

**Spay-Neuter Assistance Program, Inc.**

Financial Statements  
and Independent Auditors' Report  
for the years ended June 30, 2012 and 2011

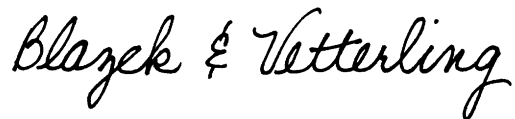
## Independent Auditors' Report

To the Board of Directors of  
Spay-Neuter Assistance Program, Inc.:

We have audited the accompanying statements of financial position of Spay-Neuter Assistance Program, Inc. as of June 30, 2012 and 2011 and the related statements of activities and of cash flows for the years then ended. These financial statements are the responsibility of Spay-Neuter Assistance Program, Inc.'s management. 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 our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spay-Neuter Assistance Program, Inc. as of June 30, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



February 20, 2013

## Spay-Neuter Assistance Program, Inc.

Statements of Financial Position as of June 30, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 520,734	\$ 482,952
Accounts receivable, net of allowance for doubtful accounts of \$1,800 in 2012 and \$1,602 in 2011	82,429	98,931
Inventory	109,518	133,738
Pledges receivable, net ( <i>Note 2</i> )	214,693	385,340
Prepaid expenses and other assets	38,712	55,405
Cash held for capital expansion	167,502	
Property, net ( <i>Note 3</i> )	<u>446,718</u>	<u>523,325</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,580,306</u></b>	<b><u>\$ 1,679,691</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 168,301	\$ 340,806
Accrued salaries and related expenses	96,846	191,979
Construction payable	<u>36,328</u>	<u>          </u>
Total liabilities	<u>301,475</u>	<u>532,785</u>
Commitments ( <i>Note 5</i> )		
Net assets:		
Unrestricted	700,025	604,666
Temporarily restricted ( <i>Note 4</i> )	<u>578,806</u>	<u>542,240</u>
Total net assets	<u>1,278,831</u>	<u>1,146,906</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,580,306</u></b>	<b><u>\$ 1,679,691</u></b>

*See accompanying notes to financial statements.*

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## Spay-Neuter Assistance Program, Inc.

Statement of Activities for the year ended June 30, 2012

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE:</b>			
Clinic fees	\$ 3,348,955		\$ 3,348,955
Product sales	975,515		975,515
Cost of product sold	(551,979)		(551,979)
Contributions	411,633	\$ 578,710	990,343
Special events	63,853		63,853
Direct donor benefits from special events	(6,603)		(6,603)
Gain on sale of property	105,259		105,259
Other income	<u>3,404</u>		<u>3,404</u>
Total revenue	4,350,037	578,710	4,928,747
Net assets released from restrictions:			
Time restrictions	97,166	(97,166)	
Program expenditures	<u>444,978</u>	<u>(444,978)</u>	
Total	<u>4,892,181</u>	<u>36,566</u>	<u>4,928,747</u>
<b>EXPENSES:</b>			
Clinic services	4,156,210		4,156,210
Management and general	305,530		305,530
Fundraising	<u>335,082</u>		<u>335,082</u>
Total expenses	<u>4,796,822</u>		<u>4,796,822</u>
<b>CHANGES IN NET ASSETS</b>			
	95,359	36,566	131,925
Net assets, beginning of year	<u>604,666</u>	<u>542,240</u>	<u>1,146,906</u>
Net assets, end of year	<u>\$ 700,025</u>	<u>\$ 578,806</u>	<u>\$ 1,278,831</u>

*See accompanying notes to financial statements.*

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## Spay-Neuter Assistance Program, Inc.

Statement of Activities for the year ended June 30, 2011

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE:</b>			
Clinic fees	\$ 3,297,809		\$ 3,297,809
Product sales	1,060,590		1,060,590
Cost of product sold	(560,109)		(560,109)
Contributions	444,878	\$ 723,775	1,168,653
Special events	64,613		64,613
Direct donor benefits from special events	(17,854)		(17,854)
Loss on disposal of property	(2,709)		(2,709)
Other income	<u>2,476</u>	<u>                    </u>	<u>2,476</u>
Total revenue	4,289,694	723,775	5,013,469
Net assets released from restrictions:			
Program expenditures	<u>444,977</u>	<u>(444,977)</u>	<u>                    </u>
Total	<u>4,734,671</u>	<u>278,798</u>	<u>5,013,469</u>
<b>EXPENSES:</b>			
Clinic services	3,917,405		3,917,405
Management and general	305,644		305,644
Fundraising	<u>328,770</u>		<u>328,770</u>
Total expenses	<u>4,551,819</u>		<u>4,551,819</u>
<b>CHANGES IN NET ASSETS</b>			
CHANGES IN NET ASSETS	182,852	278,798	461,650
Net assets, beginning of year	<u>421,814</u>	<u>263,442</u>	<u>685,256</u>
Net assets, end of year	<u>\$ 604,666</u>	<u>\$ 542,240</u>	<u>\$ 1,146,906</u>

*See accompanying notes to financial statements.*

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## Spay-Neuter Assistance Program, Inc.

