

**Homeless Animals Rescue Team, Inc.**

**Financial Statements (with independent auditors' report)**

**For the years ended December 31, 2013 and 2012**



**HOMELESS ANIMALS RESCUE TEAM, INC.**

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The Board of Directors of  
Homeless Animals Rescue Team, Inc.

## **Independent Auditors' Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Homeless Animals Rescue Team, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 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.

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 Homeless Animal Rescue Team, Inc. as of December 31, 2013 and 2012, and its revenues, expenditures and changes in net assets for the years then ended.

## Other Matters

### *Report on Supplemental Information*

Our audits were made for the purpose of forming an opinion on the basic financial statements of Homeless Animals Rescue Team, Inc. taken as a whole. The accompanying supplemental statement of functional expenses has been presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in this statement has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is presented fairly in all material aspects in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "M. A. Adams PC". The signature is written in a cursive style.

November 7, 2014  
Washington, DC

HOMELESS ANIMALS RESCUE TEAM, INC.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2013 and 2012

**ASSETS**

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and equivalents	\$ 170,187	\$ 132,732
Prepaid expenses	4,137	15,059
Pledges receivable	24,669	-
Total current assets	<u>198,993</u>	<u>147,791</u>
Fixed assets		
Furniture and equipment	79,191	75,771
Less: accumulated depreciation	<u>(45,222)</u>	<u>(58,584)</u>
Net fixed assets	33,969	17,187
Deposits	<u>750</u>	<u>750</u>
Total assets	<u><u>\$ 233,712</u></u>	<u><u>\$ 165,728</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts payable and accrued expenses	<u>\$ 29,449</u>	<u>\$ 58,146</u>
Net assets		
Unrestricted	179,594	107,582
Temporarily restricted	<u>24,669</u>	<u>-</u>
Total net assets	<u>204,263</u>	<u>107,582</u>
Total liabilities and net assets	<u><u>\$ 233,712</u></u>	<u><u>\$ 165,728</u></u>

See accompanying notes and independent auditors' report.

HOMELESS ANIMALS RESCUE TEAM, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Support and Revenue		
Contributions and grants	\$ 448,291	\$ 404,560
Adoption fees	152,650	171,048
Special event income	85,303	82,099
Interest income	51	155
In-kind contributions	<u>3,350</u>	<u>9,794</u>
Total support and revenue	689,645	667,656
Expenses		
Animal rescue and adoption services	549,247	572,637
General and administration	15,919	14,017
Fundraising	<u>27,798</u>	<u>30,177</u>
Total expenses	<u>592,964</u>	<u>616,831</u>
Change in net assets	96,681	50,825
Net assets, beginning of year	<u>107,582</u>	<u>56,757</u>
Net assets, end of year	<u><u>\$ 204,263</u></u>	<u><u>\$ 107,582</u></u>

See accompanying notes and independent auditors' report.

HOMELESS ANIMALS RESCUE TEAM, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flow from operating activities		
Change in net assets	\$ 96,681	\$ 50,825
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	6,638	4,297
(Increase) decrease in:		
Prepaid expenses	10,922	(10,009)
Pledges receivable	(24,669)	813
Increase (decrease) in:		
Accounts payable and accrued expenses	(28,697)	(51,664)
	<u>60,875</u>	<u>(5,738)</u>
Net cash flow provided by operating activities		
Net cash flow used by investing activities:		
Purchase of fixed assets	<u>(23,420)</u>	<u>(21,484)</u>
Net increase (decrease) in cash and equivalents	37,455	(27,222)
Cash and cash equivalents, beginning of year	<u>132,732</u>	<u>159,954</u>
Cash and cash equivalents, end of year	<u>\$ 170,187</u>	<u>\$ 132,732</u>

See accompanying notes and independent auditors' report.

# HOMELESS ANIMALS RESCUE TEAM, INC.

Notes to Financial Statements

December 31, 2013 and 2012

## 1. DESCRIPTION OF THE ORGANIZATION

Homeless Animals Rescue Team, Inc. (HART) was incorporated as a non-profit organization in the Commonwealth of Virginia in September 1990. HART rescues stray and unwanted animals and gives the general public an alternative to traditional animal shelters. All prospective owners are screened prior to receiving information about animals available for adoption. HART performs a home check and requires an adoption contract prior to releasing the animal to new owners. In the event that an owner can no longer care for a pet or in a life-threatening situation, the animal is placed in a foster home, if available, or is boarded until a permanent home is found.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

HART's financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

### Cash and Cash Equivalents

HART considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

### Pledges Receivable

Pledges receivable represents amounts which have been promised but not yet received. Pledges due beyond one year are discounted to reflect the present value of the pledge.

### Fixed Assets

Furniture and equipment are reported at cost. Assets and capital lease purchases are depreciated over a three to five years estimated life using the straight line method.



