

10702

# **Companion Animal Alliance**

Baton Rouge, Louisiana

*Financial Statements  
and Supplementary Information*

Year Ended December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

**OCT 17 2012**

Release Date

**William D. Mercer, CPA**  
A PROFESSIONAL ACCOUNTING CORPORATION

## CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Statement of Financial Position	4 – 5
Statement of Revenues and Expenses and Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 – 14
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15 – 16
Supplementary Information:	
Schedule of Findings and Questioned Costs	18
Auditor's Comments on Audit Resolution Matters	19
Schedule of Functional Expenses	20



WILLIAM D. MERCER, CPA

A PROFESSIONAL ACCOUNTING  
CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Companion Animal Alliance  
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of Companion Animal Alliance (a nonprofit organization) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Companion Animal Alliance as of December 31, 2011, and the changes in its net assets and its cash flows for the year the ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 28, 2012 on my consideration of Companion Animal Alliance's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the auditor's report on the financial statements.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as whole. The schedule of functional expenses on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 28, 2012

WILLIAM D. MERCER, CPA (APAC)

3535 S. SHERWOOD FOREST BLVD., SUITE 201  
BATON ROUGE, LA 70816  
(225) 291-1411  
(225) 291-1412  
WMERCERCPA@COX.NET

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2011

---

**ASSETS**

**CURRENT:**

Cash and cash equivalents	\$ 139,289
Prepaid expenses	<u>14,959</u>
Total Current Assets	<u>154,248</u>

**PROPERTY AND EQUIPMENT:**

Equipment and furniture	51,772
Less accumulated depreciation	<u>9,120</u>
Net Property and Equipment	<u>42,652</u>

**TOTAL ASSETS** **\$ 196,900**

The accompanying notes are an integral part of these financial statements.

---

**LIABILITIES**

**CURRENT:**

Accounts payable and accrued expenses \$ 61,734

**TOTAL LIABILITIES (all current)** 61,734

**NET ASSETS**

Permanently restricted -

Temporarily restricted 105,216

Unrestricted 29,950

**TOTAL NET ASSETS** 135,166

**TOTAL LIABILITIES AND NET ASSETS** \$ 196,900

The accompanying notes are an integral part of these financial statements.

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
<b>REVENUES:</b>		
Contributed support	\$ 505,671	\$ 23,146
Inter-fund transfers	50,000	-
Earned revenues:		
Governmental contracts and fees	188,640	-
Adoption and other revenues	56,608	-
Investment income	37	106
Net assets released from restrictions	<u>7,944</u>	<u>(7,944)</u>
 Total Revenues	 <u>808,900</u>	 <u>15,308</u>
<b>EXPENSES:</b>		
Program services	596,551	-
Supporting services:		
Management services	150,149	-
Fundraising	<u>34,777</u>	<u>-</u>
 Total Expenses	 <u>781,477</u>	 <u>-</u>
 Change in net assets	 27,423	 15,308
 NET ASSETS, beginning of year	 <u>2,527</u>	 <u>89,908</u>
 NET ASSETS, end of year	 <u>\$ 29,950</u>	 <u>\$ 105,216</u>

The accompanying notes are an integral part of these financial statements.

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

Year Ended December 31, 2011

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers, donors and government agencies	\$ 707,250
Interest and dividends received	143
Cash paid to suppliers and employees	( 608,768)
Net cash provided by operating activities	<u>98,625</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Cash payments for purchase of equipment	( 51,772)
NET INCREASE IN CASH	46,853
CASH AND CASH EQUIVALENTS, beginning of year	<u>92,436</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u>139,289</u>

The accompanying notes are an integral part of these financial statements.

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Companion Animal Alliance (the Organization) is a nonprofit organization committed to reducing the number of animals entering the animal shelter, treating animals humanely while they are in the shelter's care, and to finding homes for animals, returning lost animals to their families while finding foster care and permanent homes for other dogs and cats.

Method of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation

Net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as net assets released from restrictions.



COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Organization regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

Significant estimates included in or affecting the presentation of the accompanying financial statements include estimated useful lives of property and equipment.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and equipment

All property and equipment is stated at cost. Expenditures for maintenance, repairs, and minor renewals are expensed as incurred. Major expenditures for renewals and betterments are capitalized.

As a general rule, when items are retired or otherwise disposed, accumulated depreciation is reduced by the accumulated amount of depreciation applicable thereto. Any gain or loss from such retirement or disposal is credited or charged to income in the year of the disposal.

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation and amortization

Depreciation is computed on the straight-line method over the estimated useful lives of the various classes of depreciable assets, ranging from five to seven years.

The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. The Organization periodically reviews these lives relative to physical factors, economic factors, and industry trends. If there are changes in the planned use of property and equipment or if technological changes occur more rapidly than anticipated, the useful lives assigned to those assets may be shortened, resulting in the recognition of increased depreciation and amortization expense in future periods.

Revenue recognition

The Organization reports contributions as restricted support if they are received with donor or grantor restrictions that limit the use of the contributions. When a restriction expires (i.e., when a stipulated time restriction ends or a 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. Contributions are considered to be available for unrestricted use and recorded as such, unless specifically restricted by the donor.

Revenues from government agency contracts and fees are recognized in the period in which the Organization provides the service.

Income taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Organization expenses the production costs of advertising the first time the advertising takes place, except for direct response advertising, which is capitalized and amortized over its expected period of future benefits. As of December 31, 2011, the Organization had no advertising classified as assets, and all advertising was expensed as incurred.

