

**Friends of Animals, Inc.**  
**Report on Financial Statements**  
**(With Supplementary Information)**  
**Year Ended April 30, 2009**

# FRIENDS OF ANIMALS, INC.

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## **Report of Independent Public Accountants**

Board of Directors  
Friends of Animals, Inc.

We have audited the accompanying statement of financial position of Friends of Animals, Inc. (A Nonprofit Organization) as of April 30, 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 Organizations' 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 Friends of Animals, Inc. as of April 30, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 J.H. Cohn LLP

Glastonbury, Connecticut  
July 7, 2009

**FRIENDS OF ANIMALS, INC.**

**STATEMENT OF FINANCIAL POSITION**

**April 30, 2009**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 663,329
Marketable securities	1,900,326
Short-term portion of bequests receivable	191,253
Merchandise inventory	60,505
Other current assets	182,261
Total current assets	<u>2,997,674</u>
Property and equipment:	
Equipment and other	191,097
Accumulated depreciation	(137,731)
Total property and equipment	<u>53,366</u>
Other assets:	
Bequests receivable, less short-term portion	109,363
Deposits and other assets	125,710
Total other assets	<u>235,073</u>
Total	<u>\$ 3,286,113</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accounts payable	\$ 34,639
Accrued expenses	120,848
Liability for unredeemed spay certificates	583,014
Current portion of long-term debt	4,427
Total current liabilities	<u>742,928</u>
Non current liabilities:	
Long-term debt, less current portion	8,467
Total liabilities	<u>751,395</u>
Commitments and contingencies	
Net assets:	
Unrestricted	2,378,153
Temporarily restricted	156,565
Permanently restricted	-
Total net assets	<u>2,534,718</u>
Total	<u>\$ 3,286,113</u>

See Notes to Financial Statements.

**FRIENDS OF ANIMALS, INC.**

**STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2009**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Support and revenues:			
Support:			
Contributions	\$ 851,095	\$ 14,655	\$ 865,750
Bequests	538,996	-	538,996
Grants	27,500	220,000	247,500
Total support	1,417,591	234,655	1,652,246
Revenues:			
Spay and neuter certificates issued, net	2,574,417	-	2,574,417
Merchandise and literature sales	31,752	-	31,752
Miscellaneous income	14,352	-	14,352
Total revenues	2,620,521	-	2,620,521
Net assets released from restrictions:			
Satisfaction of program restrictions	126,017	(126,017)	-
Total support and revenues	4,164,129	108,638	4,272,767
Expenses:			
Spaying and neutering costs	2,675,233	-	2,675,233
Public information and animal protection costs	3,176,512	-	3,176,512
Administrative	321,449	-	321,449
Fundraising	236,544	-	236,544
Total expenses	6,409,738	-	6,409,738
Investment loss, net	(40,673)	-	(40,673)
Change in net assets	(2,286,282)	108,638	(2,177,644)
Net assets, beginning of year	4,664,435	47,927	4,712,362
Net assets, end of year	\$ 2,378,153	\$ 156,565	\$ 2,534,718

See Notes to Financial Statements.

