

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2017

John R. Prall
Certified Public Accountant
Hamburg, NJ

Tabby's Place

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Tabby's Place - A Cat Sanctuary

Report on the Financial Statements

We have audited the accompanying financial statements of Tabby's Place - A Cat Sanctuary (a nonprofit organization) which comprise the statement of assets, liabilities, and net assets – income tax basis as of December 31, 2017, and the related statements of revenues, expenses, and other changes in net assets – income tax basis, functional expenses – income tax basis and cash flows – income tax basis for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information as of December 31, 2016, report dated May 20, 2017, expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting Tabby's Place uses for income tax purposes; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements under the circumstances. Management is also responsible for 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 entity's preparation and fair presentation of the financial statement 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.

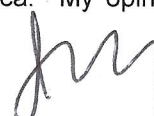
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of assets, liabilities, and net assets – income tax basis of Tabby's Place - A Cat Sanctuary as of December 31, 2017, and the statements of revenues, expenses, and other changes in net assets – income tax basis and its cash flows for the year then ended in accordance with the basis of accounting Tabby's Place uses for income tax purposes as described in note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describe the basis of accounting. The financial statements are prepared on the basis of accounting Tabby's Place uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.



John R. Prall CPA

Hamburg, NJ
May 28, 2018

TABBY'S PLACE - A CAT SANCTUARY
STATEMENT OF ASSETS, LIABILITIES, AND OTHER CHANGES IN NET ASSETS -
INCOME TAX BASIS
DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR 2016

	2017	2016
<u>ASSETS</u>		
Cash and cash equivalents	\$ 160,270	\$ 200,487
Investments	24,975	27,939
Property and equipment at cost, net of accumulated depreciation	<u>1,286,504</u>	<u>1,323,750</u>
Total assets	<u>\$ 1,471,749</u>	<u>\$ 1,552,176</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 13,905	\$ 20,830
Loans payable	<u>81,510</u>	<u>13,477</u>
Total liabilities	<u>95,415</u>	<u>34,307</u>
NET ASSETS:		
Unrestricted	1,376,333	1,517,869
Temporarily restricted	<u>0</u>	<u>0</u>
Total net assets	<u>1,376,333</u>	<u>1,517,869</u>
Total liabilities and net assets	<u>\$ 1,471,749</u>	<u>\$ 1,552,176</u>

See accompanying notes to the financial statements.

John R. Prall CPA

TABBY'S PLACE - A CAT SANCTUARY
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - INCOME TAX BASIS
YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR 2016

	<u>2017</u>			<u>2016</u>		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Foundation grants	35,830		35,830	33,500		33,500
Corporations	12,732		12,732	49,000		49,000
Individuals and other	1,104,382		1,104,382	1,113,489		1,113,489
In-kind donations	14,130		14,130	15,571		15,571
Investment income	252		252	479		479
Gain on sale of investments	11,079		11,079	2,734		2,734
Other	2,151		2,151	129		129
Total revenue	1,180,556	0	1,180,556	1,214,902	0	1,214,902
EXPENSES:						
Program costs	1,110,499		1,110,499	1,061,212		1,061,212
General and administrative	156,906		156,906	146,074		146,074
Development	54,687		54,687	38,170		38,170
Total expenses	1,322,092	0	1,322,092	1,245,456	0	1,245,456
CHANGE IN NET ASSETS	(141,536)	0	(141,536)	(30,554)	0	(30,554)
NET ASSETS, BEGINNING OF THE YEAR	1,517,869	0	1,517,869	1,548,423	0	1,548,423
NET ASSETS, END OF YEAR	\$ 1,376,333	0	1,376,333	\$ 1,517,869	0	1,517,869

See accompanying notes to the financial statements.

John R. Prall CPA

TABBY'S PLACE - A CAT SANCTUARY
STATEMENT OF FUNCTIONAL EXPENSES - INCOME TAX BASIS
YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR 2016

Item of Expense	Program Costs	General and Administrative	Development	Total 2017	Total 2016
Computer expense	28,127			28,127	24,972
Employee benefits	55,586	2,114		57,700	35,838
Fundraising expenses			54,687	54,687	38,170
Food	54,926			54,926	52,907
Insurance	61,645			61,645	55,794
Interest	530			530	581
In Kind	14,131			14,131	15,571
Medical equipment maintenance	3,346			3,346	2,622
Medical testing	48,435			48,435	54,733
Medical supplies	107,671			107,671	104,788
Miscellaneous	5,147			5,147	3,820
Office expense		28,929		28,929	25,063
Payroll taxes	32,696	7,998		40,694	40,601
Postage	7,753			7,753	8,384
Professional fees		22,247		22,247	32,355
Repairs and maintenance	38,487			38,487	30,287
Salaries	386,571	95,618		482,189	474,603
Supplies	34,054			34,054	29,072
Telephone and internet	3,781			3,781	3,488
Utilities	24,788			24,788	19,567
Veterinary services	134,680			134,680	117,570
	1,042,354	156,906	54,687	1,253,947	1,170,786
Depreciation	68,145			68,145	74,670
Total	\$ 1,110,499	\$ 156,906	\$ 54,687	\$ 1,322,092	\$ 1,245,456

See accompanying notes to the financial statements.