Subsequent events

In preparing the accompanying financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through June 28, 2012, the date the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2011, were as follows:

Cash on hand	\$	100
Cash in bank – checking / savings		8,699
Cash in bank – money market		<u>130,490</u>
	\$	<u>139,289</u>

As of December 31, 2011, the Organization's money market funds were being held by Baton Rouge Area Foundation, a non-profit organization located in Baton Rouge, Louisiana, who allows nonprofit organizations to set up funds for their own benefit. Baton Rouge Area Foundation serves as an agent on behalf of the nonprofit organization.

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE C – LEASE COMMITMENTS

The Company utilizes office and shelter facilities provided to it under a cooperative endeavor agreement with the City of Baton Rouge/Parish of East Baton Rouge.. This agreement does not require any payment of rent or utilities, which are borne by the City/Parish. The estimated fair value of the occupancy expense under this agreement was \$ 91,815 for the year ended December 31, 2011. This amount of donated facility costs is included as a component of unrestricted revenues and expenses in the accompanying financial statements.

NOTE D -- CONTRIBUTED SUPPORT

As detailed in Note C, above, the Organization utilizes office and shelter facilities under a cooperative endeavor agreement with the City of Baton Rouge/Parish of East Baton Rouge. In addition to the use of the facilities, the agreement also stipulated the donation of certain shelter equipment and furnishings to the Organization. The value of this donated equipment was \$ 37,816, which is included as a component of unrestricted revenues and expenses in the accompanying financial statements.

Additionally, the Organization utilizes certain accounting and other professional services provided by Baton Rouge Area Foundation. The value of these services for the year ended December 31, 2011, was estimated at \$ 25,000, which is included as a component of unrestricted revenues and expenses in the accompanying financial statements.

NOTE E – SUPPLEMENTARY CASH FLOW INFORMATION

Cash payments for interest and income taxes for the year ended December 31, 2011, were as follows:

Interest	\$ <u>          -</u>
Income taxes	\$ <u>          -</u>

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE E – SUPPLEMENTARY CASH FLOW INFORMATION (continued)

Noncash investing and financing activities for the year ended December 31, 2011, are as follows:

Donation of shelter equipment and furnishings from the City/Parish	\$ 37,816
Use of City/Parish shelter facilities and related utility costs	\$ 91,815
Utilization of Baton Rouge Area Foundation accounting and professional services	\$ 25,000

A reconciliation of changes in net assets to net cash provided by operating activities for the year ended December 31, 2011, is as follows:

Changes in net assets:	
Temporarily restricted	\$ 15,308
Unrestricted	27,423
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	9,120
Increase in prepaid expenses	( 14,959)
Increase in accounts payable and accrued expenses	<u>61,733</u>
Net cash used by operating activities	\$ <u>98,625</u>

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

---

NOTE F – SIGNIFICANT CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and contract revenues.

The Organization maintains its cash account in a checking account at a commercial bank located in Louisiana. Accounts at this bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts on deposit at various times throughout the year may exceed the federally insured limit. As of December 31, 2011, the Organization had no uninsured cash balances. Additionally, the Organization's funds held in money market accounts totaling \$130,490 at December 31, 2011, are held by Baton Rouge Area Foundation.

The Organization receives a significant portion of its support under a cooperative endeavor agreement with the City of Baton Rouge/Parish of East Baton Rouge. A reduction in the amount of support and revenue provided under this agreement, should this occur, could have a significant impact on the Organization's ability to carry out its activities and support services at current levels.



WILLIAM D. MERCER, CPA

A PROFESSIONAL ACCOUNTING  
CORPORATION

**AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Companion Animal Alliance  
Baton Rouge, Louisiana

I have audited the financial statements of Companion Animal Alliance as of and for the year ended December 31, 2011, and have issued my report thereon dated June 28, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Companion Animal Alliance's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Companion Animal Alliance's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to material weaknesses, as defined above.

3535 S. SHERWOOD FOREST BLVD., SUITE 201  
BATON ROUGE, LA 70816  
(225) 291-1411  
(225) 291-1412  
WMERCERCPA@COX.NET

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Companion Animal Alliance's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

WILLIAM J. MERZER, CPA (APAC)

June 28, 2012



**SUPPLEMENTARY INFORMATION**

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

---

There were no findings or questioned costs noted for the year ended December 31, 2011.

**COMPANION ANIMAL ALLIANCE**  
**Baton Rouge, Louisiana**

**AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS**

---

The Organization had no audit report issued prior to the current year, so no findings or questioned costs have been previously noted.

COMPANION ANIMAL ALLIANCE  
Baton Rouge, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended December 31, 2011

	<u>Program Services</u>	<u>Management Services</u>	<u>Fundraising</u>
Administrative fees	\$ -	\$ 1,053	\$ -
Adoption supplies	5,607	-	-
Auto and truck expense	2,777	-	-
Cleaning	9,968	-	-
Depreciation	6,840	1,824	456
Dues and subscriptions	-	200	-
Employee benefits	20,598	5,493	1,373
Food	18,812	-	-
Insurance	6,693	1,785	446
Kennel supplies	4,632	-	-
Medical supplies	93,202	-	-
Occupancy expense	68,861	18,363	4,591
Office expense	9,500	2,533	634
Payroll expenses	266,179	70,981	17,745
Postage and delivery	492	131	33
Printing and communications	9,154	3,672	6,931
Professional services	50,064	28,597	1,023
Repairs and maintenance	7,088	1,890	473
Technology	14,675	3,913	978
Telephone	1,409	376	94
Travel	<u>-</u>	<u>9,338</u>	<u>-</u>
Totals	\$ <u>596,551</u>	\$ <u>150,149</u>	\$ <u>34,777</u>

See auditor's report on supplementary information.