

**LAST CHANCE FOR ANIMALS**  
**(A CALIFORNIA NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2009

# LAST CHANCE FOR ANIMALS

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**COHEN PAGANO**  

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**ACCOUNTANCY, INC.**

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Last Chance for Animals

We have audited the accompanying statement of financial position of Last Chance for Animals, a non-profit organization (the "Organization"), as of December 31, 2009, 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. Our responsibility is to express an opinion on these financials 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Last Chance for Animals as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on Page 9 is presented for purposes of additional analysis and it 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 our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole

*Cohen Pagano Accountancy*

Los Angeles, California

October 29, 2010

# LAST CHANCE FOR ANIMALS

## STATEMENT OF FINANCIAL POSITION

December 31, 2009

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### ASSETS

#### Current Assets

Cash	\$	29,689
Contributions receivable		122,243
Prepaid expenses		<u>21,272</u>

Total current assets 173,205

#### Property and equipment, net

11,987

#### Other assets

2,600

#### TOTAL ASSETS

\$ 187,792

### LIABILITIES AND NET ASSETS

#### Current Liabilities

Accounts payable	\$	32,994
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#### Net assets - unrestricted

154,798

#### TOTAL LIABILITIES AND NET ASSETS

\$ 187,792

# LAST CHANCE FOR ANIMALS

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

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### Support and revenue

Donations and contributions	\$	761,908
Bequests		175,657
Contributed services		-
Royalties		2,093
Other income		2,151
Interest income		-
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Total support and revenue		941,809

### Expenses

Program services		707,507
Fundraising		145,468
Management and general		13,678
		<hr/>
Total expenses		866,653

### Change in net assets

75,156

Net assets - unrestricted, beginning of year

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79,642

Net assets - unrestricted, end of year

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**\$ 154,798**

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# LAST CHANCE FOR ANIMALS

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

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### Cash flows from operating activities

Change in net assets	\$	75,156
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		3,441
Changes in operating assets and liabilities:		
Contributions receivable		(81,632)
Prepaid expenses		2,726
Other assets		-
Accounts payable		<u>(29,348)</u>

**Net cash provided by operating activities** (29,657)

### Cash flows from investing activities

Purchases of equipment		<u>(3,248)</u>
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**Net increase in cash** (32,905)

**Cash, beginning of the year** 62,594

**Cash, end of the year** \$ 29,689

# LAST CHANCE FOR ANIMALS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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### 1. Nature of organization and summary of significant accounting policies

#### *Nature of Operations*

Last Chance for Animals, a California non-profit public benefit corporation (the "Organization"), was organized for the purpose of ending animal abuse and exploitation through investigations, education, public outreach, advocacy and campaigns.

#### *Basis of Accounting*

The Organization uses the accrual basis of accounting and conforms to the AICPA Audit and Accounting Guide for *Not-for-Profit Organizations*.

#### *Financial Statement Presentation*

The Organization reports cash contributions and gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how or when the donated assets must be used.

#### *Net Assets*

Unrestricted Net Assets — is the part of the net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are broad limits resulting from the nature of the Organization and the purpose specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements. Temporarily restricted net assets are treated as unrestricted net assets if the purpose of the donor-imposed restrictions is satisfied in the year in which the restricted contributions are received.

Temporarily Restricted Net Assets — is the part of the net assets of the Organization whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. The Organization has no temporarily restricted net assets at December 31, 2009 or during the year then ended.

Permanently Restricted Net Assets — the part of the net assets of the Organization whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets at December 31, 2009 or during the year then ended.

#### *Expense Allocation*

Expenses are charged to program, fundraising activities, and management and general. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

#### *Concentration of Credit Risk*

From time to time, the Organization is subject to concentrations of credit risk by maintaining cash balances in excess of Federal Deposit Insurance Corporation insurable limits. The Organization does not have cash in excess of insured limits at December 31, 2009.

# LAST CHANCE FOR ANIMALS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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### 1. Nature of organization and summary of significant accounting policies (continued)

#### *Cash and Cash Equivalents*

The Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

#### *Revenue Recognition*

The Organization principally generates revenue from contributions and bequests. Contributions are recognized when received. Unconditional promises to give (pledges), less allowance for uncollectible amounts, are recorded as receivables and revenues in the appropriate net asset category in accordance with donor-imposed restrictions.

