

**ANIMAL PLACE**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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## **INDEPENDENT AUDITOR'S REPORT**

To Management and Board of Directors of  
Animal Place  
Grass Valley, California

We have audited the accompanying financial statements of Animal Place (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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.

### **Auditor's 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 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animal Place as of December 31, 2017, 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.



Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
June 20, 2018

**ANIMAL PLACE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 393,062	
Investments	1,531,109	
Grants Receivable	177,345	
Loans Receivable	15,000	
Inventory - Merchandise	13,028	
Inventory - Animal Place Vegan Republic	25,595	
Prepaid Expenses	3,297	
<b>Total Current Assets</b>	<b>\$ 2,158,436</b>	

**Fixed Assets**

Fixed Assets	6,877,764	
Less: Accumulated Depreciation	(949,885)	
<b>Total Net Fixed Assets</b>	<b>5,927,879</b>	

**Other Assets**

Endowment Account	130,738	
Deposits	150	
	<b>130,888</b>	

**TOTAL ASSETS** **\$ 8,217,203**

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable	\$ 41,739	
Payroll Liabilities	22,680	
Current Portion of Note Payable for Vacaville Land	22,758	
Current Portion of Long Term Debt	28,380	
<b>Total Current Liabilities</b>	<b>\$ 115,557</b>	

**Long Term Liabilities**

Compensated Absences Payable	27,019	
Note Payable for Vacaville Land	23,853	
Note Payable for Grass Valley Land	193,928	
<b>Long-Term Liabilities</b>	<b>244,800</b>	

**TOTAL LIABILITIES** **\$ 360,357**

**Net Assets**

Unrestricted Net Assets	7,550,609	
Temporarily Restricted Net Assets	177,345	
Permanently Restricted Net Assets	128,892	
	<b>7,856,846</b>	

**TOTAL NET ASSETS** **7,856,846**

**TOTAL LIABILITIES AND NET ASSETS** **\$ 8,217,203**

See Accompanying Notes

**ANIMAL PLACE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Contributions				
Grants	\$ 467,934	\$ -	\$ -	\$ 467,934
Bequests	588,306	-	-	588,306
Donations	1,047,486	177,345	-	1,224,831
Debt Forgiveness	40,970	-	-	40,970
In-Kind Donations	41,558	-	-	41,558
Fundraising	33,616	-	-	33,616
Merchandise Sales	6,923	-	-	
Less cost of goods sold	<u>(5,017)</u>			
	1,906			1,906
Animal Place Vegan Republic Sales	509,012			
Less cost of goods sold	<u>(344,665)</u>			
	164,347	-	-	164,347
Chicken Adoptions	14,792	-	-	14,792
Guest House Rental	5,433	-	-	5,433
Unrealized Gain (Loss)	141,215	-	-	141,215
Interest and Dividends	35,329	-	-	35,329
Realized Gain (Loss)	11	-	-	11
Net Assets Released from Restriction	90,152	(90,152)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b><u>2,673,055</u></b>	<b><u>87,193</u></b>	<b><u>-</u></b>	<b><u>2,760,248</u></b>
<b>EXPENSES AND LOSSES</b>				
Program	2,057,139	-	-	2,057,139
Administrative	156,817	-	-	156,817
Fundraising	51,772	-	-	51,772
<b>TOTAL EXPENSES AND LOSSES</b>	<b><u>2,265,728</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,265,728</u></b>
Change in Net Assets	407,327	87,193	-	494,520
Net Assets at December 31, 2016	<u>7,143,282</u>	<u>90,152</u>	<u>128,892</u>	<u>7,362,326</u>
<b>NET ASSETS AT December 31, 2017</b>	<b><u>\$ 7,550,609</u></b>	<b><u>\$ 177,345</u></b>	<b><u>\$ 128,892</u></b>	<b><u>\$ 7,856,846</u></b>