**HOMELESS ANIMALS RESCUE TEAM, INC.**

Notes to Financial Statements

December 31, 2013 and 2012

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets**

Net assets are reported by the Organization in accordance with Financial Accounting Standards Board (FASB) 116 and 117. Accordingly, net assets have been reported using the following categories.

**Unrestricted**

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of HART in accordance with its bylaws.

**Temporarily Restricted**

Temporarily restricted net assets represent contributions and grants, which have been restricted by donors for specific programs or activities. Restrictions, which have been met by the passage of time or expenditure of net assets, are reported as revenues released from restrictions on the statement of activities. For the year ended December 31, 2013 HART had \$24,669 in temporarily restricted contributions and grants, and zero for the year ended December 31, 2012.

**Permanently Restricted Funds**

Permanently restricted net assets represent contributions which have been restricted by donors indefinitely. Investment income generated from the principal of the permanently restricted net assets is used to fulfill programs and the general operations of HART. For the years ended December 31, 2013 and 2012, HART did not receive any permanently restricted contributions.

# HOMELESS ANIMALS RESCUE TEAM, INC.

## Notes to Financial Statements

December 31, 2013 and 2012

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

HART is a nonprofit organization, which is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. However, HART is subject to unrelated business income tax for activities conducted outside its tax exempt purpose. HART did not conduct any unrelated business activities during 2013 and 2012, accordingly no provision for income taxes was recorded.

HART has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

#### Donated Services and Materials

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. During 2013 and 2012 HART received \$3,350 and \$9,794, in donated materials or services, respectively.

#### Estimates

The preparation of financial statements in conformity 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.

#### Functional Allocation of Expenses

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

**HOMELESS ANIMALS RESCUE TEAM, INC.**

Notes to Financial Statements

December 31, 2013 and 2012

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

The date to which events occurring after December 31, 2013, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is November 7, 2014, which is the date on which the financial statements were available to be issued.

**3. COMMITMENTS AND CONTINGENCIES**

HART leases office space under an agreement that began on June 1, 2012 and expires May 31, 2014. The future minimum lease payments on an annual basis are:

Years ending December 31

2014	\$ <u>4,000</u>
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During 2014, the lease was amended to extend the terms through May 31, 2017 at a monthly rental rate of \$750 per month.

Rent expense for the years ended December 31, 2013 and 2012 was \$10,225 and \$9,175, respectively.

**4. FURNITURE AND EQUIPMENT**

The following is a summary of equipment as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Vehicles	\$ 79,191	\$ 75,771
Less accumulated depreciation	<u>( 45,222)</u>	<u>( 58,584)</u>
Total	<u>\$ 33,969</u>	<u>\$ 17,187</u>

**SUPPLEMENTAL INFORMATION**

**HOMELESS ANIMALS RESCUE TEAM, INC.**

**STATEMENT FUNCTIONAL EXPENSES**

**For the years ended December 31, 2013 and 2012**

	<b>2013</b>				<b>2012</b>			
	<b>Unrestricted</b>				<b>Unrestricted</b>			
	<b>Animal Rescue &amp; Adoption Services</b>	<b>General and Administration</b>	<b>Fundraising</b>	<b>Total</b>	<b>Animal Rescue &amp; Adoption Services</b>	<b>General and Administration</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and payroll taxes	\$ 113,278	\$ 6,091	\$ 2,436	\$ 121,805	\$ 111,558	\$ 5,998	\$ 2,399	\$ 119,955
Advertising	50	-	-	50	3,000	-	-	3,000
Bank fees	1,981	-	-	1,981	-	-	-	-
Depreciation expense	6,638	-	-	6,638	4,297	-	-	4,297
Insurance	14,106	742	-	14,848	9,578	504	-	10,082
Medical and boarding	382,900	-	-	382,900	408,947	-	-	408,947
Meetings and events	-	-	18,148	18,148	-	-	13,891	13,891
Occupancy	10,303	542	-	10,845	8,716	459	-	9,175
Office expense	4,617	248	99	4,964	3,358	181	72	3,611
Postage and shipping	-	1,080	1,233	2,313	-	488	1,848	2,336
Printing and publications	-	273	2,817	3,090	-	-	11,228	11,228
Professional fees	-	5,249	-	5,249	-	5,049	-	5,049
Taxes and licenses	-	1,522	-	1,522	-	1,128	-	1,128
Telephone and internet	3,203	172	69	3,444	3,468	186	75	3,729
Travel and automobile	8,821	-	-	8,821	9,921	-	-	9,921
Miscellaneous	-	-	2,996	2,996	-	24	664	688
In-kind expenses	3,350	-	-	3,350	9,794	-	-	9,794
<b>Total expenses</b>	<b>\$ 549,247</b>	<b>\$ 15,919</b>	<b>\$ 27,798</b>	<b>\$ 592,964</b>	<b>\$ 572,637</b>	<b>\$ 14,017</b>	<b>\$ 30,177</b>	<b>\$ 616,831</b>

See accompanying notes and independent auditors' report.