

Spay-Neuter Assistance Program, Inc.

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2010 and 2009

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, 2010 and 2009 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, 2010 and 2009 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.

Blazek & Vetterling

December 15, 2010

Spay-Neuter Assistance Program, Inc.

Statements of Financial Position as of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 160,283	\$ 495,069
Accounts receivable	30,273	31,393
Inventory	82,626	121,097
Pledges receivable, net (<i>Note 2</i>)	212,392	204,163
Prepaid expenses and other assets	45,809	64,985
Property, net (<i>Note 3</i>)	<u>604,267</u>	<u>433,236</u>
 TOTAL ASSETS	 <u>\$ 1,135,650</u>	 <u>\$ 1,349,943</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 262,873	\$ 326,468
Accrued salaries and related expenses	187,521	157,858
Notes payable	<u> </u>	<u>15,111</u>
Total liabilities	<u>450,394</u>	<u>499,437</u>
 Commitments (<i>Note 5</i>)		
Net assets:		
Unrestricted	421,814	334,535
Temporarily restricted (<i>Note 4</i>)	<u>263,442</u>	<u>515,971</u>
Total net assets	<u>685,256</u>	<u>850,506</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,135,650</u>	 <u>\$ 1,349,943</u>

See accompanying notes to financial statements.

Spay-Neuter Assistance Program, Inc.

Statement of Activities for the year ended June 30, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Clinic fees	\$ 2,791,801		\$ 2,791,801
Product sales	979,008		979,008
Cost of goods sold	(585,748)		(585,748)
Contributions	478,904	\$ 428,462	907,366
Special events	44,472		44,472
Direct donor benefits from special events	(9,599)		(9,599)
Loss on disposal of assets	(32,361)		(32,361)
Other income	<u>5,806</u>		<u>5,806</u>
Total revenue	3,672,283	428,462	4,100,745
Net assets released from restrictions:			
Program expenditures	438,991	(438,991)	
Capital improvements	<u>242,000</u>	<u>(242,000)</u>	
Total	<u>4,353,274</u>	<u>(252,529)</u>	<u>4,100,745</u>
EXPENSES:			
Clinic services	3,668,042		3,668,042
Management and general	279,884		279,884
Fundraising	<u>318,069</u>		<u>318,069</u>
Total expenses	<u>4,265,995</u>		<u>4,265,995</u>
CHANGES IN NET ASSETS	87,279	(252,529)	(165,250)
Net assets, beginning of year	<u>334,535</u>	<u>515,971</u>	<u>850,506</u>
Net assets, end of year	<u>\$ 421,814</u>	<u>\$ 263,442</u>	<u>\$ 685,256</u>

See accompanying notes to financial statements.

Spay-Neuter Assistance Program, Inc.

Statement of Activities for the year ended June 30, 2009

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Clinic fees	\$ 2,688,949		\$ 2,688,949
Product sales	979,214		979,214
Cost of goods sold	(561,259)		(561,259)
Contributions	285,831	\$ 884,430	1,170,261
Special events	54,720		54,720
Direct donor benefits from special events	(19,308)		(19,308)
Other income	<u>15,017</u>		<u>15,017</u>
Total revenue	3,443,164	884,430	4,327,594
Net assets released from restrictions:			
Program expenditures	<u>619,715</u>	<u>(619,715)</u>	
Total	<u>4,062,879</u>	<u>264,715</u>	<u>4,327,594</u>
EXPENSES:			
Clinic services	3,428,863		3,428,863
Management and general	301,939		301,939
Fundraising	<u>424,059</u>		<u>424,059</u>
Total expenses	<u>4,154,861</u>		<u>4,154,861</u>
CHANGES IN NET ASSETS	(91,982)	264,715	172,733
Net assets, beginning of year	<u>426,517</u>	<u>251,256</u>	<u>677,773</u>
Net assets, end of year	<u>\$ 334,535</u>	<u>\$ 515,971</u>	<u>\$ 850,506</u>

See accompanying notes to financial statements.

Spay-Neuter Assistance Program, Inc.

Statements of Cash Flows for the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (165,250)	\$ 172,733
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	101,621	93,122
Loss on disposal of assets	27,961	
Changes in operating assets and liabilities:		
Accounts receivable	1,120	(1,747)
Inventory	38,471	(65,281)
Pledges receivable	(8,229)	(35,906)
Prepaid expenses and other assets	19,176	(23,812)
Accounts payable	(63,595)	119,230
Accrued salaries and related expenses	<u>29,663</u>	<u>8,470</u>
Net cash provided (used) by operating activities	<u>(19,062)</u>	<u>266,809</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	<u>(300,613)</u>	<u>(16,562)</u>
Net cash used by investing activities	<u>(300,613)</u>	<u>(16,562)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes payable	<u>(15,111)</u>	<u>(29,526)</u>
Net cash used by financing activities	<u>(15,111)</u>	<u>(29,526)</u>
NET CHANGE IN CASH	(334,786)	220,721
Cash, beginning of year	<u>495,069</u>	<u>274,348</u>
Cash, end of year	<u>\$ 160,283</u>	<u>\$ 495,069</u>

See accompanying notes to financial statements.

Spay-Neuter Assistance Program, Inc.

Notes to Financial Statements for the years ended June 30, 2010 and 2009

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 providing “spay and neuter services on wheels”. 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).

Accounts receivable are net of an estimated allowance for uncollectible accounts for certain contracts. Expense is recorded for a provision for uncollectible accounts based upon historical experience and known circumstances affecting the collectability of amounts.

Inventory of flea protection and heartworm prevention products are stated 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 recorded 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 recorded 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.

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

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.

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 revenues 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>2010</u>	<u>2009</u>
Receivable within one year	\$ 246,853	\$ 238,918
Allowance for uncollectible pledges	<u>(34,461)</u>	<u>(34,755)</u>
Pledges receivable, net	<u>\$ 212,392</u>	<u>\$ 204,163</u>

NOTE 3 – PROPERTY

Property consists of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 75,000	\$ 75,000
Building and improvements	320,830	189,911
Mobile clinics and trucks	361,752	361,752
Office equipment	88,719	112,434
Furniture and fixtures	21,667	14,780
Medical equipment	<u>195,099</u>	<u>182,124</u>
Total property	1,063,067	936,001
Accumulated depreciation	<u>(458,800)</u>	<u>(502,765)</u>
Property, net	<u>\$ 604,267</u>	<u>\$ 433,236</u>

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Clinic programs	\$ 147,050	\$ 172,300
Restricted for use in future periods	116,392	118,671
Capital improvements	<u> </u>	<u>225,000</u>
Total temporarily restricted net assets	<u>\$ 263,442</u>	<u>\$ 515,971</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 \$215,000 in 2010 and \$180,000 in 2009. Future minimum lease payments are as follows:

2011	\$ 283,835
2012	231,336
2013	197,659
2014	166,909
2015	<u>73,031</u>
Total	<u>\$ 952,770</u>

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2010, 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.
