

**MUTTVILLE**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED  
DECEMBER 31, 2014**

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
Muttville  
San Francisco, California**

We have audited the accompanying financial statements of Muttville (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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.

### ***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 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.

Board of Directors  
Muttville  
San Francisco, California  
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*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Muttville. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**October 22, 2015**

**MUTTVILLE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**

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**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 1,348,553
Current portion of contributions and grants receivable	204,990
Prepaid expenses and other assets	<u>12,050</u>
Total current assets	1,565,593

**CONTRIBUTIONS AND GRANTS RECEIVABLE, Net** 25,000

**PROPERTY AND EQUIPMENT, Net** 50,034

**TOTAL ASSETS** \$ 1,640,627

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$ 119,192
Accrued expenses	<u>20,865</u>
Total current liabilities	<u>140,057</u>

**NET ASSETS:**

Unrestricted	1,270,580
Temporarily restricted	<u>229,990</u>
Total net assets	<u>1,500,570</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 1,640,627

# MUTTVILLE

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2014

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### UNRESTRICTED NET ASSETS:

#### REVENUES:

Contributions and grants	\$ 1,955,236
In-kind contributions	379,002
Event revenues	90,600
Other income	5,790
Net assets released from restrictions	<u>25,000</u>
Total revenues	<u>2,455,628</u>

#### EXPENSES:

Program services	
Animal care and adoption	<u>1,493,424</u>
Supporting services:	
General and administrative	164,489
Fundraising	<u>144,032</u>
Total supporting services	<u>308,521</u>
Total expenses	<u>1,801,945</u>

**INCREASE IN UNRESTRICTED NET ASSETS** 653,683

### TEMPORARILY RESTRICTED NET ASSETS:

Contributions and grants	254,990
Net assets released from restrictions	<u>(25,000)</u>

**INCREASE IN TEMPORARILY RESTRICTED NET ASSETS** 229,990

**INCREASE IN NET ASSETS** 883,673

**NET ASSETS, Beginning of Year** 616,897

**NET ASSETS, End of Year** \$ 1,500,570

# MUTTVILLE

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2014

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	<b>Animal care and adoption</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>General and administrative</b>	<b>Fundraising</b>	
Animal care	\$ 846,639			\$ 846,639
Personnel	343,278	\$ 105,601	\$ 66,256	515,135
Facilities and equipment rental	184,860	8,436	12,290	205,586
Professional fees	25,390	25,283	24,876	75,549
Supplies	49,671	2,267	3,302	55,240
Printing	15,289	1,691	2,030	19,010
Bank fees	876	2,412	12,799	16,087
Depreciation	11,626	1,938	2,450	16,014
Events			15,931	15,931
Postage and shipping	4,518	2,573	3,812	10,903
Telecommunications	5,867	1,197	238	7,302
Transportation	5,410		48	5,458
Other expenses		13,091		13,091
Total	<u>\$ 1,493,424</u>	<u>\$ 164,489</u>	<u>\$ 144,032</u>	<u>\$ 1,801,945</u>

# MUTTVILLE

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2014

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<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Increase in net assets	\$ 883,673
Reconciliation to net cash provided by operating activities:	
Depreciation	16,014
Loss on disposal of property and equipment	962
Changes in:	
Contributions and grants receivable	(229,990)
Prepaid expenses and other assets	(9,000)
Accounts payable	91,229
Accrued expenses	<u>20,865</u>
Net cash provided by operating activities	773,753
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of property and equipment	<u>(17,342)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	756,411
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>592,142</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 1,348,553</u>

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### 1. ORGANIZATION AND NATURE OF ACTIVITIES

Muttville is a nonprofit corporation dedicated to improving the lives of older dogs through foster, adoption, education, and community. On a local level, Muttville rescues senior dogs and finds them new homes or gives them hospice. On a global level, Muttville provides information about caring for older dogs and support for people who do.

Through associations with shelters and other animal organizations, Muttville finds senior dogs that have been given up and are not likely to find adopted homes. Through outreach and networking, Muttville finds suitable new homes for these dogs. Muttville has its own cage-free facility, housing newly rescued senior dogs while they wait to be matched with foster homes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting and financial statement presentation** – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. Muttville reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Muttville has no permanently restricted net assets.

**Revenue recognition** – Contributions and grants are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions and grants are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

Donated goods, facilities, and professional services are recorded as in-kind donations and recognized at the estimated fair value as of the date of donation or service. Contributed services that do not meet the criteria for recognition are not reflected in the financial statements.

**Cash and cash equivalents** – Muttville considers all highly liquid investments with a maturity date of three months or less to be cash equivalents, unless held for long-term purposes. Muttville maintains its cash and cash equivalents in bank and brokerage accounts that, at times, may exceed federally insured limits. Muttville has not experienced any losses in such accounts. Management believes Muttville is not exposed to any significant credit risk related to cash and cash equivalents.

**Contributions and grants receivable** – The long-term portion of contributions and grants receivable is expected to be received in 2016.

**Property and equipment** is stated at cost if purchased or, if donated, at fair market value on the date of donation. Muttville capitalizes all expenditures for property and equipment in excess of \$500. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from three to seven years.



# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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**Income taxes** – Muttville is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Muttville has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, Muttville is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2010.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional allocation of expenses** – The costs of providing the program services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated to program services based on estimates of employees' time incurred and usage of resources.

**Subsequent events** have been reviewed through October 22, 2015, the date the financial statements were available to be issued.

### 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2014 :

Vehicles	\$ 40,000
Leasehold improvements	24,265
Furniture and equipment	<u>25,181</u>
Total	89,446
Less accumulated depreciation	<u>(39,412)</u>
Total	<u>\$ 50,034</u>

### 4. OPERATING LEASES

Muttville leases office space and equipment under non-cancelable operating leases expiring at various dates through February 2021. Total expenses under the office space lease were \$9,000 in 2014. The equipment leases began in March 2015. Future minimum payments are as follows:

2015	\$ 18,091
2016	16,160
2017	10,910
2018	10,910
2018	9,921
Thereafter	<u>11,343</u>
Total	<u>\$ 77,335</u>

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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### 5. NET ASSETS

Temporarily restricted net assets as of December 31, 2014 are restricted as follows:

Time, then purpose (Seniors for Seniors)	\$ 50,000
Time	<u>179,990</u>
Total	<u>\$ 229,990</u>

### 6. IN-KIND CONTRIBUTIONS

Muttville received the following in-kind contributions during 2014:

Veterinary services	\$ 208,219
Rent	<u>170,783</u>
Total	<u>\$ 379,002</u>

### 7. CONDITIONAL CONTRIBUTIONS

During 2014, Muttville received grants that provide funding based on the number of adoptions completed that meet certain criteria. Muttville received and recognized approximately \$430,000 under these agreements during the fiscal year ending December 31, 2014. The amount to be received in future years is dependent on the number of adoptions that will be completed and cannot be estimated.