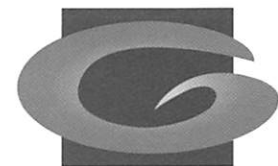


**MUTTVILLE**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED  
DECEMBER 31, 2016 AND 2015**



Gilbert Associates, Inc.  
CPAs and Advisors

*Relax. We got this.®*

## INDEPENDENT AUDITOR'S REPORT

**Board of Directors**  
**Muttville**  
**San Francisco, California**

We have audited the accompanying financial statements of Muttville (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 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.

Board of Directors  
Muttville  
San Francisco, California  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Muttville as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**July 7, 2017**

# MUTTVILLE

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2016 AND 2015

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,942,575	\$ 2,056,783
Contributions and grants receivable	12,940	25,000
Prepaid expenses and other assets	<u>2,500</u>	<u>2,500</u>
Total current assets	2,958,015	2,084,283
<b>PROPERTY AND EQUIPMENT, Net</b>	<u>77,441</u>	<u>73,493</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,035,456</u>	<u>\$ 2,157,776</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 104,642	\$ 77,752
Accrued expenses	<u>74,554</u>	<u>19,498</u>
Total current liabilities	<u>179,196</u>	<u>97,250</u>
<b>NET ASSETS:</b>		
Unrestricted	2,706,566	1,917,564
Temporarily restricted	<u>149,694</u>	<u>142,962</u>
Total net assets	<u>2,856,260</u>	<u>2,060,526</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,035,456</u>	<u>\$ 2,157,776</u>

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

# MUTTVILLE

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>UNRESTRICTED NET ASSETS:</b>		
<b>REVENUES:</b>		
Contributions and grants	\$ 2,419,558	\$ 1,883,742
In-kind contributions	1,565,013	1,525,562
Fundraising event revenues (net of direct benefit to donors of \$80,146 in 2016 and \$151,711 in 2015)	443,910	440,367
Other income	6,318	11,724
Net assets released from restrictions	<u>185,393</u>	<u>257,278</u>
Total revenues	<u>4,620,192</u>	<u>4,118,673</u>
<b>EXPENSES:</b>		
Program services:		
Animal care and adoption	<u>3,129,968</u>	<u>3,023,156</u>
Supporting services:		
Fundraising	420,364	256,670
General and administrative	<u>280,858</u>	<u>191,863</u>
Total supporting services	<u>701,222</u>	<u>448,533</u>
Total expenses	<u>3,831,190</u>	<u>3,471,689</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>789,002</u>	<u>646,984</u>
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>		
Contributions and grants	192,125	170,250
Net assets released from restrictions	<u>(185,393)</u>	<u>(257,278)</u>
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>6,732</u>	<u>(87,028)</u>
<b>INCREASE IN NET ASSETS</b>	795,734	559,956
<b>NET ASSETS, Beginning of Year</b>	<u>2,060,526</u>	<u>1,500,570</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 2,856,260</u>	<u>\$ 2,060,526</u>

## MUTTVILLE

### STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016				2015			
	<u>Animal care and adoption</u>	<u>Supporting Services</u>			<u>Animal care and adoption</u>	<u>Supporting Services</u>		
		<u>Fundraising</u>	<u>General and administrative</u>	<u>Total</u>		<u>Fundraising</u>	<u>General and administrative</u>	<u>Total</u>
Professional fees	\$ 1,095,629	\$ 34,422	\$ 133,304	\$ 1,263,355	\$ 1,100,764	\$ 39,960	\$ 80,071	\$ 1,220,795
Animal care	1,029,064			1,029,064	1,093,087			1,093,087
Personnel	642,721	172,088	125,639	940,448	470,412	115,681	92,124	678,217
Facilities and equipment rentals	196,210	1,053	4,148	201,411	208,973	1,098	3,877	213,948
Events	747	142,400		143,147	825	56,588		57,413
Supplies	112,301	12,043	3,586	127,930	96,176	6,416	1,943	104,535
Bank fees	10,282	17,037	10,429	37,748	4,013	23,276	1,266	28,555
Postage and shipping	4,641	15,665	241	20,547	12,085	1,466	72	13,623
Printing	3,078	13,231	579	16,888	3,553	7,484	760	11,797
Depreciation	10,538	2,166	1,732	14,436	14,019	2,881	2,304	19,204
Telecommunications	9,208	583	88	9,879	9,297	173	148	9,618
Transportation	3,624	136		3,760	2,702	50	135	2,887
Other expenses	11,925	9,540	1,112	22,577	7,250	1,597	9,163	18,010
<b>Total</b>	<b><u>\$ 3,129,968</u></b>	<b><u>\$ 420,364</u></b>	<b><u>\$ 280,858</u></b>	<b><u>\$ 3,831,190</u></b>	<b><u>\$ 3,023,156</u></b>	<b><u>\$ 256,670</u></b>	<b><u>\$ 191,863</u></b>	<b><u>\$ 3,471,689</u></b>