#### *Property and Equipment*

Property and equipment are reported at cost and are depreciated using an accelerated method based on estimated useful lives ranging from 5 to 7 years.

#### *Donated Services, Goods and Facilities*

A substantial number of volunteers have donated time to the Organization's program services and fundraising campaigns during the year. Donated services that do not require specialized skills are not reflected in the financial statements.

#### *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 and disclosures. Actual results could differ from those estimates.

#### *Tax Status*

The Organization is a publicly supported not-for-profit organization and is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and corresponding sections of the California Revenue and Taxation Code.



# LAST CHANCE FOR ANIMALS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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### 2. Property and equipment

Major categories of property and equipment at December 31, 2009 are as follows:

Computer equipment	\$	31,715
Investigative equipment		21,052
Office furniture and other equipment		18,218
Vehicle - Animal News Van		<u>59,425</u>
		130,411
Less: accumulated depreciation		<u>(118,424)</u>
	\$	<u>11,987</u>

Depreciation for the year ended December 31, 2009 was \$3,441.

### 3. Loan payable

The Organization has an unsecured \$25,000 credit line with a financial institution. Advances on the credit line are payable on demand and at the bank's prime rate plus 4.825%, which was 12.13% as of December 31, 2009, with interest payable monthly. The Organization has no balance due on the line of credit as of December 31, 2009.

### 4. Commitments

The Organization has a noncancellable operating lease for its office space that expires in June 2010. According to the lease agreement, the future monthly lease payments will be adjusted by the increase, if any, in the Consumer Price Index. Future minimum lease payments are as follows:

Year ending December 31,	2010	\$	<u>31,024</u>
	Total	\$	<u>31,024</u>

Rent expense for the year ended December 31, 2009 was \$49,480.

# LAST CHANCE FOR ANIMALS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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### 5. Allocation of costs of activities that include fundraising

The Organization achieves some of its programmatic goals through direct mail campaigns, newsletters and events that include requests for contributions. The costs of conducting those campaigns included a total of \$187,153 of joint costs that are not directly attributable to either the program component or the fundraising component of the activities. These joint costs were allocated as follows:

Program	\$	152,951
Fundraising		<u>34,203</u>
	\$	<u>187,153</u>

### 6. Allocation of program services expenses

For the year ended December 31, 2009, the Organization participated in the following programs:

#### Program services

Investigations	\$	424,504
Education and public outreach		<u>283,003</u>
	\$	<u>707,507</u>

### 7. Related party transactions

During the year ended December 31, 2009, there were no related party transactions.

# LAST CHANCE FOR ANIMALS

## SUPPLEMENTAL INFORMATION SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended December 31, 2009

	Program	Fundraising	Management and General	Total
Payroll	\$ 278,828	\$ 66,704	\$ 3,837	\$ 349,369
Direct mailings	152,951	34,203	-	187,153
Rent and parking	47,281	8,271	3,545	59,096
Insurance	42,555	3,657	228	46,440
Campaigns	41,086	-	-	41,086
Professional fees	26,609	9,363	1,996	37,968
Computer and Internet expense	15,885	1,907	769	18,561
Delivery and postage	14,924	2,183	213	17,320
Public relations and advertising	13,908	1,951	-	15,858
Office supplies and expense	9,147	2,056	977	12,180
Investigators' expense	11,831	-	-	11,831
Telephone	8,914	1,459	625	10,998
Meals and entertainment	9,634	94	208	9,936
Travel	9,219	0	-	9,219
Animal news van	7,591	-	-	7,591
Merchant fees	-	7,166	-	7,166
Film and video	5,459	-	-	5,459
Interest expense and bank charges	3,622	768	706	5,096
Charitable registration	-	4,287	-	4,287
Automobile expense	3,183	408	174	3,764
Depreciation	2,843	419	180	3,441
Merchandise	1,692	537	-	2,229
Repairs, maintenance and security	285	21	50	357
Miscellaneous	-	-	170	170
Tax deductible support	50	-	-	50
Recruiting expense	13	13	-	25
	<u>\$ 707,507</u>	<u>\$ 145,468</u>	<u>\$ 13,678</u>	<u>\$ 866,653</u>

See accompanying notes to financial statements.