**FRIENDS OF ANIMALS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED APRIL 30, 2009**

	<b>Spaying and Neutering Costs</b>	<b>Public Information and Animal Protection Costs</b>	<b>Total Program Services</b>	<b>Administrative Expenses</b>	<b>Fundraising Expenses</b>	<b>Total Support Services</b>	<b>Total Expenses</b>
Veterinarians	\$ 2,082,655	\$ -	\$ 2,082,655	\$ -	\$ -	\$ -	\$ 2,082,655
Salaries	197,602	827,184	1,024,786	138,569	24,732	163,301	1,188,087
Printing and mailing lists	115,824	213,273	329,097	2,213	143,099	145,312	474,409
Professional services	59,265	190,489	249,754	59,917	16,500	76,417	326,171
Insurance	38,530	175,126	213,656	44,430	7,927	52,357	266,013
Rent and utilities	32,236	200,458	232,694	14,327	1,194	15,521	248,215
Advertising	-	183,007	183,007	-	-	-	183,007
Postage and delivery	30,383	119,582	149,965	9,289	25,729	35,018	184,983
Payroll and other taxes	14,594	61,392	75,986	10,183	1,959	12,142	88,128
Bank service charges	74,642	-	74,642	13,267	-	13,267	87,909
Telephone	9,920	24,425	34,345	5,737	-	5,737	40,082
Incentive program material costs	-	18,359	18,359	-	11,612	11,612	29,971
Office supplies and expense	1,847	14,785	16,632	3,195	-	3,195	19,827
Depreciation	2,094	11,665	13,759	942	145	1,087	14,846
Computer supplies and expenses	4,274	4,132	8,406	2,337	3,195	5,532	13,938
Office equipment rental	1,996	7,982	9,978	887	222	1,109	11,087
Registrations and fees	156	3,127	3,283	7,123	-	7,123	10,406
Travel	59	18,901	18,960	147	96	243	19,203
Awards and grants	7,800	300	8,100	-	-	-	8,100
Miscellaneous	-	-	-	5,645	-	5,645	5,645
Films and photography	-	7,108	7,108	-	-	-	7,108
Maintenance	677	4,161	4,838	1,296	75	1,371	6,209
Dues and subscriptions	-	4,412	4,412	35	-	35	4,447
Auto expense	-	3,888	3,888	114	-	114	4,002
Data processing	679	2,586	3,265	296	59	355	3,620
Interest expense	-	1,583	1,583	-	-	-	1,583
Qualified retirement plan	-	-	-	1,500	-	1,500	1,500
Primarily Primates project	-	979,733	979,733	-	-	-	979,733
African projects cost	-	98,854	98,854	-	-	-	98,854
	<u>\$ 2,675,233</u>	<u>\$ 3,176,512</u>	<u>\$ 5,851,745</u>	<u>\$ 321,449</u>	<u>\$ 236,544</u>	<u>\$ 557,993</u>	<u>\$ 6,409,738</u>

See Notes to Financial Statements

**FRIENDS OF ANIMALS, INC.**

**STATEMENT OF CASH FLOWS  
YEAR ENDED APRIL 30, 2009**

Operating activities:	
Change in net assets	\$ (2,177,644)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	14,846
Amortization of bond discounts	5,474
Unrealized loss on marketable securities	191,173
Changes in operating assets and liabilities:	
Bequests receivable and other current assets	886,667
Merchandise inventory	(30,161)
Deposits and other assets	(58,809)
Accounts payable	(67,908)
Accrued expenses	30,562
Liability for unredeemed spay certificates	(7,650)
Net cash used in operating activities	<u>(1,213,450)</u>
Investing activities:	
Purchase of equipment	(12,611)
Proceeds from maturities of marketable securities	91,215
Net cash provided by investing activities	<u>78,604</u>
Financing activities:	
Principal payments on long-term debt	<u>(3,988)</u>
Net cash used in financing activities	<u>(3,988)</u>
Net decrease in cash and cash equivalents	(1,138,834)
Cash and cash equivalents, beginning of year	<u>1,802,163</u>
Cash and cash equivalents, end of year	<u>\$ 663,329</u>
Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ 1,583</u>

See Notes to Financial Statements.

## FRIENDS OF ANIMALS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1 - Organization and summary of significant accounting policies:**

##### **Nature of activities:**

Friends of Animals, Inc. ("FoA" or the "Organization"), a U.S. - Headquartered not-for-profit organization, is incorporated separately in New York, New Jersey and Wisconsin.

FoA works to cultivate a respectful view of nonhuman animals, free-living and domestic. Its goal is to free animals from cruelty and institutionalized exploitation around the world. Through its various animal advocacy programs and interventions, FoA promotes veganism, campaigns against wild horse round-ups, the horse-drawn carriage trade, fur-wearing, fights against hunting and predator control including the state-sponsored aerial wolf control in Alaska. FoA rescues marine animals in California, sponsors projects in West Africa for the benefit of chimpanzees and other animals, and assists with managing and a funding a primate sanctuary located in San Antonio, Texas.

