

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2016

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# Tabby's Place

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## 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, 2016, 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, 2015, report dated August 27, 2016, 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.

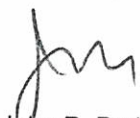
### **Opinion**

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, 2016, 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.

Hamburg, NJ  
May 20, 2017

  
John R. Prall CPA

TABBY'S PLACE - A CAT SANCTUARY  
 STATEMENT OF ASSETS, LIABILITIES, AND OTHER CHANGES IN NET ASSETS -  
 INCOME TAX BASIS  
 DECEMBER 31, 2016  
 WITH COMPARATIVE TOTALS FOR 2015

	2016	2015
<u>ASSETS</u>		
Cash and cash equivalents	\$ 200,487	\$ 192,079
Investments	27,939	11,666
Property and equipment at cost, net of accumulated depreciation	<u>1,323,750</u>	<u>1,377,148</u>
Total assets	<u>\$ 1,552,176</u>	<u>\$ 1,580,893</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 20,830	\$ 12,440
Loans payable	<u>13,477</u>	<u>20,030</u>
Total liabilities	<u>34,307</u>	<u>32,470</u>
NET ASSETS:		
Unrestricted	1,517,869	1,548,423
Temporarily restricted	<u>0</u>	<u>0</u>
Total net assets	<u>1,517,869</u>	<u>1,548,423</u>
Total liabilities and net assets	<u>\$ 1,552,176</u>	<u>\$ 1,580,893</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, 2016**  
**WITH COMPARATIVE TOTALS FOR 2015**

	<u>2016</u>			<u>2015</u>		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Foundation grants	33,500		33,500	36,850		36,850
Corporations	49,000		49,000	20,089		20,089
Individuals and other	1,113,489		1,113,489	1,130,443		1,130,443
In-kind donations	15,571		15,571	18,059		18,059
Investment income	479		479	68		68
Gain on sale of investments	2,734		2,734			
Other	129		129			
Total revenue	1,214,902	0	1,214,902	1,205,509	0	1,205,509
<b>EXPENSES:</b>						
Program costs	1,061,212		1,061,212	995,509		995,509
General and administrative	146,074		146,074	136,227		136,227
Development	38,170		38,170	28,762		28,762
Total expenses	1,245,456	0	1,245,456	1,160,498	0	1,160,498
CHANGE IN NET ASSETS	(30,554)	0	(30,554)	45,011	0	45,011
NET ASSETS, BEGINNING OF THE YEAR	1,548,423	0	1,548,423	1,503,412	0	1,503,412
NET ASSETS, END OF YEAR	\$ 1,517,869	0	1,517,869	\$ 1,548,423	0	1,548,423

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, 2016  
WITH COMPARATIVE TOTALS FOR 2015

Item of Expense	Program Costs	General and Administrative	Development	Total 2016	Total 2015
Computer expense	24,972			24,972	18,606
Employee benefits	21,746	4,741		26,487	39,318
Fundraising expenses			38,170	38,170	28,762
Food	52,907			52,907	43,855
Insurance	65,145			65,145	52,689
Interest	581			581	2,071
In Kind	15,571			15,571	18,059
Medical equipment maintenance	2,622			2,622	2,206
Medical testing	54,733			54,733	36,959
Medical supplies	104,788			104,788	108,190
Miscellaneous	3,820			3,820	602
Office expense		25,063		25,063	27,224
Payroll taxes	33,303	7,298		40,601	40,354
Postage	8,384			8,384	6,370
Professional fees		32,355		32,355	18,634
Repairs and maintenance	30,287			30,287	49,504
Salaries	397,986	76,617		474,603	428,521
Supplies	29,072			29,072	30,107
Telephone and internet	3,488			3,488	3,428
Utilities	19,567			19,567	18,495
Veterinary services	117,570			117,570	122,349
	986,542	146,074	38,170	1,170,786	1,096,303
Depreciation	74,670			74,670	64,195
Total	\$ 1,061,212	\$ 146,074	\$ 38,170	\$ 1,245,456	\$ 1,160,498

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, 2016  
 WITH COMPARATIVE TOTALS FOR 2015

	2016	2015
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES:		
Changes in net assets	\$ (30,554)	\$ 45,011
Adjustments to reconcile net change in net assets to net cash provided by operating activities:		
Depreciation	74,670	64,195
Gain on sale of short term investments	(2,734)	
Changes in operating assets and liabilities:		
Prepaid expense		15,161
Accounts payable and accrued expense	8,389	(2,879)
Net cash provided by (applied to) operating activities	<u>49,771</u>	<u>121,488</u>
CASH PROVIDED BY (APPLIED TO) INVESTING ACTIVITIES:		
Purchase of property and equipment	(21,272)	(48,887)
Proceeds from sale of short term investments	14,205	
Purchase of short term investments	(27,744)	(1,892)
Net cash provided by (applied to) investing activities	<u>(34,811)</u>	<u>(50,779)</u>
CASH (APPLIED TO) FINANCING ACTIVITIES:		
Loan payable	(6,552)	(8,547)
Net cash (applied to) financing activities	<u>(6,552)</u>	<u>(8,547)</u>
NET INCREASE (DECREASE) IN CASH	8,408	62,162
CASH, BEGINNING OF YEAR	<u>192,079</u>	<u>129,917</u>
CASH, END OF YEAR	<u>\$ 200,487</u>	<u>\$ 192,079</u>
SUPPLEMENTAL DISCLOSURE:		
Interest paid	<u>\$ 581</u>	<u>\$ 2,071</u>

See accompanying notes to the financial statements.

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TABBY'S PLACE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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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



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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>2015</u>
Land	276,475	\$ 276,475
Building	1,437,067	1,417,614
Furniture and equipment	<u>335,140</u>	<u>333,321</u>
	2,048,682	2,027,410
Less: accumulated depreciation	<u>724,932</u>	<u>650,262</u>
	<u>1,323,750</u>	<u>\$1,377,148</u>

4. Loan 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

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, 2016 and December 31, 2015 these costs were considered not material.

TABBY'S PLACE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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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.