See Accompanying Notes

**ANIMAL PLACE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
Personnel Costs	\$ 684,072	\$ 131,882	\$ 25,110	\$ 841,064
Advertising	3,890	-	-	3,890
Animal Care	132,877	-	-	132,877
Bank & Credit Card Fees	13,822	1,719	-	15,541
Computer Services	81,155	-	-	81,155
Conferences	4,322	-	-	4,322
Contract Services	158,286	5,590	4,437	168,313
Dues & Subscriptions	24,579	-	-	24,579
Education & Outreach	298,539	-	-	298,539
Events - Classes, Open House	30,275	-	-	30,275
Filing Fees	-	-	3,067	3,067
Grants Awarded	3,750	-	-	3,750
In-Kind Donations	41,558	-	-	41,558
Insurance	32,743	-	-	32,743
Interest Expense	-	17,626	-	17,626
Mail Preparation	9,949	-	2,527	12,476
Miscellaneous	944	-	-	944
Postage	29,901	-	7,593	37,494
Printing	35,590	-	9,038	44,628
Property Taxes & Water Rights	17,555	-	-	17,555
Rent - Animal Place Vegan Republic	32,126	-	-	32,126
Repairs & Maintenance	19,453	-	-	19,453
Sales Taxes	8,217	-	-	8,217
Equipment	3,250	-	-	3,250
Supplies	101,798	-	-	101,798
Telephone	15,316	-	-	15,316
Travel	27,310	-	-	27,310
Utilities	65,198	-	-	65,198
Vehicle Expenses	26,434	-	-	26,434
Total Expenses before Depreciation	<u>1,902,909</u>	<u>156,817</u>	<u>51,772</u>	<u>2,111,498</u>
Depreciation Expense	154,230	-	-	154,230
<b>TOTAL EXPENSES</b>	<u><u>\$ 2,057,139</u></u>	<u><u>\$ 156,817</u></u>	<u><u>\$ 51,772</u></u>	<u><u>\$ 2,265,728</u></u>

See Accompanying Notes

**ANIMAL PLACE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Cash Flows From Operating Activities**

Change in Net Assets	\$	494,520
Adjustments to Reconcile Change in Net Assets to Net Cash		
Depreciation and Amortization		154,230
Unrealized Gains on Investments		(141,215)
(Increase) Decrease in Operating Assets		
Grants Receivable		(87,193)
Loans Receivable		(15,000)
Inventory - Merchandise		(8,837)
Inventory - Animal Place Vegan Republic		2,975
Prepaid Expenses		(2,759)
Increase (Decrease) in Operating Liabilities		
Accounts Payable		(34,236)
Payroll Liabilities		(26,753)
Compensated Absences Payable		1,447
<b>Net Cash Provided by Operating Activities</b>		<b>337,179</b>

**Cash Flows From Investing Activities**

Stock Liquidations (Purchases)		(225,190)
Investment Gains and Income Reinvested		(33,418)
Purchases of Capital Assets		(123,289)
<b>Net Cash Used by Investing Activities</b>		<b>(381,897)</b>

**Cash Flows From Financing Activities**

Payments of Principal for Vacaville Land		(21,714)
Loan Forgiveness		(26,630)
<b>Net Cash Used by Financing Activities</b>		<b>(48,344)</b>

	<b>Net Increase in Cash</b>	(93,062)
	Beginning Cash at December 31, 2016	486,124
	<b>Ending Cash at December 31, 2017</b>	<b>\$ 393,062</b>

**Supplemental Information:**

Interest expense for the year ended December 31, 2017 was \$17,626.  
\$14,340 of this amount was forgiven by a private lender.

Income taxes paid in 2017 was \$0.

See Accompanying Notes



**ANIMAL PLACE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Note 1: Nature of the Organization**

Incorporated in the State of California in 1989, Animal Place is one of the oldest and largest sanctuaries for farmed animals in the country. Nestled on 600-acres in Grass Valley, CA, Animal Place provides refuge to hundreds of neglected farmed animals. In addition to permanent sanctuary, Animal Place's Rescue Ranch is a 60-acre adoption center, placing needy farmed animals into permanent homes. Each year, more than 4,000 birds are rescued from egg farms, rehabilitated, and placed in forever homes.

