

**ALLIANCE FOR CONTRACEPTION  
IN CATS AND DOGS**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2014**



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## KERN & THOMPSON, LLC

Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Alliance for Contraception in Cats and Dogs  
Portland, Oregon

We have audited the accompanying financial statements of Alliance for Contraception in Cats and Dogs (a non-profit 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.

#### ***Auditors' 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 auditors' 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.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance for Contraception in Cats and Dogs 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.

#### ***Other Matters***

#### ***Report on Summarized Comparative Information***

We have previously audited the Alliance for Contraception in Cats and Dogs' 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kern & Thompson, LLC*  
Portland, Oregon  
June 24, 2015

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(With Comparative Totals as of December 31, 2013)

ASSETS

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 535,500	\$ 431,107
Grants receivable	180,200	241
Prepaid expenses	-	1,240
Property and equipment, net	<u>15,749</u>	<u>2,375</u>
<b>Total assets</b>	<b><u>\$ 731,449</u></b>	<b><u>\$ 434,963</u></b>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 2,663	\$ 3,566
Payroll liabilities	4,141	2,045
Accrued liabilities	<u>22,494</u>	<u>14,900</u>
<b>Total liabilities</b>	<b><u>29,298</u></b>	<b><u>20,511</u></b>
<b>Net assets</b>		
Unrestricted	475,151	414,452
Temporarily restricted	<u>227,000</u>	<u>-</u>
<b>Total net assets</b>	<b><u>702,151</u></b>	<b><u>414,452</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 731,449</u></b>	<b><u>\$ 434,963</u></b>

See notes to financial statements.

**ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS**

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2014**

(With Comparative Totals for the Year Ended December 31, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
<b>Revenues and other support</b>				
Grants	\$ 288,751	\$ 235,200	\$ 523,951	\$ 214,347
Contributions	18,035	-	18,035	18,479
Symposium registration fees	473	-	473	21,930
Interest income	2,133	-	2,133	535
	<u>309,392</u>	<u>235,200</u>	<u>544,592</u>	<u>255,291</u>
Net assets released from restriction for timing	8,200	(8,200)	-	-
<b>Total revenues and other support</b>	<u><b>317,592</b></u>	<u><b>227,000</b></u>	<u><b>544,592</b></u>	<u><b>255,291</b></u>
<b>Expenses</b>				
Program services	182,372	-	182,372	267,499
Supporting services				
Management and general	38,092	-	38,092	49,543
Fund-raising	36,429	-	36,429	30,201
<b>Total expenses</b>	<u><b>256,893</b></u>	<u><b>-</b></u>	<u><b>256,893</b></u>	<u><b>347,243</b></u>
Change in net assets	<b>60,699</b>	<b>227,000</b>	<b>287,699</b>	<b>(91,952)</b>
Net assets, beginning of year	<u>414,452</u>	<u>-</u>	<u>414,452</u>	<u>506,404</u>
<b>Net assets, end of year</b>	<u><b>\$ 475,151</b></u>	<u><b>\$ 227,000</b></u>	<u><b>\$ 702,151</b></u>	<u><b>\$ 414,452</b></u>

See notes to financial statements.

**ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2014**

(With Comparative Totals for the Year Ended December 31, 2013)

	<b>PROGRAM SERVICES</b>	<b>SUPPORTING SERVICES</b>		<b>Total</b>	
		<b>Management &amp; General</b>	<b>Fund- Raising</b>	<b>2014</b>	<b>2013</b>
Payroll and benefits	\$ 131,144	\$ 17,862	\$ 29,631	\$ 178,637	\$ 167,319
Professional fees	31	13,635	93	13,759	41,862
Research	7,825	-	-	7,825	3,652
Symposium and think tanks	-	-	-	-	105,333
Sterilization grants	19,109	-	-	19,109	-
Travel and board advisor meetings	11,126	1,503	2,161	14,790	10,297
Insurance	1,100	943	-	2,043	2,486
Office	4,021	232	157	4,410	4,364
Human resources processing	-	3,142	-	3,142	2,870
Public relations	1,377	54	1,202	2,633	5,268
Newsletter and website support	6,571	599	3,185	10,355	3,619
Miscellaneous	68	122	-	190	173
	<b>\$ 182,372</b>	<b>\$ 38,092</b>	<b>\$ 36,429</b>	<b>\$ 256,893</b>	<b>\$ 347,243</b>

See notes to financial statements.

**ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2014**

(With Comparative Totals for the Year Ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 287,699	\$ (91,952)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Depreciation and amortization	3,150	-
Grants receivable	(179,959)	153,834
Prepaid expenses	1,240	2,180
Increase (decrease) in liabilities:		
Accounts payable	(903)	2,767
Payroll liabilities	2,096	(175)
Accrued liabilities	7,594	(3,250)
<b>Net cash provided by (used in) operating activities</b>	<u><b>120,917</b></u>	<u><b>63,404</b></u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	<u>(16,524)</u>	<u>-</u>
<b>Net cash provided by (used in) investing activities</b>	<u><b>(16,524)</b></u>	<u><b>-</b></u>
<b>Net change in cash</b>	<b>104,393</b>	<b>63,404</b>
Cash and cash equivalents, beginning of year	<u>431,107</u>	<u>367,703</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 535,500</b></u>	<u><b>\$ 431,107</b></u>

See notes to financial statements.

## ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

### NOTES TO FINANCIAL STATEMENTS

December 31, 2014

#### NOTE A – DESCRIPTION OF ORGANIZATION

The Alliance for Contraception in Cats & Dogs (“the Organization,” or “ACC&D”) is a catalyst to advance new methods of non-surgical birth control to save the lives of dogs and cats, expand options for pet owners, and improve the well-being of animals and communities worldwide. The organization’s mission is to expedite the successful introduction of new methods and to support the distribution and promotion of these products to humanely control cat and dog populations worldwide.

