

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2019**

**John R. Prall  
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Hamburg, NJ**

# Tabby's Place

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Tabby's Place - A Cat Sanctuary

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tabby's Place - A Cat Sanctuary (a nonprofit organization) which comprise the statement of assets, liabilities, and net assets – income tax basis as of December 31, 2019, and the related statements of revenues, expenses, and other changes in net assets – income tax basis, functional expenses – income tax basis and cash flows – income tax basis for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information as of December 31, 2018, report dated May 17, 2019, expressed an unmodified opinion on those statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting Tabby's Place uses for income tax purposes; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements under the circumstances. Management is also responsible for 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 statement 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.

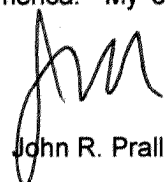
### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of assets, liabilities, and net assets – income tax basis of Tabby's Place - A Cat Sanctuary as of December 31, 2019, and the statements of revenues, expenses, and other changes in net assets – income tax basis and its cash flows for the year then ended in accordance with the basis of accounting Tabby's Place uses for income tax purposes as described in note 2.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describe the basis of accounting. The financial statements are prepared on the basis of accounting Tabby's Place uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Hamburg, NJ  
July 29, 2020



John R. Prall CPA

TABBY'S PLACE - A CAT SANCTUARY  
 STATEMENT OF ASSETS, LIABILITIES, AND OTHER CHANGES IN NET ASSETS -  
 INCOME TAX BASIS  
 DECEMBER 31, 2019  
 WITH COMPARATIVE TOTALS FOR 2018

	2019	2018
<u>ASSETS</u>		
Cash and cash equivalents	\$ 304,947	\$ 163,739
Investments	17,569	54,767
Property and equipment at cost, net of accumulated depreciation	<u>1,279,716</u>	<u>1,278,018</u>
Total assets	<u>\$ 1,602,232</u>	<u>\$ 1,496,524</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 20,848	\$ 47,099
Loans payable	20,000	72,000
Total liabilities	<u>40,848</u>	<u>119,099</u>
NET ASSETS:		
Without donor restrictions	1,507,841	1,377,425
With donor restrictions	<u>53,543</u>	<u>0</u>
Total net assets	<u>1,561,384</u>	<u>1,377,425</u>
Total liabilities and net assets	<u>\$ 1,602,232</u>	<u>\$ 1,496,524</u>

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See accompanying notes to the financial statements.

John R. Prall CPA

TABBY'S PLACE - A CAT SANCTUARY  
 STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - INCOME TAX BASIS  
 YEAR ENDED DECEMBER 31, 2019  
 WITH COMPARATIVE TOTALS FOR 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Foundation grants	22,100	59,103	81,203	67,675		67,675
Corporations				3,250		3,250
Individuals and other	1,390,727	77,059	1,467,786	1,266,010		1,266,010
In-kind donations	24,398		24,398	14,375		14,375
Investment income	1,021		1,021	1,001		1,001
Gain on sale of investments	760		760	5,209		5,209
Other	2,177		2,177	827		827
Total revenue	1,441,183	136,162	1,577,345	1,358,347	0	1,358,347
<b>EXPENSES:</b>						
Program costs	1,189,786		1,189,786	1,169,806		1,169,806
General and administrative	104,722	48,391	153,113	144,765		144,765
Development	50,487		50,487	42,684		42,684
Total expenses	1,344,995	48,391	1,393,386	1,357,255	0	1,357,255
CHANGE IN NET ASSETS	96,188	87,771	183,959	1,092	0	1,092
NET ASSETS, BEGINNING OF THE YEAR	1,377,425	0	1,377,425	1,376,333	0	1,376,333
Fixed Asset additions satisfying restrictions	34,228	(34,228)				
NET ASSETS, END OF YEAR	\$ 1,507,841	\$ 53,543	1,561,384	\$ 1,377,425	0	1,377,425

See accompanying notes to the financial statements.

John R. Prall CPA

TABBY'S PLACE - A CAT SANCTUARY  
STATEMENT OF FUNCTIONAL EXPENSES - INCOME TAX BASIS  
YEAR ENDED DECEMBER 31, 2019  
WITH COMPARATIVE TOTALS FOR 2018

Item of Expense	Program Costs	General and Administrative	Development	Total 2019	Total 2018
Computer/Internet expense	44,282			44,282	39,442
Employee benefits	49,815	8,787		58,602	76,522
Fundraising expenses			50,487	50,487	42,684
Food	54,707			54,707	49,830
Insurance	47,844			47,844	67,661
Interest					300
In Kind	24,398			24,398	14,375
Medical equipment maintenance	4,502			4,502	2,956
Medical testing	57,793			57,793	44,090
Medical supplies	105,061			105,061	97,207
Miscellaneous	8,575			8,575	5,937
Office expense		32,027		32,027	29,384
Payroll taxes	35,891	6,330		42,221	44,116
Postage	10,651			10,651	8,163
Professional fees		29,370		29,370	22,109
Repairs and maintenance	43,490			43,490	43,188
Salaries	417,234	73,593		490,827	483,857
Subcontractors	15,682			15,682	
Supplies	35,238			35,238	26,555
Telephone	3,148	349		3,497	3,522
Utilities	23,916	2,657		26,573	25,726
Veterinary services	142,588			142,588	162,222
	1,124,815	153,113	50,487	1,328,415	1,289,846
Depreciation	64,971			64,971	67,409
Total	\$ 1,189,786	\$ 153,113	\$ 50,487	\$ 1,393,386	\$ 1,357,255

See accompanying notes to the financial statements.