Sanctuary is important work, but Animal Place strives to create meaningful change for farmed animals through advocacy and education. Thousands of visitors flock to the sanctuary each year to learn more about the animals and farming. Volunteer classes introduce folks to the more intense ways people can help. Animal Place operates a residential student internship program. Interns come from around the world to immerse themselves for 2-3 months in sanctuary work. It is a life-changing experience.

Animal Place promotes a vegan diet through its publications, e-alerts, cooking classes, and popular events such as Thank the Turkeys at Thanksgiving, Chicken Care Classes that teach people the basics of chicken care, and our Farmed Animal Conference. Animal Place also operates the Animal Place Vegan Republic, an all-vegan specialty store in Berkeley, California which supports animals at the sanctuary.

Animal Place operates at its Grass Valley sanctuary the first of its kind Museum of Animal Farming which will further educate the public about where their food comes from. Its mission is simple - to extend compassion to all life.

The majority of the funding for this Organization comes from individual donations. Animal Place is a not-for-profit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively. It is classified as an Organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contribution deduction for individual donors. During the year ended December 31, 2017 the Organization did not have any unrelated business income.

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

**Basis of Accounting**

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenue is recognized when earned and expenditures are recognized when the liability is incurred, rather than when cash is received or disbursed.

**Classes of Net Assets**

The financial statements report amounts by class of net assets:

*Unrestricted net assets* are those currently available for use in the activities of the Organization under the direction of the board, and unrestricted resources invested in land, buildings, equipment, and furniture.

**ANIMAL PLACE  
NOTES TO FINANCIAL STATEMENTS  
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**Note 2: Summary of Significant Accounting Policies – continued**

*Temporarily restricted net assets* are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment; or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased. The Organization has decided to report temporarily restricted net assets received and used in the same fiscal year as unrestricted.

*Permanently restricted net assets* are those contributed with the donor stipulation that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

If situations arise where there is a possibility of assignment into more than one class of net assets, the Organization's practice is to reduce the temporarily restricted amounts and then unrestricted amounts.

**Contributions**

Under Statement of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Financial Statements of Not-for-Profit Organizations*, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

**Equipment**

The Organization capitalizes all asset purchases and donations with a value over \$1,000. Purchased fixed assets are capitalized at historical cost. Donated fixed assets are recorded as contributions at their estimated fair market value. Such donations are recorded as unrestricted unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expensed when incurred, while betterments are capitalized and depreciated. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets.

**Cash and Cash Equivalents**

For purposes of the cash flow statement, cash and cash equivalents are considered to be highly liquid depository accounts with a maturity of less than three months.

**Investments**

Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (all Level 1 measurements). Equity securities without readily determinable fair values are stated at cost.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results could differ from those estimates.

**ANIMAL PLACE  
NOTES TO FINANCIAL STATEMENTS  
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**Note 3: Concentrations**

*Credit Risk*

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits, investments in stocks, bonds, mutual funds and money market accounts.

The Organization places its cash deposits with a creditworthy, high quality financial institution. At December 31, 2017, the balance held with this institution did not exceed the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC) or a related entity.

The Organization's investments in stocks, bonds, mutual funds and money market accounts are held with internationally recognized investment companies. These funds are not insured by the Federal Deposit Insurance Corporation (FDIC) or a related entity. Although market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization and its beneficiaries. At December 31, 2017, the Organization had approximately \$1,925,593 of investments and cash in money market accounts that were not insured by the FDIC or a related entity.

*Major Donors*

During the year ended December 31, 2017, the Organization received 18% of its revenues and other support from a continuing donor and the donor's foundation.

**Note 4: Fair Value Measurements**

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Investments – The fair value of investments in marketable equity and debt securities is based on quoted market prices. Nonmarketable debt securities are valued based on estimated discounted future cash flows; nonmarketable equity securities are carried at estimated current value if it is possible to determine this, otherwise at cost.

Beneficial interest in perpetual trust (endowment) – Endowments consisted of an investment held by the Community Foundation of Sonoma County (CFSC). The principal was contributed by a private donor and is held in perpetuity by the CFSC. Income is disbursed at the discretion of the CFSC annually. The endowment is carried at fair market value on the Statement of Financial Position as reported by the trustee.