John R. Prall CPA

TABBY'S PLACE - A CAT SANCTUARY
STATEMENT OF CASH FLOWS - INCOME TAX BASIS
YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR 2016

	2017	2016
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES:		
Changes in net assets	\$ (141,536)	\$ (30,554)
Adjustments to reconcile net change in net assets to net cash provided by operating activities:		
Depreciation	37,246	74,670
Gain on sale of short term investments		(2,734)
Changes in operating assets and liabilities:		
Prepaid expense		
Accounts payable and accrued expense	(6,925)	8,389
Net cash provided by (applied to) operating activities	<u>(111,215)</u>	<u>49,771</u>
CASH PROVIDED BY (APPLIED TO) INVESTING ACTIVITIES:		
Purchase of property and equipment		(21,272)
Proceeds from sale of short term investments	2,965	14,205
Purchase of short term investments		(27,744)
Net cash provided by (applied to) investing activities	<u>2,965</u>	<u>(34,811)</u>
CASH (APPLIED TO) FINANCING ACTIVITIES:		
Loan payable	68,033	(6,552)
Net cash (applied to) financing activities	<u>68,033</u>	<u>(6,552)</u>
NET INCREASE (DECREASE) IN CASH	(40,217)	8,408
CASH, BEGINNING OF YEAR	<u>200,487</u>	<u>192,079</u>
CASH, END OF YEAR	<u>\$ 160,270</u>	<u>\$ 200,487</u>
SUPPLEMENTAL DISCLOSURE:		
Interest paid	<u>\$ 530</u>	<u>\$ 581</u>

See accompanying notes to the financial statements.

John R. Prall CPA

TABBY'S PLACE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. Nature of Activities:

Organization – Tabby's Place - A Cat Sanctuary (Tabby's Place), a NJ nonprofit corporation, is a cage free sanctuary that provides refuge to cats in hopeless situations. This one of a kind facility serves as an adoption center, finding loving homes for cats; a hospital, providing medical and surgical treatment for sick or injured residents; and a hospice, providing palliative care and a warm, loving environment for chronically ill or terminally ill cats to live out their lives in comfort. Tabby's Place's support comes primarily from public donor contributions. Tabby's Place was founded in 1999 and incorporated under the laws of the State of New Jersey.

2. Summary of Significant Accounting Policies:

Tabby's place prepares its financial statements in conformity with methods of accounting that it considers appropriate for federal income tax reporting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Income is recorded when received and expenses when paid or charged via credit card. Contributions are recognized when received by Tabby's Place, and are in substance unconditional. Net assets and revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

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.

Cash and Cash Equivalents – The Organization considers all cash on hand and in the banks, money market funds and certificates of deposit with an original maturity of less than three months to be cash and cash equivalents.

Income Taxes – The Organization is a not-for-profit organization exempt from taxes under section 501(c)(3) of the Internal Revenue Code. There is, therefore, no provision for income taxes in these financial statements. Annually, the Organization files Form 990, Return of Organizations Exempt from Income Tax, with the Internal Revenue Service. This form is open for public inspection. The Organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns are open for examination by the Internal Revenue Service for three years after filing. Thus, returns for this year and the last three years remain open.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or

TABBY'S PLACE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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.

Property and equipment over \$1,000 are recorded at cost or, if donated, as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the various assets.

Donated Services – Tabby's Place receives a significant amount of donated services from unpaid volunteers who assist in cleaning, feeding, and socializing with the cats. Donated services are recognized as contributions if the services create or enhance nonfinancial assets; or require specialized skills and would otherwise be purchased by Tabby's Place. No amounts have been recognized in the statement of activities because these criteria have not been met.

Advertising Costs – Advertising costs are expensed as incurred.

Subsequent Events – The Organization has evaluated subsequent events for potential recognition or disclosure through May 20, 2017, the date the financial statements were available to be issued.

3. Property and Equipment is summarized as follows:

	<u>2016</u>	<u>2017</u>
Land	276,475	\$ 276,475
Building	1,437,067	1,437,067
Furniture and equipment	<u>335,140</u>	<u>366,038</u>
	2,048,682	2,079,580
Less: accumulated depreciation	<u>724,932</u>	<u>793,076</u>
	<u>1,323,750</u>	<u>\$1,286,504</u>

4. Loans Payable:

Tabby's Place entered into a \$34,000 5 year promissory note payable with the ASPCA for the purchase of a standby generator. The note is payable in quarterly installments of \$2,296, and carries an interest rate of 2.5%.

The future minimum payments are as follows:

<u>Year ended</u>	<u>Principal due</u>
December 31, 2017	8,929
December 31, 2018	4,548

In 2017, the Executive Director loaned a total of \$77,000 to Tabby's Place. The total balance of \$77,000 has been repaid in 2018.

TABBY'S PLACE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

5. Related Party Transactions:

Tabby's Place provides food and medical care to the feline pets of staff at cost. During the years ended December 31, 2017 and December 31, 2016 these costs were considered not material.

6. 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 and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and services benefited.

7. Concentrations:

The Organization operates primarily in Hunterdon County, New Jersey. The Organization is thus subject to fluctuations in local economic conditions.