John R. Prall CPA

TABBY'S PLACE - A CAT SANCTUARY  
STATEMENT OF CASH FLOWS - INCOME TAX BASIS  
YEAR ENDED DECEMBER 31, 2019  
WITH COMPARATIVE TOTALS FOR 2018

	2019	2018
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES:		
Changes in net assets	\$ 183,959	\$ 1,092
Adjustments to reconcile net change in net assets to net cash provided by operating activities:		
Depreciation	64,971	67,409
Gain on sale of short term investments		
Changes in operating assets and liabilities:		
Prepaid expense		
Accounts payable and accrued expense	(26,251)	33,194
Net cash provided by (applied to) operating activities	<u>222,679</u>	<u>101,695</u>
CASH PROVIDED BY (APPLIED TO) INVESTING ACTIVITIES:		
Purchase of property and equipment	(66,669)	(58,924)
Proceeds from sale of short term investments	37,198	
Purchase of short term investments	0	(29,792)
Net cash provided by (applied to) investing activities	<u>(29,471)</u>	<u>(88,716)</u>
CASH (APPLIED TO) FINANCING ACTIVITIES:		
Loan payable	(52,000)	(9,510)
Net cash (applied to) financing activities	<u>(52,000)</u>	<u>(9,510)</u>
NET INCREASE (DECREASE) IN CASH	141,208	3,469
CASH, BEGINNING OF YEAR	<u>163,739</u>	<u>160,270</u>
CASH, END OF YEAR	<u>\$ 304,947</u>	<u>\$ 163,739</u>
SUPPLEMENTAL DISCLOSURE:		
Interest paid	<u>\$ -</u>	<u>\$ 300</u>

See accompanying notes to the financial statements.

John R. Prall CPA

TABBY'S PLACE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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1. Nature of Activities:

Organization – Tabby's Place - A Cat Sanctuary (Tabby's Place), a NJ nonprofit corporation, is a cage free sanctuary that provides refuge to cats in hopeless situations. This one of a kind facility serves as an adoption center, finding loving homes for cats; a hospital, providing medical and surgical treatment for sick or injured residents; and a hospice, providing palliative care and a warm, loving environment for chronically ill or terminally ill cats to live out their lives in comfort. Tabby's Place's support comes primarily from public donor contributions. Tabby's Place was founded in 1999 and incorporated under the laws of the State of New Jersey.

2. Summary of Significant Accounting Policies:

Tabby's place prepares its financial statements in conformity with methods of accounting that it considers appropriate for federal income tax reporting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Income is recorded when received and expenses when paid or charged via credit card. Contributions are recognized when received by Tabby's Place and are in substance unconditional. Net assets and revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a 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.

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.

Cash and Cash Equivalents – The Organization considers all cash on hand and in the banks, money market funds and certificates of deposit with an original maturity of less than three months to be cash and cash equivalents.

Income Taxes – The Organization is a not-for-profit organization exempt from taxes under section 501(c)(3) of the Internal Revenue Code. There is, therefore, no provision for income taxes in these financial statements. Annually, the Organization files Form 990, Return of Organizations Exempt from Income Tax, with the Internal Revenue Service. This form is open for public inspection. The Organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns are open for examination by the Internal Revenue Service for three years after filing. Thus, returns for this year and the last three years remain open.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.



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NOTES TO FINANCIAL STATEMENTS  
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Property and equipment over \$1,000 are recorded at cost or, if donated, as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the various assets.

Donated Services – Tabby's Place receives a significant amount of donated services from unpaid volunteers who assist in cleaning, feeding, and socializing with the cats. Donated services are recognized as contributions if the services create or enhance nonfinancial assets; or require specialized skills and would otherwise be purchased by Tabby's Place. No amounts have been recognized in the statement of activities because these criteria have not been met.

Advertising Costs – Advertising costs are expensed as incurred.

Subsequent Events – The Organization has evaluated subsequent events for potential recognition or disclosure through August 6 2020, the date the financial statements were available to be issued.

3. Property and Equipment is summarized as follows:

	<u>2018</u>	<u>2019</u>
Land	\$ 276,475	\$ 276,475
Building	1,471,295	1,537,964
Furniture and equipment	<u>390,733</u>	<u>390,733</u>
	2,138,503	2,205,172
Less: accumulated depreciation	<u>860,485</u>	<u>925,456</u>
	<u>\$1,278,018</u>	<u>\$1,279,716</u>

4. Loans Payable:

Tabby's Place entered into a \$34,000 5-year promissory note payable with the ASPCA for the purchase of a standby generator. The note was payable in quarterly installments of \$2,296 and carried an interest rate of 2.5%. This loan was paid off in 2018.

In 2018, the Executive Director loaned a total of \$72,000 to Tabby's Place. The balance was \$72,000 at December 31, 2018 and \$20,000 at December 31, 2019.

5. Related Party Transactions:

Tabby's Place provides food and medical care to the feline pets of staff at cost. During the years ended December 31, 2019 and December 31, 2018 these costs were considered not material.

TABBY'S PLACE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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6. Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and services benefited.

7. Concentrations:

The Organization operates primarily in Hunterdon County, New Jersey. The Organization is thus subject to fluctuations in local economic conditions.

8. Building expansion:

Thanks to a generous gift, Tabby's Place is planning a significant physical expansion in our current location.

The purpose of the gift is to support physical expansion to allow the organization to provide care for FeLV+ cats, in addition to our current services and programs. The primary work includes the addition of 5,000 sq. ft (to be known as Quinn's Corner) to the existing building, which will provide specialized areas for FeLV+ cats, as well as expansion of other areas required to support the new project. We hope to begin construction in fall 2020 and to begin operation 12 months after that.

As of December 31, 2020, \$100,987 of related costs have been capitalized and are reflected as part of building costs in Note 3.