

PEOPLE, ANIMALS, LOVE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DÉCEMBER 31, 2009

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DECEMBER 31, 2009

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Chaconas & Wilson, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
People, Animals, Love
Washington, DC

We have audited the accompanying statement of financial position of People, Animals, Love as of December 31, 2009 and the related statements of activities, functional expenses 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 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 of material misstatement. An audit 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. 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 People, Animals, Love 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.

Chaconas & Wilson, P.C.

August 23, 2010

PEOPLE, ANIMALS, LOVE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS (Note 2)

Cash	\$	73,454
Accounts receivable		79
Grants receivable		40,388
Prepaid expenses		2,219
Total Current Assets	<u>\$</u>	<u>116,140</u>

PROPERTY AND EQUIPMENT, at cost (Note 2)

Office furniture and equipment	\$	17,426
Less, Accumulated depreciation		(14,362)
Property and Equipment - Net	<u>\$</u>	<u>3,064</u>

OTHER ASSETS:

Security deposit	\$	1,464
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TOTAL ASSETS

\$ 120,668

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	10,547
Accrued payroll		1,523
Total Current Liabilities	<u>\$</u>	<u>12,070</u>

NET ASSETS:

Unrestricted (Note 2)	\$	96,135
Temporarily restricted (Notes 2 and 6)		12,463
Total Net Assets	<u>\$</u>	<u>108,598</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 120,668

The accompanying notes are an integral part of this statement.

PEOPLE, ANIMALS, LOVE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Contributions and grant revenue (Note 2)	\$ 157,918	\$ 13,585	\$ 171,503
Interest income	359		359
Other revenue	2,179		2,179
Net assets released from restriction:			
Satisfaction of program accomplishment	13,585	(13,585)	-
 Total Revenues	 \$ 174,041	 \$ -	 \$ 174,041
PROGRAM AND SUPPORTING SERVICES EXPENSES:			
Program services:			
PAL Club/PAL Camp	\$ 123,187	\$ -	\$ 123,187
Pal Visiting Program	43,800	-	43,800
Total Program Expenses	\$ 166,987	\$ -	\$ 166,987
Supporting services:			
Fundraising	\$ 19,707	\$ -	\$ 19,707
Management and general	21,369	-	21,369
Total Supporting Expenses	\$ 41,076	\$ -	\$ 41,076
 Total Expenses	 \$ 208,063	 \$ -	 \$ 208,063
 CHANGE IN NET ASSETS	 \$ (34,022)	 \$ -	 \$ (34,022)
 NET ASSETS, BEGINNING OF YEAR	 130,157	 12,463	 142,620
 NET ASSETS, END OF YEAR	 \$ 96,135	 \$ 12,463	 \$ 108,598

The accompanying notes are an integral part of this statement.

PEOPLE, ANIMALS, LOVE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Services			Supporting Services			Total
	PAL Club/PAL Camp	PAL Visiting Program	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Accounting	\$ 2,041	\$ 1,446	\$ 3,487	\$ 1,274	\$ 1,139	\$ 2,413	\$ 5,900
Bank charges	-	-	-	-	766	766	766
Communications	1,484	1,433	2,917	1,544	470	2,014	4,931
Depreciation	764	695	1,459	275	324	599	2,058
Equipment	820	95	915	79	53	132	1,047
Insurance	933	531	1,464	450	294	744	2,208
Marketing	655	922	1,577	5,950	156	6,106	7,683
Miscellaneous	-	-	-	-	102	102	102
Payroll expense	-	-	-	-	2,170	2,170	2,170
Payroll taxes	6,258	2,134	8,392	388	880	1,268	9,660
Professional development	515	-	515	-	537	537	1,052
Professional fees	825	184	1,009	229	356	585	1,594
Project costs	20,594	4,881	25,475	98	-	98	25,573
Rent	8,421	4,793	13,214	4,062	2,650	6,712	19,926
Salaries	74,335	25,351	99,686	4,610	10,453	15,063	114,749
Supplies	2,298	1,097	3,395	748	1,019	1,767	5,162
Travel/transportation	3,244	238	3,482	-	-	-	3,482
Total Expenses	\$ 123,187	\$ 43,800	\$ 166,987	\$ 19,707	\$ 21,369	\$ 41,076	\$ 208,063

The accompanying notes are an integral part of this statement.

PEOPLE, ANIMALS, LOVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (34,022)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	2,058
Change in assets and liabilities	
Increase in accounts receivable	(79)
Increase in grant receivable	(40,388)
Decrease in prepaid expense	159
Increase in accounts payable	5,741
Increase in accrued vacation	135
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Net Cash Used in Operating Activities	\$ (66,396)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale of investments	10,793
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NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (55,603)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	129,057
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 73,454
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The accompanying notes are an integral part this statement.