Statements of Cash Flows for the years ended June 30, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 131,925	\$ 461,650
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	76,321	99,172
Gain on sale of property	(105,259)	2,709
Contributions restricted for capital expansion	(177,498)	
Changes in operating assets and liabilities:		
Accounts receivable	16,502	(68,658)
Inventory	24,220	(51,112)
Pledges receivable	170,647	(172,948)
Prepaid expenses and other assets	16,693	(9,596)
Accounts payable	(172,505)	77,933
Accrued salaries and related expenses	<u>(95,133)</u>	<u>4,458</u>
Net cash provided (used) by operating activities	<u>(114,087)</u>	<u>343,608</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property	186,000	
Increase in cash restricted for capital expansion	(167,502)	
Purchases of property	<u>(44,127)</u>	<u>(20,939)</u>
Net cash used by investing activities	<u>(25,629)</u>	<u>(20,939)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds of contributions received for capital expansion	<u>177,498</u>	
NET CHANGE IN CASH	37,782	322,669
Cash, beginning of year	<u>482,952</u>	<u>160,283</u>
Cash, end of year	<u>\$ 520,734</u>	<u>\$ 482,952</u>

*See accompanying notes to financial statements.*

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## Spay-Neuter Assistance Program, Inc.

Notes to Financial Statements for the years ended June 30, 2012 and 2011

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Spay-Neuter Assistance Program, Inc. (SNAP) is a Texas nonprofit corporation that began operating in Houston, Texas in 1994 to provide spay and neuter services. SNAP exists to stop the destruction of healthy dogs and cats in animal shelters as a result of overpopulation. SNAP provides sterilization for dogs and cats at affordable prices or free for financially disadvantaged families, provides animal wellness services, and educates the public about animal overpopulation. The program includes clinics in Houston and San Antonio, Texas.

Federal income tax status – SNAP is exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1). SNAP files annual federal information returns and is subject to routine examinations of its returns; however, there are no examinations for any tax periods currently in progress. SNAP believes it is no longer subject to examinations of returns for tax years ending before June 30, 2009.

Accounts receivable are net of an estimated allowance for uncollectible accounts based upon historical experience and known circumstances affecting the collectability of individual accounts. It is SNAP's policy to charge off uncollectible accounts receivable when management determines that the receivable will not be collected.

Inventory of flea protection and heartworm prevention products are reported at the lower of cost or market, with cost being determined on a first-in, first-out basis.

Pledges receivable due within one year are reported at net realizable value. Pledges receivable due in more than one year are discounted, if material, to estimate the present value of future cash flows.

Property is reported at cost, if purchased, or at fair value at the date of gift, if donated. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 15 years.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Clinic fees and product sales are for services provided for animal medical procedures and for sale of medical product supplies. Revenue is recognized when the services are performed or the product delivered.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted contributions. Conditional contributions are recognized in the same manner when the conditions are substantially met.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are as follows:

	<u>2012</u>	<u>2011</u>
Pledges receivable	\$ 253,857	\$ 422,038
Allowance for uncollectible pledges	<u>(39,164)</u>	<u>(36,698)</u>
Pledges receivable, net	<u>\$ 214,693</u>	<u>\$ 385,340</u>

Pledges receivable at June 30, 2012 are expected to be collected within one year.

*Concentration* – At June 30, 2012, 34% of pledges receivable were due from one donor and at June 30, 2011, 62% of pledges receivable were due from three donors.

## NOTE 3 – PROPERTY

Property consists of the following:

	<u>2012</u>	<u>2011</u>
Leasehold improvements	\$ 295,830	\$ 320,830
Mobile clinics and trucks	361,752	361,752
Office equipment	84,689	96,135
Furniture and fixtures	12,878	23,603
Medical equipment	<u>206,869</u>	<u>196,784</u>
Total depreciable property	962,018	999,104
Accumulated depreciation	<u>(561,624)</u>	<u>(550,779)</u>
Depreciable property, net	400,394	448,325
Construction in progress	46,324	
Land-being held for sale	<u>                    </u>	<u>75,000</u>
Property, net	<u>\$ 446,718</u>	<u>\$ 523,325</u>



#### NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Clinic programs	\$ 271,615	\$ 418,300
Capital expansion – Pasadena clinic	177,498	
Restricted for use in future periods	<u>129,693</u>	<u>123,940</u>
Total temporarily restricted net assets	<u>\$ 578,806</u>	<u>\$ 542,240</u>

#### NOTE 5 – COMMITMENTS

SNAP leases office and clinic space under noncancellable leases and is committed to noncancellable web-hosting and communication service agreements. Lease expense was approximately \$311,000 in 2012 and \$380,000 in 2011. Future minimum lease payments are as follows:

2013	\$ 321,017
2014	308,908
2015	175,797
2016	103,451
2017 and thereafter	<u>170,547</u>
Total	<u>\$ 1,079,720</u>

During 2012, SNAP entered into a long-term agreement with the City of Pasadena to operate a clinic in Pasadena. Pursuant to this agreement, a construction contract was signed to build out the space for clinic operations. At June 30, 2012, the remaining commitment on this contract was \$228,000.

#### NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 20, 2013, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.