From its beginning, FoA has taken a leadership role providing low-cost spaying and neutering to prevent the births of dogs and cats. FoA operates a nationwide breeding control program in the United States facilitating more than 2.5 million spay/neuter procedures since inception. Certificates can be purchased from FoA that can be used for a routine spay or neuter surgery at a participating veterinarian. Revenue from the sale of these certificates was approximately 61% of total support and revenue for the year ended April 30, 2009. The balance of FoA's support and revenue predominantly consists of contributions and bequests.

FoA publishes a quarterly publication "ActionLine" and offers free subscriptions with memberships. Through "ActionLine" FoA informs its members and supporters about how to end the worldwide exploitation of animals and contains "calls to action" to get readers to take action in support of various causes and programs.

FoA has office facilities in Darien CT, New York NY, Devon PA, Washington DC, Los Angeles CA and Victoria, B.C. Canada.

##### **Basis of presentation:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements report information regarding the Organization's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described as follows:

Unrestricted - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

## FRIENDS OF ANIMALS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1 - Organization and summary of significant accounting policies (continued):**

##### **Basis of presentation (concluded):**

Temporarily Restricted - Net assets whose use is subject to explicit donor-imposed stipulations that can be fulfilled by actions of the Corporation or that expire by the passage of time.

Permanently Restricted - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Organization and stipulate the use of income and/or appreciation as either unrestricted or temporarily restricted.

##### **Tax exempt status:**

The Organization is exempt from Federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

##### **Cash and cash equivalents:**

FoA considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. As of April 30, 2009 cash equivalents were \$495,983.

##### **Contributions and grants:**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants are recorded as receivables in the year the commitment is made by the grantor and are deemed to be earned and reported as revenue when the Organization has expended the funds which meet the specific grant restrictions. Unexpended amounts are classified as temporarily restricted net assets in the accompanying financial statements.

##### **Marketable securities:**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values as determined through published market quotations. Unrealized gains and losses are included in the changes in unrestricted net assets. In determining realized gains and losses, the cost of the investments sold is based on specific identification of the investments.

## FRIENDS OF ANIMALS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1 - Organization and summary of significant accounting policies (continued):**

##### **Fair value measurements:**

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In early 2008, the FASB issued Staff Position ("FSP") FAS-157-2, "Effective Date of FASB Statement No. SFAS 157," which delays by one year, the effective date of SFAS 157 for certain nonfinancial assets and nonfinancial liabilities. The Organization has adopted the portion of SFAS 157 that has not been delayed as of the beginning of its 2009 fiscal year and plans to adopt the balance of its provisions as of the beginning of its 2010 fiscal year.

##### **Property and equipment:**

The Organization capitalizes all expenditures for equipment in excess of \$500 and having a useful life of three years or greater. Purchased equipment is recorded at cost. Donated equipment is recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated lives for financial reporting purposes are 5 -10 years for equipment and other fixed assets.

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions of acquired long-lived assets when placed in service.

##### **Liability for unredeemed spay certificates:**

The liability for unredeemed spay certificates represents FoA's estimate of spay certificates sold prior to the end of the year, but not yet redeemed by veterinarians.

##### **Qualified retirement plan:**

FoA has adopted an employee profit sharing plan which is qualified under Sections 401(a) and 501(a) of the Internal Revenue Code and covers substantially all full-time employees of the Organization. FoA did not make any contributions for the year ended April 30, 2009.

## FRIENDS OF ANIMALS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1 - Organization and summary of significant accounting policies (concluded):**

##### **Merchandise inventory:**

Merchandise inventory consists of various promotional merchandise and is stated at the lower of cost or market and is determined using the first-in, first-out method.