PEOPLE, ANIMALS, LOVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 1. **Organization:**

People, Animals, Love (the Organization) is a not for profit organization incorporated under the laws of the District of Columbia in 1982. The Organization's mission is to sponsor programs for adults and children that show how the special bond between animals and humans can make a unique contribution in solving challenging societal needs. The Organization's program areas are:

PAL Club/PAL Summer – This program builds on children's natural affinity for animals to stimulate scientific inquiry, improve reading and math skills and reward good behavior. PAL Club is run as an after school program during the school year and a six week camp, opened five days a week, in the summer.

PAL Visiting Program - This program relies on volunteers and their pets to visit people in the Washington DC community who need comfort and companionship. Over 85% of the visits are with the elderly. Approximately 10,000 visits are made each year.

Note 2. **Summary of Significant Accounting Policies:**

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Contribution and Grant revenue

The Organization recognizes contribution and grant revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

Cash and Cash Equivalents

The Organization considers all short term investments with original maturities of three months or less to be cash equivalents.

The Organization's demand deposits with financial institutions at times exceeded federally insured limits. The Organization has not experienced any losses in such accounts, and management believes the organization is not exposed to any significant credit risks.

PEOPLE, ANIMALS, LOVE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

Note 2. **Summary of Significant Accounting Policies:** (Continued)

Accounts Receivable

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is made. If accounts become uncollectible they will be charged to operations when that determination is made. If the allowance method was used the results would not be materially different.

The grant receivable is money owed from the District of Columbia Office of the State Superintendent of Education. The amount was paid in 2010

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is calculated on a straight line basis over a three or five year estimated useful life. The Organization capitalizes property and equipment purchases of \$500 or more.

Classes of Net Assets

The Organization is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are net assets without a donor imposed time and/or program restriction. The funds are available to the Organization to maintain its operations.

Temporarily restricted net assets are contributions with donor imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by the Organization in perpetuity. There were no permanently restricted net assets as of December 31, 2009.

Functional Allocation of Expenses

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program, fundraising, and management and general activities based on management's estimate of effort devoted to these activities.

PEOPLE, ANIMALS, LOVE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

Note 2. **Summary of Significant Accounting Policies:** (Continued)

Accounting for Uncertainty in Income Taxes

The Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10, "Accounting for Uncertainty in Income Taxes," which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The interpretation provides for a consistent approach in identifying and reporting uncertain tax provisions. It is management's belief that the Organization does not hold any uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

In May 2009, the FASB issued new guidance regarding subsequent events, which establishes the accounting for and disclosure of events that occur after the statement of financial position date but before financial statements are issued or are available to be issued. Specifically, this standard sets forth the period after the statement of financial position date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, AND the circumstances under which an entity should recognize events or transactions occurring after the statement of financial position date in its financial statements. People, Animals, Love has adopted and applied the provisions of this standard as of December 31, 2009.

In June 2009, the FASB issued the Accounting Standards Codification and the hierarchy of Generally Accepted Accounting Principles (GAAP). The FASB Accounting Standards Codification (ASC) will be the single source of authoritative U.S. accounting and reporting standards for nongovernmental entities. All other literature not included in the FASB ASC is non-authoritative. People, Animals, Love has adopted the provisions of this standard as of December 31, 2009.

Subsequent Events

The Organization has evaluated all subsequent events through August 23, 2010 which is the date the financial statements were issued.

PEOPLE, ANIMALS, LOVE

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

DECEMBER 31, 2009

Note 3. **Tax Status:**

The Organization has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

Note 4. **Operating Lease:**

The Organization leases office space under an operating lease agreement that expires on August 31, 2011. Following is a schedule of minimum lease commitments for years ending December 31:

2010	\$	18,840
2011		<u>12,560</u>
Total	\$	<u>31,400</u>

Rent expense for the year ended December 31, 2009 was \$ 19,926.

Note 5. **Temporarily Restricted Net Assets:**

As of December 31, 2009 temporarily restricted net assets were available for the PAL Visiting Program to support people in the military and their families. The balance of temporarily restricted net assets at December 31, 2009 was \$12,463.

Note 6. **Contributed Services:**

No amounts have been reflected in the financial statements for donated services. However, approximately 280 individuals volunteer their time with the Organization's PAL Visiting Program but these services do not meet the criteria for recognition as contributed services.