**ANIMAL PLACE  
NOTES TO FINANCIAL STATEMENTS  
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**Note 4: Fair Value Measurements – continued**

Fair values of assets measured at December 31, 2017 are as follows:

Recurring Fair Value Measurements:	Total	Fair Value Measurements at the end of the Reporting Period Using...		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Cash and Cash Equivalents:</b>	\$ 393,062	\$ 393,062	-	-
<b>Mutual Funds:</b>				
500 Index Fund	735,951	735,951	-	-
GNMA Fund	613,058	613,058	-	-
Mid Cap Index Admiral	91,418	91,418	-	-
Intl Stock Admiral	90,089	90,089	-	-
<b>Stocks</b>				
Bank of America	593	593	-	-
<b>Total Investments</b>	<u>1,531,109</u>	<u>1,531,109</u>	-	-
<b>Beneficial Interest in Perpetual Trust - Endowment</b>	<u>130,738</u>	<u>-</u>	<u>-</u>	<u>\$ 130,738</u>
<b>Total Recurring Fair Value Measurement:</b>	<u>\$2,054,909</u>	<u>\$ 1,924,171</u>	<u>-</u>	<u>\$ 130,738</u>

Fair value for the beneficial interest in a perpetual trust (endowment) is measured using the fair value of the assets held in the trust as reported by the trustee as of December 31, 2017. The Organization considers the measurement of its beneficial interest in the trust to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

<u>Beneficial interest in a perpetual trust</u>	
Balance – January 1, 2017	\$ 118,877
Transfer out to Level 1	(2,629)
Total gains or losses recognized in the change in unrestricted net assets:	
Change in value of perpetual trust	<u>14,490</u>
Balance – December 31, 2017	<u>\$ 130,738</u>

**ANIMAL PLACE  
NOTES TO FINANCIAL STATEMENTS  
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**Note 4: Fair Value Measurements – continued**

The Board of Directors reviews and approves the Organization's fair market value measurement policies and procedures annually. At least quarterly, the finance committee and the Board determine if the valuation techniques used in fair value measurements are still appropriate.

**Note 5: Endowment Fund**

**A. General**

The Endowment Fund is a donor-restricted permanent fund created to provide long-term general operating support for Animal Place. The endowment fund is held and managed by the Sonoma County Community Foundation in accordance with their investment policy.

**B. Interpretation of Relevant Law**

It is the intent of the Sonoma County Community Foundation Board of Directors to have the Investment Advisory Committee apply the investment standards of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as they apply to both Donor Restricted Funds as well as Unrestricted Institutional Funds in the management of the investment assets.

**Donor Restricted Funds**

Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider the following factors:

- The duration and preservation of the endowment fund.
- The purposes of the institution and the endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the institution.
- The investment policy of the institution.

**Unrestricted Institutional Funds**

In managing and investing unrestricted institutional funds, all of the following factors, if relevant, must be considered:

- General economic conditions.
- The possible effect of inflation or deflation
- The expected tax consequences, if any, of investment decisions or strategies.
- The role that each investment or course of action plays within the overall investment portfolio of the fund's assets.
- The expected total return from income and the appreciation of investments.
- Other resources of the institution.
- The needs of the institution and the funds to make distributions and to preserve capital.
- An asset's special relationship or special value, if any, to the charitable purposes of the institution.

**ANIMAL PLACE  
NOTES TO FINANCIAL STATEMENTS  
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**Note 5: Endowment Fund – continued**

- Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional fund’s portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the funds and to the institution.
- Except as otherwise provided by law other than this part, an institution may invest in any kind of property or type of investment consistent with the section.

From time to time, the fair value of assets associated with the endowment fund may fall below the level that the donor requires be retained as a fund of perpetual duration. In accordance with GAAP, Animal Place reports deficiencies of this nature in unrestricted net assets.

