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# **MUTTVILLE**

## **FINANCIAL STATEMENTS**

**December 31, 2010**

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

## Muttville

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### **Independent Accountants' Review Report**

Board of Directors  
Muttville  
San Francisco, California

We have reviewed the accompanying statements of financial position of Muttville (a nonprofit organization) as of December 31, 2010, and the related statements of activities, cash flows, and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants  
Oakland, California  
July 2, 2011

**Muttville**

**Statement of Financial Position  
December 31, 2010**

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**Assets**

Current Assets	
Cash	\$ 126,186
Grants receivable	15,000
Total current assets	<u>141,186</u>
Property and equipment, net (Note 3)	<u>825</u>
Total Assets	<u>\$ 142,011</u>

**Liabilities and Net Assets**

Current Liabilities	
Accounts payable and accrued expenses	\$ 16,559
Note payable (Note 4)	3,200
Total Liabilities	<u>19,759</u>
Contingencies (Note 5)	
Net Assets	
Unrestricted	81,252
Temporarily restricted (Note 6)	41,000
Total Net Assets	<u>122,252</u>
Total Liabilities and Net Assets	<u>\$ 142,011</u>

See Independent Accountants' Review Report and  
Notes to the Financial Statements

**Muttville**

**Statement of Activities  
For the Year Ended December 31, 2010**

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Foundation and corporate support	\$ 78,825	\$ 56,000	\$ 134,825
Contributions	249,941		249,941
Special event:			
Donations	15,699		
Admission	3,860		
In-kind contributions (Note 7)	25,519		
Auction sales	22,714		
Special event revenue	67,792		
Less: cost of direct benefits to donors	(31,661)		
Net event proceeds	36,131		36,131
Miscellaneous	311		311
Net assets released from restrictions (Note 6)	15,000	(15,000)	-
Total Support and Revenue	380,208	41,000	421,208
<b>Expenses</b>			
Program	322,461		322,461
General and administration	64,835		64,835
Fundraising	4,931		4,931
Total Expenses	392,227	-	392,227
Change in Net Assets	(12,019)	41,000	28,981
Net Assets, beginning of year	93,271	-	93,271
Net Assets, end of year	\$ 81,252	\$ 41,000	\$ 122,252

See Independent Accountants' Review Report and  
Notes to the Financial Statements

**Muttville**

**Statement of Cash Flows  
For the Year Ended December 31, 2010**

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**Cash flows from operating activities:**

Change in net assets	\$ 28,981
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Change in assets and liabilities:	
Accounts receivable	(15,000)
Accounts payable and accrued expenses	16,559
Net cash provided by operating activities	<u>30,540</u>

**Cash flows from financing activities:**

Borrowings on note payable	<u>200</u>
Net cash provided by financing activities	<u>200</u>

Net change in cash	<u>30,740</u>
Cash, beginning of year	<u>95,446</u>
Cash, end of year	<u>\$ 126,186</u>

See Independent Accountants' Review Report and  
Notes to the Financial Statements

**Muttville**

**Statement of Functional Expenses  
For the Year Ended December 31, 2010**

	<u>Program</u>	<u>General and administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ -	\$ 7,030	\$ -	\$ 7,030
Payroll taxes	-	1,508	-	1,508
	<u>-</u>	<u>8,538</u>	<u>-</u>	<u>8,538</u>
Accounting fees	-	473	-	473
Fees for service	26,148	21,148	4,000	51,296
Advertising and promotion	-	1,521	-	1,521
Supplies	10,099	15,731	-	25,830
Telephone	1,273	1,273	-	2,546
Postage	-	458	486	944
Equipment rental and maintenance	-	2,960	-	2,960
Bank fees	-	3,856	-	3,856
Information technology	5,000	2,102	-	7,102
Occupancy	13,493	472	-	13,965
Travel	5,263	-	-	5,263
Conferences and meetings	860	861	-	1,721
Insurance	-	4,467	-	4,467
Dues, licenses, fees	-	925	445	1,370
Veterinary care and medication	254,010	-	-	254,010
Education and outreach	6,135	-	-	6,135
Miscellaneous	180	50	-	230
Total Expenses	<u>\$ 322,461</u>	<u>\$ 64,835</u>	<u>\$ 4,931</u>	<u>\$ 392,227</u>

See Independent Accountants' Review Report and  
Notes to the Financial Statements

**MUTTVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**NOTE 1: NATURE OF ACTIVITIES**

Muttville (the Organization) is a California nonprofit public benefit corporation, which was established in February 2007. Its mission is to rescue senior dogs. The Organization is dedicated to changing the way the world thinks about and treats older dogs, ages seven years and older, and to create better lives for them through rescue, foster, adoption, and hospice. Muttville provides hope and hospice to loving senior dogs that have been abandoned, rejected and moved from loving homes to concrete cages. Muttville educates the public to the wonderful benefits of adopting senior dogs.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

**Revenue Recognition**

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions and has concluded that as of December 31, 2010, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

**Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

**MUTTVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**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.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Subsequent Event**

The Organization has evaluated subsequent events and has concluded that as of the date that the financial statements were available for distribution there were no significant subsequent events to disclose.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2010:

Furniture and equipment	\$ 1,924
Less accumulated depreciation	<u>(1,099)</u>
Total	<u>\$ 825</u>

**NOTE 4: RELATED PARTY TRANSACTIONS**

As of December 31, 2010, the Organization had an unsecured interest free loan payable to the Executive Director with no maturity date. As of December 31, 2010, \$3,200 was outstanding.

The Organization leases space from the Executive Director on a month to month basis. Rent paid to the Executive Director totaled \$12,000 for the year ended December 31, 2010.

**NOTE 5: CONTINGENCIES**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

**MUTTVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**NOTE 6: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available as follows as of December 31, 2010:

Seniors for Seniors	\$ 15,000
Capital projects	11,000
Administrative position	<u>15,000</u>
Total	<u>\$ 41,000</u>

For the year ended December 31, 2010, the Organization released \$15,000 in temporarily restricted net assets from donor restriction for an administrative position.

**NOTE 7: IN-KIND CONTRIBUTIONS**

For the year ended December 31, 2010, the Organization received \$25,519 in donated auction items for the Moolah for Mutts fundraising event.