ACC&D is a not-for-profit organization formed in 2000. It grew out of a pivotal meeting at Virginia Tech and in early years operated as a program of Auburn University. The Organization was incorporated in 2005 as a stand-alone 501(c)(3). It has held five international symposia to convene researchers, academics, veterinarians, animal welfare professionals, and other stakeholders in advancing cat and dog fertility control.

In 2014, the Organization was guided by a 12-person Board of Directors and a 12-member Science Advisory Board. Both Boards have international representation and reflect significant volunteer support from senior leaders, veterinarians, scientists and academics. Several of these volunteers also contribute as the Scientific Advisory Board of the Michelson Prize and Grants program of the Found Animals Foundation, which has provided over \$13 million in grants since 2009 toward development of a non-surgical sterilant(s) for dogs and cats.

ACC&D has an Organizational Partners Program, which includes over 140 groups from 20 countries and 20 U.S. states. In addition, our Council of Stakeholders comprises leading organizations which provide key strategic and networking support as well as key financial resources to help ensure sustainability. Council members include Alley Cat Allies, the American Society for the Prevention of Cruelty to Animals (ASPCA), Best Friends Animal Society, The Humane Society of the United States (HSUS), International Cat Care, International Fund for Animal Welfare, Petco Foundation, and The Regina Bauer Frankenberg Foundation.

Based in Portland, Oregon, ACC&D relies on grants from other not-for-profit organizations, private foundations, and individual major donors for its primary support. Key accomplishments in 2014 included the following:

- We served as an independent resource for information about Zeuterin/EsterilSol, a non-surgical male dog sterilant that launched in the U.S. in February 2014. We presented on this and other sterilants under development at webinars and a conference. In conjunction with the 20<sup>th</sup> Anniversary of World Spay Day, we launched a contest for Zeuterin “pioneers.” Our objective was to incentivize early adopters of Zeuterin to share best practices for using the new neutering technique—through social media, targeted outreach, creative collaborations, or any method yielding more neutered dogs and fewer unwanted puppies. We then shared our winners and their best practices for organizations considering using Zeuterin or seeking ways to maximize its value.
- An ACC&D-convened team published a journal article in *PLOS ONE* on the results of our population dynamics computer simulation model for free-roaming cats. The goal of the modeling is to provide better guidance to programs working to humanely manage free-roaming cat populations. The model compares a three-year contraceptive as an alternative to permanent sterilization and concluded that this is a viable option, especially as a supplement to surgical sterilization.

## ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

#### NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

- ACC&D is leading an initiative to improve methods of visually identifying cats and dogs sterilized without surgery. The ability to do so will make non-surgical fertility control infinitely more valuable. In 2014 we received a generous grant from Cornell University's Atkinson Center for a Sustainable Future to support a collaborative project among ACC&D and multiple Cornell schools and departments to advance marker development. At the conclusion of the 2014-15 school year we had an early prototype, which will be studied in a field setting by a Cornell veterinary student in Summer 2015.

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred. Transactions are classified according to the existence or absence of donor-imposed restrictions.

##### **Basis of Presentation**

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present its financial position and activities according to three classes of net assets – unrestricted, temporarily restricted, and permanently restricted, as follows:

- **Unrestricted net assets** represent net assets not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- **Permanently restricted net assets** represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

##### **Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

##### **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.

**ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2014**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions and Unconditional Promises to Give**

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Property and Equipment**

Property and equipment is recorded at cost. Donated equipment is recorded at fair market value at the date received. Depreciation and amortization is computed on the straight-line method over the estimated useful lives, which ranges from three to seven years. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,500.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Expenses are charged to each program based on direct expenditures incurred. Any program expenditure not directly chargeable is allocated to a program based on units of service, and support costs are allocated to a program based on total program costs.

**Income Taxes**

The Organization has been approved as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

The Organization's federal exempt organization information returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**Prior Year Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

**Reclassifications**

Certain prior-year amounts have been reclassified to conform with the current year's presentation.

**ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2014**

**NOTE C – GRANTS RECEIVABLE**

Grants receivable consist of unconditional promises to give. Based on the history of these grantors, the funding is expected to be collected in full. As of December 31, 2014, about \$70,000 of contributions receivable are expected to be collected in 2016. Management has not discounted the 2016 grants receivable as the effect of doing so is immaterial.

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2014 are as follows:

Website	\$	18,899
Less accumulated amortization		<u>(3,150)</u>
Net website	\$	<u><u>15,749</u></u>

The original website was permanently disposed of in 2014.

**NOTE E – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2014 are assets subject to donor-imposed stipulations that will be met by the Organization.

Temporarily restricted for purpose and timing:

ASPCA Computer Modeling	\$	7,000
2015 Stakeholder Support		110,000
2016 Stakeholder Support		<u>110,000</u>
	\$	<u><u>227,000</u></u>

**NOTE F – DONATED ASSETS AND SERVICES**

The Organization receives donated services from a variety of unpaid volunteers assisting in the programs it offers. No amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied.

**NOTE G – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization to credit risk consist of cash. The Organization places cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured.

**ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2014**

**NOTE H – RETIREMENT PLAN**

The Organization provides retirement benefits to its employees through a Defined Contribution Plan covering all qualified employees. The Organization contributes 4% of gross wages. Contributions to the Plan during the year ended December 31, 2014 aggregated \$6,034.

**NOTE I – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 24, 2015, which is the date the financial statements were available to be issued.