**Note 6: Fixed Assets**

Fixed assets dedicated to the purposes of the program are stated at cost or fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are:

Buildings	30 years
Building Improvements	10-30 years
Small Barns	10 years
Transportation Equipment	5 years
Equipment	5-10 years

Fixed assets and changes in fixed assets are summarized by major classification as follows:

	2016	Additions	Disposals	2017
Transportation Equipment	\$ 209,998	\$ 1,774	\$ -	\$ 211,772
Buildings	1,579,007	5,251	-	1,584,258
Computer and Other Equipment	152,831	2,861	-	155,692
Furniture and Fixtures	7,053	-	-	7,053
Leasehold Improvements	608,263	113,404	-	721,667
Animal Place’s Vegan Republic	110,000	-	-	110,000
Land	4,087,322	-	-	4,087,322
Total	6,754,474	123,290	-	6,877,764
Less Accumulated Depreciation	(795,655)	(154,230)	-	(949,885)
Total Net Property Plant and Equipment	\$ 5,958,819	\$ (30,940)	\$ -	\$ 5,927,879

**Note 7: Contributions**

The Organization reports gifts of cash and other assets as restricted support if they are pledged or received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is when a stipulated time ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**ANIMAL PLACE  
NOTES TO FINANCIAL STATEMENTS  
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**Note 7: Contributions - continued**

Contributed assets are recorded at fair market value when the Organization obtains possession of the asset or an unconditional promise to give is made. During the year ended December 31, 2017, the Organization received \$41,558 of in-kind donations of food for the support of the animals at the sanctuary.

During the year ended December 31, 2017, volunteer hours were provided for both program and fund-raising services but were not recognized as contributions in the financial statements as they did not meet the criteria of FASB ASC 958.

**Note 8: Long-Term Debt Obligations**

On September 10, 2008, the Organization obtained a 20-year loan for \$1,175,000 at 6% interest, payable to a private foundation for the purchase of land in Grass Valley, California. Monthly payments were \$8,418 including interest. In July 2009, the private lender forgave \$750,000 of principal on this note. The balance at December 31, 2017 was \$222,308. For the remainder of the term of the loan the monthly payments will be \$3,412.

The foundation forgave twelve monthly loan payments in 2017 for a total of \$40,940.

In August of 2007, the Organization purchased from one of its board members 50% of the land on which they conduct their activities in Vacaville, California. The terms of this purchase were a total purchase price of \$323,775 with a deposit of \$100,000 and annual payments of \$25,000 including interest accruing at 4.81% on a secured promissory note which requires the lender's written approval prior to any sale, conveyance, or alienation of the property. The balance of this loan at December 31, 2017 was \$46,611.

Future maturities of long term debt, for both of the above loans, are as follows as of December 31, 2017:

<u>Year Ended</u>	<u>Amount</u>
2018	51,138
2019	53,893
2020	31,989
2021	33,961
2022	36,056
Thereafter	<u>61,882</u>
	<u>\$ 268,919</u>

**Note 9: Functional Expenses**

The costs of providing the programs and other activities have been summarized in the accompanying Statement of Functional Expenses. The Statement of Functional Expenses presents expenses by functional classification. Direct expenses to the programs, administration, or fundraising are classified accordingly. Personnel costs are allocated to the functions based on management's perception of time spent, and job descriptions.

**ANIMAL PLACE  
NOTES TO FINANCIAL STATEMENTS  
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**Note 9: Functional Expenses - continued**

In 2017, Animal Place conducted activities which included both requests for contributions, and program components. Those activities included Direct Mailings for a Donor Appeal, an Acquisition Appeal, and a Newsletter. The costs of conducting those activities included a total of \$47,299 of joint costs, which are not specifically attributable to particular components of activities.

According to the requirements of the Statement of Position 98-1 issued by the AICPA, these joint costs were allocated as follows:

Program	28,141
Management	-
Fundraising	<u>19,158</u>
Total Allocated	<u>\$ 47,299</u>

**Note 10: Advertising and Publicity**

Advertising costs are expensed as incurred. Advertising expense was \$3,890 for the year ended December 31, 2017.

**Note 11: Subsequent Events**

Events subsequent to December 31, 2017 have been evaluated through June 20, 2018, the date at which the Organization's audited financial statements were available to be issued. No events requiring disclosure have occurred through this date.