

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

Financial Statements  
and Independent Auditors' Report  
for the years ended June 30, 2013 and 2012

## Independent Auditors' Report

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

We have audited the accompanying financial statements of Spay-Neuter Assistance Program, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012 and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

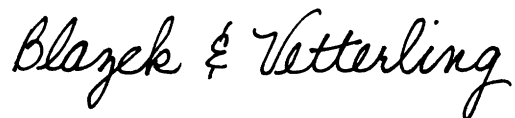
**Management's Responsibility for the Financial Statements** – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance 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.

**Auditors' 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 our audits 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 auditors' 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 Spay-Neuter Assistance Program, Inc. as of June 30, 2013 and 2012 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



March 10, 2014

## Spay-Neuter Assistance Program, Inc.

Statements of Financial Position as of June 30, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 497,946	\$ 520,734
Accounts receivable, net	107,549	82,429
Inventory	88,262	109,518
Pledges receivable, net ( <i>Note 2</i> )	322,218	214,693
Prepaid expenses and other assets	36,469	38,712
Cash held for capital expansion		167,502
Property, net ( <i>Note 3</i> )	<u>969,550</u>	<u>446,718</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,021,994</u></b>	<b><u>\$ 1,580,306</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 389,905	\$ 168,301
Accrued salaries and related expenses	126,585	96,846
Construction payable	<u>                    </u>	<u>36,328</u>
Total liabilities	<u>516,490</u>	<u>301,475</u>
Commitments ( <i>Note 5</i> )		
Net assets:		
Unrestricted	1,028,106	700,025
Temporarily restricted ( <i>Note 4</i> )	<u>477,398</u>	<u>578,806</u>
Total net assets	<u>1,505,504</u>	<u>1,278,831</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,021,994</u></b>	<b><u>\$ 1,580,306</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, 2013

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE:</b>			
Clinic fees	\$ 3,625,772		\$ 3,625,772
Product sales	1,185,612		1,185,612
Cost of product sold	(621,926)		(621,926)
Contributions	992,576	\$ 679,270	1,671,846
Special events	16,378		16,378
Direct donor benefits from special events	(9,114)		(9,114)
Other income	<u>3,193</u>	<u>                    </u>	<u>3,193</u>
Total revenue	5,192,491	679,270	5,871,761
Net assets released from restrictions:			
Time restrictions	90,615	(90,615)	
Capital expenditures	291,346	(291,346)	
Program expenditures	<u>398,717</u>	<u>(398,717)</u>	<u>                    </u>
Total	<u>5,973,169</u>	<u>(101,408)</u>	<u>5,871,761</u>
<b>EXPENSES:</b>			
Clinic services	4,939,144		4,939,144
Management and general	331,992		331,992
Fundraising	<u>373,952</u>		<u>373,952</u>
Total expenses	<u>5,645,088</u>		<u>5,645,088</u>
<b>CHANGES IN NET ASSETS</b>	328,081	(101,408)	226,673
Net assets, beginning of year	<u>700,025</u>	<u>578,806</u>	<u>1,278,831</u>
Net assets, end of year	<u>\$ 1,028,106</u>	<u>\$ 477,398</u>	<u>\$ 1,505,504</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, 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)
Loss on disposal 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.

### Statements of Cash Flows for the years ended June 30, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 226,673	\$ 131,925
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	99,902	76,321
Gain on sale of property		(105,259)
Contributions restricted for capital expansion	(113,848)	(177,498)
Changes in operating assets and liabilities:		
Accounts receivable	(25,120)	16,502
Inventory	21,256	24,220
Pledges receivable	(7,525)	170,647
Prepaid expenses and other assets	2,243	16,693
Accounts payable	221,604	(172,505)
Accrued salaries and related expenses	<u>29,739</u>	<u>(95,133)</u>
Net cash provided (used) by operating activities	<u>454,924</u>	<u>(114,087)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property		186,000
Decrease (increase) in cash restricted for capital expansion	167,502	(167,502)
Purchases of property	<u>(659,062)</u>	<u>(44,127)</u>
Net cash used by investing activities	<u>(491,560)</u>	<u>(25,629)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds of contributions received for capital expansion	<u>13,848</u>	<u>177,498</u>
<b>NET CHANGE IN CASH</b>	<b>(22,788)</b>	<b>37,782</b>
Cash, beginning of year	<u>520,734</u>	<u>482,952</u>
Cash, end of year	<u>\$ 497,946</u>	<u>\$ 520,734</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, 2013 and 2012

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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, Pasadena and San Antonio, Texas.

Federal income tax status – SNAP is exempt from federal income tax 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 that are subject to routine examination; 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 ended before June 30, 2010.

Cash – Bank deposits exceed the federally insured limit per depositor per institution.

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 against the allowance when management determines that the receivable will not be collected. At June 30, 2013 and 2012, the allowance for uncollectible accounts was \$2,206 and \$1,800, respectively.

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. Property with a cost in excess of \$2,500 and an estimated useful life in excess of one year is capitalized. 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>2013</u>	<u>2012</u>
Pledges receivable	\$ 423,954	\$ 253,857
Allowance for uncollectible pledges	<u>(101,736)</u>	<u>(39,164)</u>
Pledges receivable, net	<u>\$ 322,218</u>	<u>\$ 214,693</u>

Pledges receivable at June 30, 2013 are expected to be collected within one year.

*Concentration* – At June 30, 2013, 68% of pledges receivable were due from four donors and at June 30, 2012, 34% of pledges receivable were due from three donors.

## **NOTE 3 – PROPERTY**

Property consists of the following:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 590,094	\$ 295,830
Mobile clinics and trucks	636,419	361,752
Office equipment	81,614	84,689
Furniture and fixtures	12,878	12,878
Medical equipment	<u>310,071</u>	<u>206,869</u>
Total depreciable property	1,631,076	962,018
Accumulated depreciation	<u>(661,526)</u>	<u>(561,624)</u>
Depreciable property, net	969,550	400,394
Construction in progress	<u>                    </u>	<u>46,324</u>
Property, net	<u>\$ 969,550</u>	<u>\$ 446,718</u>



#### NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Clinic programs	\$ 369,700	\$ 271,615
Capital expansion – Pasadena clinic		177,498
Restricted for use in future periods	<u>107,698</u>	<u>129,693</u>
Total temporarily restricted net assets	<u>\$ 477,398</u>	<u>\$ 578,806</u>

#### NOTE 5 – COMMITMENTS

SNAP leases office and clinic space under noncancellable leases and is committed to noncancellable web-hosting and communication service agreements and software subscriptions. Lease expense was approximately \$352,000 in 2013 and \$311,000 in 2012. Future minimum lease payments are as follows:

2014	\$ 351,788
2015	244,333
2016	168,494
2017	135,575
2018	<u>14,080</u>
Total	<u>\$ 914,270</u>

#### NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 10, 2014, 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.

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