##### **Advertising costs:**

Advertising costs are expensed as incurred. Advertising expense was \$183,007 for the year ended April 30, 2009.

##### **Allocations of joint costs:**

For the year ended April 30, 2009, FoA incurred joint costs of \$552,989 for informational materials and activities that included fund-raising appeals. For the year ended April 30, 2009, \$188,608, were allocated to fundraising expense and \$364,381, to public information and animal protection.

##### **Expense allocation:**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

##### **New accounting pronouncements:**

In June 2006, FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - An Interpretation of SFAS No. 109," was issued. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FASB Staff Position ("FSP") FIN 48-3 deferred adoption for most nonpublic enterprises to annual periods beginning after December 15, 2008. Many not-for-profit entities have not previously applied the provisions of SFAS No. 109 and during the deferral period the FASB plans to issue guidance on how to apply the provisions of FIN 48 to these entities. The Organization, pursuant to the FSP, has elected to defer its application until its required effective date of May 1, 2009. Management does not expect the adoption of FIN 48 to have a material effect on the financial condition or the results of operations of the Organization.

##### **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.

## FRIENDS OF ANIMALS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 2 - Concentrations:

The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed Federally insured limits. At April 30, 2009, the Company had cash balances that exceed Federally insured limits of \$245,983.

The Organization invests in various debt and equity securities. These investment securities are recorded at fair value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of FoA's investments which could materially affect amounts reported in the financial statements.

#### Note 3 - Marketable securities:

The following summarizes the relationship between cost and market values as of April 30, 2009:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Marketable equity securities	\$ 988,360	\$ 790,445	\$ (197,915)
Mortgage backed securities	13,668	10,173	(3,495)
Corporate bonds	519,609	508,710	(10,899)
Municipal bonds	302,277	306,603	4,326
Certificates of deposit	284,395	284,395	-
Total marketable securities	<u>\$2,108,309</u>	<u>\$1,900,326</u>	<u>\$ (207,983)</u>

The following summarizes investment returns for the year ended April 30, 2009:

Interest and dividend income	\$ 150,500
Unrealized loss on investments	(191,173)
Total investment loss	<u>\$ (40,673)</u>

The financial markets' volatility in 2009 may significantly impact the subsequent valuation of the Organization's investments. Accordingly, the valuation of investments at April 30, 2009 may not necessarily be indicative of amounts that could be realized in a current market exchange.

#### Note 4 - Fair value measurements:

As stated in Note 1, on May 1, 2008 the Organization adopted the methods of fair value as described in SFAS 157 to value its financial assets and liabilities. As defined in SFAS 157, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, SFAS 157 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

## FRIENDS OF ANIMALS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 4 - Fair value measurements (concluded):

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets carried at fair value at April 30, 2009 are classified in the table below in one of the three categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable equity securities	\$ 790,445	\$ -	\$ -	\$ 790,445
Mortgage backed securities	-	10,173	-	10,173
Corporate bonds	-	508,710	-	508,710
Municipal bonds	-	306,603	-	306,603
Certificates of deposit	-	284,395	-	284,395
	<u>\$ 790,445</u>	<u>\$ 1,109,881</u>	<u>\$ -</u>	<u>\$ 1,900,326</u>

#### Note 5 - Bequests receivable:

FoA has bequests receivable (unconditional promises to give) totaling \$300,616 on April 30, 2009, of which \$109,363 are classified as non-current. Management records bequests at estimated net realizable amounts and periodically reviews bequests receivable for uncollectible amounts. There was no allowance for uncollectible bequests as of April 30, 2009.

**FRIENDS OF ANIMALS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5 - Bequests receivable and other current assets (concluded):**

Future bequests receivable are as follows:

<u>Year Ending April 30</u>	<u>Amount</u>
2010	\$191,253
2011	-
2012	-
2013	-
2014	-
Thereafter	109,363
Total bequests	<u>\$300,616</u>

Those bequests that FoA expects to receive over a period of several years have been discounted at a rate of 5.0%.

