

ADG CPA

**SPAY NEUTER ACTION PROJECT
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2018**

CONTENTS	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-8

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Spay Neuter Action Project, Inc.

I have audited the accompanying financial statements of Spay Neuter Action Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities and changes in net assets, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spay Neuter Action Project, Inc., as of March 31, 2018, 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.



Andres D. Garcia, CPA
September 10, 2018

SPAY NEUTER ACTION PROJECT
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2018

ASSETS:

Cash and Cash Equivalents	\$ 124,589
Accounts Receivable	15,185
Total Current Assets	<u>139,774</u>
Property and Equipment	276,264
Less: (Accumulated Depreciation)	<u>(266,099)</u>
Property & Equipment, Net	<u>10,165</u>
Total Assets	\$ <u><u>149,939</u></u>

LIABILITIES:

Total Current Liabilities	\$ <u>-</u>
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NET ASSETS:

Unrestricted	<u>149,939</u>
Total Net Assets	<u>149,939</u>
Total Liabilities & Net Assets	\$ <u><u>149,939</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018

	<u>Total</u>
SUPPORT & REVENUE:	
Spay and Neuter Fees	\$ 332,587
Contributions	181,323
Grants	134,188
Fundraising	8,154
Interest	<u>20</u>
Total Support & Revenue	656,272
EXPENSES:	
Program Services	
Neuter Scooter Clinics	<u>630,684</u>
Supporting Services:	
Management & General	25,735
Fundraising	<u>12,653</u>
Total Supporting Services	<u>38,388</u>
Total Expenses	<u>669,072</u>
Change in Net Assets	(12,800)
Net Assets, Beginning of Year	<u>162,739</u>
Net Assets, End of Year	<u><u>\$ 149,939</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018

	Program Services	SUPPORTING SERVICES		Total
		Management & General	Fund Raising	
Payroll & Related				
Salaries & Wages	\$ 301,864	\$ -	\$ -	\$ 301,864
Payroll Taxes	28,812	-	-	28,812
Insurance: Workers Compensation	11,803	-	-	11,803
Payroll Service	4,178	-	-	4,178
Total Payroll & Related	346,657	-	-	346,657
Other Expenses				
Veterinarians	132,110	-	-	132,110
Supplies	96,573	772	-	97,345
Bus Repairs and Gasoline	18,723	-	-	18,723
Insurance	6,192	9,675	-	15,867
Direct Fundraising Expenses	-	-	12,653	12,653
Storage	7,655	-	-	7,655
Staff Meals and Travel	6,276	-	-	6,276
Telephone	5,885	372	-	6,257
Advertising	316	4,703	-	5,019
Licenses, Permits and Taxes	2,769	1,297	-	4,066
Office Expenses	-	3,251	-	3,251
Laundry	2,905	-	-	2,905
Professional fees	-	2,514	-	2,514
Postage	-	1,600	-	1,600
Community Outreach	1,326	-	-	1,326
Bank Fees	-	963	-	963
Website	-	588	-	588
Total Other Expenses	280,730	25,735	12,653	319,118
Depreciation	3,297	-	-	3,297
Total Expenses	\$ 630,684	\$ 25,735	\$ 12,653	\$ 669,072

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (12,800)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:	
Depreciation	3,297
(Increase) Decrease in:	
Inventory	584
Accounts Receivable	(7,455)
Increase (Decrease) in:	
Accounts Payable	<u>(9,829)</u>
CASH FLOWS (USED) BY OPERATING ACTIVITIES	<u>(26,203)</u>
Decrease in Cash and Cash Equivalents	(26,203)
Cash & Cash Equivalents, March 31, 2017	<u>150,792</u>
Cash & Cash Equivalents, March 31, 2018	<u>\$ 124,589</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

Note 1. Nature of Organization

Spay Neuter Action Project (SNAP), Inc. (the Organization) is the first and only organization in San Diego County that provides comprehensive programs to solve the core causes of pet overpopulation and its tragic consequences. SNAP's mission is to achieve zero euthanasia of adoptable and treatable pets in San Diego County through prevention by providing public awareness, educational materials, affordable spay/neuter procedures and subsidies when qualified.

SNAP was co-founded in 1990 by Candy Schumann. She was a volunteer in a local animal shelter and after seeing countless stray animals come and go, she knew that adoption alone wasn't going to solve the problem. Candy realized that to reduce the number of animals euthanized in shelters every year, it would be necessary to reduce the number of homeless animals coming into shelters in the first place.

As of today, over two decades later, SNAP has spayed and neutered over 60,000 animals in clinics throughout San Diego County. The Neuter Scooter is a mobile surgery bus which began operations in 2003, primarily serving communities in southwest San Diego County, including City Heights, El Cajon and Chula Vista. The Neuter Scooter travels to low-income neighborhoods, providing affordable spay/neuter services right where they are most needed.

SNAP is funded through grants, private donations, and corporate sponsorships. In addition to SNAP spay/neuter services, SNAP offers information about spay/neuter as well as classes and workshops for people of all ages.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables and liabilities.

Fund Accounting: To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

The Organization also prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, the Organization is required to report 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.

Unrestricted Net Assets – Net assets not subject to donor-imposed restrictions or stipulations as to purpose of use.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of the Organization or the passage of time.

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

Note 2. Summary of Significant Accounting Policies, continued

Fund Accounting: continued.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used for the Organization’s operations and programs. The Organization does not have any permanently restricted net assets as of March 31, 2018.

Cash and Cash Equivalents: The Organization has defined cash and cash equivalents as cash in banks and money market accounts with an initial maturity of three months or less.

Accounts Receivable: Accounts receivables are receivables from a cost-reimbursement contract with the Department of Animal Services. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. No allowance for doubtful accounts was considered necessary as of March 31, 2018.

Property and Equipment: Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year. Depreciation is computed using the straight-line method over the useful lives of the assets, which vary between five or seven years for buses, equipment and medical instruments

Depreciation expense for the year ended March 31, 2018 amounted to \$3,297.

Contributions: Contributions are recognized as revenues in the period received. Contributions are available for unrestricted use unless specifically restricted by the donor. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

Donated Materials and Services: Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Use of Estimates: The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

SPAY NEUTER ACTION PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

Note 2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing these services.

Note 3. Income Tax Status

The Organization is a California Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Tax Code 23701(d), respectively, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The FASB Interpretation No.48, *Accounting for Uncertainty in Income Taxes*, (FIN 48) which was subsequently included in the FASB Codification as ASC 740, prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of the Organization has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Organization's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

Note 4. Property and Equipment

Property and equipment consists of the following at March 31, 2018:

Buses	\$	251,741
Equipment and Medical Instruments		<u>24,523</u>
		276,264
Less: Accumulated Depreciation		<u>(266,099)</u>
	\$	<u><u>10,165</u></u>

Note 5. Subsequent Events

The management of the Organization have reviewed the results of operations and evaluated subsequent events for the period of time from its year end March 31, 2018 through September 10, 2018, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.