743,546	 (10,532)	 733,014
 EXPENSES:			
Program Services			
Neuter Scooter Clinics	<u>535,951</u>	<u>-</u>	<u>535,951</u>
Supporting Services:			
Management & General	21,163	-	21,163
Fundraising	<u>33,979</u>	<u>-</u>	<u>33,979</u>
Total Supporting Services	<u>55,142</u>	<u>-</u>	<u>55,142</u>
Total Expenses	<u>591,093</u>	<u>-</u>	<u>591,093</u>
Change in Net Assets	152,453	(10,532)	141,921
Net Assets, Beginning of Year	<u>151,962</u>	<u>145,000</u>	<u>296,962</u>
Net Assets, End of Year	<u>\$ 304,415</u>	<u>\$ 134,468</u>	<u>\$ 438,883</u>

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, 2020

	<u>SUPPORTING SERVICES</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	
Payroll & Related				
Salaries & Wages	\$ 268,643	\$ -	\$ 22,718	\$ 291,361
Payroll Taxes	23,859	-	-	23,859
Insurance: Workers Compensation	8,215	-	-	8,215
Payroll Service	4,833	-	-	4,833
Total Payroll & Related	305,550	-	22,718	328,268
Other Expenses				
Veterinarians	93,275	-	-	93,275
Supplies	89,400	248	-	89,648
Bus Repairs and Gasoline	16,166	-	-	16,166
Telephone	5,924	4,147	-	10,071
Storage	7,052	-	-	7,052
Advertising	779	-	5,741	6,520
Website	-	6,345	-	6,345
Direct Fundraising Expenses	-	-	5,520	5,520
Staff Meals and Travel	3,926	53	-	3,979
Licenses, Permits and Taxes	2,817	836	-	3,653
Professional fees	-	3,000	-	3,000
Insurance	2,291	403	-	2,694
Office Expenses	-	2,282	-	2,282
Board Retreat	-	2,000	-	2,000
Laundry	1,377	-	-	1,377
Bank Fees	-	1,243	-	1,243
Postage	-	406	-	406
Community Outreach	-	200	-	200
Total Other Expenses	223,007	21,163	11,261	255,431
Depreciation	7,394	-	-	7,394
Total Expenses	\$ 535,951	\$ 21,163	\$ 33,979	\$ 591,093

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 141,921
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	7,394
(Increase) Decrease in:	
Cash Restricted to Purchase Bus #2	42,908
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>192,223</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Bus #2 - Construction in Progress	(162,307)
CASH FLOWS (USED) BY INVESTING ACTIVITIES	<u>(162,307)</u>

Increase in Cash and Cash Equivalents	29,916
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Cash & Cash Equivalents, March 31, 2019	<u>108,645</u>
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Cash & Cash Equivalents, March 31, 2020	<u><u>\$ 138,561</u></u>
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The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

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 60,000 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 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, as amended by ASU 2016-14. The Organization uses the terms *Net Assets Without Donor Restrictions* and *Net Assets With Donor Restrictions* to describe the two required net asset classes.

Net Assets Without Donor Restrictions: net assets not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: net assets subject to donor-imposed stipulations.

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

Note 2. Summary of Significant Accounting Policies, continued

Fund Accounting: continued.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

Contributions: Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

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.

Cash Restricted to Purchase Bus #2: Cash restricted to purchase Bus #2 has been restricted by donor restriction and board designation and is not available for operating purposes.

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, 2020 amounted to \$7,394.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

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, 2020:

Bus #1	\$	214,670
Equipment and Medical Instruments		26,256
Total Property and Equipment		240,926
Bus #2 Construction in Progress		162,307
Less: Accumulated Depreciation		(223,004)
		\$ 180,229

Note 5. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>03/31/2020</u>	
Financial assets at year-end	\$	258,654
Less those unavailable for general expenditures within one year due to:		
Amounts set aside for - Bus #2		(134,468)
Financial assets available to meet cash needs for general expenditures within one year		\$ 124,186

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

Note 6. 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, 2020 through December 15, 2020, 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.

COVID-19:

Since March 31, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Organization received a promissory note from California Bank & Trust for the Paycheck Protection Program to help the Organization through the COVID-19 pandemic. On May 3, 2020, the Organization received a promissory note in the amount of \$58,200 with a fixed annual interest rate of 1%. This note has the potential to be forgiven at the end of either an 8 or 24 week period depending on when these funds are used up on qualified expenses. To the extent it is not forgiven, the note will bear interest at 1% and have a maturity date of May 3, 2022. No payments will be due on the note for six months from the date of the first disbursement of the note; however, interest continues to accrue during the deferment period. Eighteen monthly payments of principal and interest of \$3,275.35 are then due monthly thereafter.

The Organization has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.