# MUTTVILLE

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2016 AND 2015

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	<u>2016</u>	<u>2015</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 795,734	\$ 559,956
Reconciliation to net cash provided by operating activities:		
Donated property and equipment		(2,500)
Depreciation	14,436	19,204
Gain on disposal of property and equipment		(2,433)
Changes in:		
Contributions and grants receivable	12,060	204,990
Prepaid expenses and other assets		9,550
Accounts payable	26,890	(41,440)
Accrued expenses	<u>55,056</u>	<u>(1,367)</u>
Net cash provided by operating activities	<u>904,176</u>	<u>745,960</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposal of property and equipment		5,000
Purchases of property and equipment	<u>(18,384)</u>	<u>(42,730)</u>
Net cash used by investing activities	<u>(18,384)</u>	<u>(37,730)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	885,792	708,230
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>2,056,783</u>	<u>1,348,553</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 2,942,575</u>	<u>\$ 2,056,783</u>

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

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### 1. ORGANIZATION AND NATURE OF ACTIVITIES

Muttville is a California nonprofit public benefit corporation dedicated to improving the lives of older dogs through foster, adoption, education, and community founded in 2007. On a local level, Muttville rescues senior dogs and finds them new homes or gives them hospice. On a global level, Muttville provides information about caring for older dogs and support for people who do.

Through associations with shelters and other animal organizations, Muttville finds senior dogs that have been given up and are not likely to find adopted homes. Through outreach and networking, Muttville finds suitable new homes for these dogs. Muttville has its own cage-free facility, housing newly rescued senior dogs while they wait to be matched with foster homes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting and financial statement presentation** – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. Muttville reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Muttville has no permanently restricted net assets.

**Revenue recognition** – Contributions and grants are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions and grants are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

Donated goods, facilities, and professional services are recorded as in-kind donations and recognized at the estimated fair value as of the date of donation or service. Contributed services that do not meet the criteria for recognition are not reflected in the financial statements.

Fundraising event revenues are recognized when the related event occurs.

**Cash and cash equivalents** – Muttville considers all highly liquid investments with a maturity date of three months or less to be cash equivalents, unless held for long-term purposes. Muttville maintains its cash and cash equivalents in bank and brokerage accounts that, at times, may exceed federally insured limits. Muttville has not experienced any losses in such accounts. Management believes Muttville is not exposed to any significant credit risk related to cash and cash equivalents.

**Property and equipment** is stated at cost if purchased or, if donated, at fair market value on the date of donation. Muttville capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 15 years.



# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

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**Income taxes** – Muttville is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the corresponding provision of the California Revenue and Taxation Code.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional allocation of expenses** – The costs of providing the program services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated to program services based on estimates of employees' time incurred and usage of resources.

**Subsequent events** have been reviewed through July 7, 2017, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2016 that require recognition or disclosure in the financial statements.

**Reclassifications** – Certain 2015 amounts have been reclassified to conform with the 2016 presentation.

### 3. CONDITIONAL CONTRIBUTIONS

During 2015, Muttville received a grant that provided funding based on the number of adoptions completed that meet certain criteria. Muttville received and recognized approximately \$206,000 under these agreements during the fiscal year ending December 31, 2015. As of December 31, 2015 the funding has been received and recognized in full.

### 4. PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2016</u>	<u>2015</u>
Vehicles	\$ 29,000	\$ 29,000
Leasehold improvements	55,293	42,265
Furniture and equipment	<u>57,767</u>	<u>52,411</u>
Total	142,060	123,676
Less accumulated depreciation	<u>(64,619)</u>	<u>(50,183)</u>
Total	<u>\$ 77,441</u>	<u>\$ 73,493</u>

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

### 5. OPERATING LEASES

Muttville leases office space and equipment under non-cancelable operating leases expiring at various dates through February 2021. Total expenses under the office space and equipment leases were \$16,160 and \$18,091 in 2016 and 2015, respectively. Future minimum payments are as follows:

2017	\$ 10,910
2018	10,910
2019	9,921
2020	9,723
2021	<u>1,620</u>
Total	<u>\$ 43,084</u>

### 6. NET ASSETS

Temporarily restricted net assets as of December 31 are restricted as follows:

	<u>2016</u>	<u>2015</u>
Veterinarian salary	\$ 140,309	\$ 107,962
Other	7,095	
Veterinarian suite renovation	2,290	10,000
Seniors for Seniors	<u>          </u>	<u>25,000</u>
Total	<u>\$ 149,694</u>	<u>\$ 142,962</u>

### 7. IN-KIND CONTRIBUTIONS

Muttville received the following in-kind contributions during the year ending December 31:

	<u>2016</u>	<u>2015</u>
Advertising	\$ 985,000	\$ 1,050,140
Rent	170,783	173,783
Professional services	139,389	77,066
Merchandise	126,650	26,488
Veterinary services	<u>143,191</u>	<u>198,085</u>
Total	<u>\$ 1,565,013</u>	<u>\$ 1,525,562</u>

### 8. RELATED PARTY TRANSACTIONS

A Board Member of Muttville is the owner of a communications consulting firm that performs marketing services for Muttville. Muttville paid marketing fees to the firm in the amount of \$33,500 for the year ending December 31, 2016.