

**ALLIANCE FOR CONTRACEPTION
IN CATS AND DOGS**

FINANCIAL STATEMENTS

Year Ended December 31, 2016



ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of Alliance for Contraception in Cats and Dogs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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'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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Kern & Thompson, LLC
Portland, Oregon
June 14, 2017

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

Cash and cash equivalents	\$ 489,501
Grants and contributions receivable	207,150
Property and equipment, net	<u>3,150</u>
Total assets	\$ <u><u>699,801</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 10,151
Accrued liabilities	<u>6,276</u>
Total liabilities	<u>16,427</u>
Net assets	
Unrestricted	608,374
Temporarily restricted	<u>75,000</u>
Total net assets	<u>683,374</u>
Total liabilities and net assets	\$ <u><u>699,801</u></u>

See independent accountants' review report and notes to financial statements.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support			
Grants	\$ 241,846	\$ 75,000	\$ 316,846
Contributions	18,668	-	18,668
Other revenue	520	-	520
Interest income	448	-	448
	<u>261,482</u>	<u>75,000</u>	<u>336,482</u>
Net assets released from restriction for timing	<u>236,545</u>	<u>(236,545)</u>	<u>-</u>
Total revenues and other support	<u>498,027</u>	<u>(161,545)</u>	<u>336,482</u>
Expenses			
Program services	293,875	-	293,875
Supporting services			
Management and general	49,066	-	49,066
Fund-raising	30,975	-	30,975
Total expenses	<u>373,916</u>	<u>-</u>	<u>373,916</u>
Change in net assets	124,111	(161,545)	(37,434)
Net assets, beginning of year	<u>484,263</u>	<u>236,545</u>	<u>720,808</u>
Net assets, end of year	<u>\$ 608,374</u>	<u>\$ 75,000</u>	<u>\$ 683,374</u>

See independent accountants' review report and notes to financial statements.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ (37,434)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in assets:	
Depreciation and amortization	6,299
Grants and contributions receivable	(15,977)
Increase (decrease) in liabilities:	
Accounts payable	2,287
Accrued liabilities	(10,352)
Net cash provided by (used in) operating activities	<u>(55,177)</u>
Net change in cash	(55,177)
Cash and cash equivalents, beginning of year	<u>544,678</u>
Cash and cash equivalents, end of year	<u>\$ 489,501</u>

See independent accountants' review report and notes to financial statements.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE A – DESCRIPTION OF ORGANIZATION

The mission of the Alliance for Contraception in Cats & Dogs (“the Organization,” or “ACC&D”) is to advance non-surgical fertility control so as to effectively and humanely reduce the number of unwanted cats and dogs. To achieve this mission, ACC&D provides scientifically sound and animal welfare-oriented resources to stakeholders, supports the appropriate distribution of available products suitable for the humane control of cat and dog populations, and facilitates research on topics relevant to the application, acceptance, and use of non-surgical fertility control methods.

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 2016, the Organization was guided by a 12-person Board of Directors and a 13-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 \$15 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 125 groups from 50 countries and across six continents. 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, Maddie’s Fund, Petco Foundation, PetSmart Charities, 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 2016 included the following:

- To serve as an independent resource for information about non-surgical fertility control methods, ACC&D staff and Board members exhibited and/or presented at The HSUS Animal Care Expo, Best Friends National Conference, and the California Animal Care Conference. A collaborator on one of our projects also presented results at the International Symposium on Canine and Feline Reproduction. We also joined the World Continuing Education Alliance’s Veterinarian Education Network. Along with our website, the online portal makes resources like our Product Profile and Position Papers, comprehensive e-book on contraception and fertility control in cats and dogs, and presentations from symposia available at no cost to the global veterinary community. We also profiled several of our 2016 initiatives in an online flipbook.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

- We continued to advance our free-roaming cat population modeling project in conjunction with consultants and expert volunteers. In 2016, we focused on creating a bioeconomic model that incorporated cost considerations of various population management strategies. ACC&D Board Vice Chair Dr. John Boone presented on our free-roaming cat work at The HSUS Expo.
- In 2016, we advanced our initiative to identify non-surgically sterilized dogs and cats by trialing a prototype ear tag in “real world” scenarios. While a trial of the tags in cats proved quite promising, the trial in dogs was less so. Both trials provided valuable insights into the modifications and further work needed to make this marking and identification technique viable for field use.
- In late 2015, we began a study of a contraceptive vaccine called GonaCon for free-roaming cats. We anticipated the study to last 3-5 years, but in November of 2016, in consultation with a team of experts, we decided to conclude the study at the one-year mark. Our study demonstrated that GonaCon, as currently formulated, does not have sufficient real-world efficacy to pursue as a non-surgical contraceptive for cats. This critical study was a necessary part of advancing this field and transforming animal population control and welfare, and we are proud that the study simultaneously saved the lives of 44 once-homeless cats and launched a new, progressive model of research specifically to help free-roaming cats with the highest standards for animal well-being.
- By the end of 2016 we were in final preparations for our Think Tank on ethical decision-making in innovation (held early 2017). A Planning Committee set an agenda and secured participation from individuals with a breadth and depth of experience, from several countries and across the United States.

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.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2016, about \$182,000 of contributions receivable are expected to be collected in 2017 and \$25,000 is expected to be collected in 2018. 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, 2016 are as follows:

Website	\$ 18,898
Less accumulated amortization	<u>(15,748)</u>
Net website	<u>\$ 3,150</u>

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 are assets subject to donor-imposed stipulations that will be met by the Organization.

Temporarily restricted for purpose and timing:

2015 Support	\$ 50,000
2016 Support	<u>25,000</u>
	<u>\$ 75,000</u>

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

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). At December 31, 2016, the Organization held over \$536,000 of cash in excess of FDIC insured balances.

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, 2016 aggregated \$6,522.

NOTE I – RELATED PARTY TRANSACTIONS

The Organization currently employs an individual who is also a member of the Board. This individual received \$108,411 of compensation in the capacity of President of the Organization during 2016.

The Organization's Board of Directors includes one individual who is also an owner of Clowder Concepts, LLC, the facility where a cat contraceptive vaccine study sponsored by ACC&D was conducted. This individual was paid \$6,000 personally as a summer stipend for her work as the Principal Investigator of the study, and \$12,000 in lease payments for use of the facility during 2016. This board member is also employed by the University of Illinois, which received a research grant of \$64,818 during 2016.

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 14, 2017, which is the date the financial statements were available to be issued.