**Note 6 - Deposits and other assets:**

Deposits and other assets consist of the following at April 30, 2009:

Deposits	\$ 27,151
Cash surrender value of officer life insurance	49,258
Other receivables	149,388
Accrued investment income	20,029
Prepaid expenses	42,301
Other	19,844
Total	<u>\$307,971</u>

FoA has received through donations certain real estate located in the town of Tioga, New York. This property was received prior to 1980 and has been recorded in the financial statements at the nominal value of \$1, since it was not possible to determine the fair market value at the date of donation.

As of April 30, 2009, there was an allowance for uncollectible amounts of \$11,700 relating to other receivables.

**Note 7 - Long-term debt:**

Long-term debt at April 30, 2009 consists of the following:

Note payable to a finance company, due in 60 monthly installments of \$464, including interest at 10.49%, collateralized by equipment, due December, 2011	\$ 12,894
Less: current maturities	<u>4,427</u>
	<u>\$ 8,467</u>

**FRIENDS OF ANIMALS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7 - Long-term debt (concluded):**

Aggregate annual maturities of long-term debt are as follows:

<u>Year Ending April 30</u>	<u>Amount</u>
2010	\$ 4,427
2011	4,914
2012	3,553
	<u>\$ 12,894</u>

**Note 8 - Temporarily restricted net assets:**

Temporarily restricted net assets as of April 30, 2009 are comprised of the following:

Spay/neuter program	\$ 100,150
African chimp projects	30,430
Marine mammals	11,480
Time restricted	9,257
Lobbying	5,198
Primarily Primates, Inc. project	50
	<u>\$ 156,565</u>

**Note 9 - Lease commitments:**

**Real estate:**

The Organization leases facilities for their main headquarters in Darien, Connecticut under a 60-month lease. Under the terms of the lease, the Organization's rent including certain utilities is \$9,949 per month. This lease expires April 30, 2010.

The Organization also leases additional facilities in New York and Washington, D.C. under noncancellable operating leases expiring in February 2012 and August 2009, respectively. Under these leases, the Organizations' rent is \$729 per month.

Rent expense for all locations amounted to \$236,946 for the year ended April 30, 2009.

Future minimum lease payments due under noncancellable real estate operating leases in each of the five years subsequent to April 30, 2009 are as follows:

<u>Year Ending April 30</u>	<u>Amount</u>
2010	\$ 185,032
2011	68,805
2012	71,901
2013	75,137
2014	64,945
	<u>\$ 465,820</u>

**Equipment:**

The Organization leases office equipment and is responsible for the maintenance and insurance costs. Equipment lease expense for the year ended April 30, 2009 was \$8,600. Aggregate monthly rent expense on ongoing leases is \$1,160. Leases expire from December 2011 to December 2013.

## FRIENDS OF ANIMALS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Equipment (concluded):

Future minimum lease payments due under noncancelable equipment operating leases in each of the five years subsequent to April 30, 2009 are as follows:

<u>Year Ending April 30</u>	<u>Amount</u>
2010	\$ 13,920
2011	13,920
2012	11,940
2013	7,980
2014	5,320
	<u>\$ 53,080</u>

#### Note 10 - Commitments and contingencies:

FoA entered into a contract with Wildlife Science, Inc. in which FoA will pay Wildlife Science, Inc. \$47,000 per annum for independent wolf research. In addition, FoA will reimburse Wildlife Science, Inc. for reasonable and necessary expenses incurred in the performance of their service. The agreement terminates on December 31, 2009 and FoA has a renewal option within thirty days of the expiration. FoA has paid Wildlife Science, Inc., \$105,535 for the year ended April 30, 2009, under this contract.

FoA has supported Primarily Primates, Inc. ("PPI"). PPI is a 78 acre sanctuary in Texas that houses chimpanzees, monkeys and other animals that have been used in experiments, entertainment or traded as pets and have been subsequently cast off and need permanent shelter. Through April 30, 2009, FoA has provided financial support of approximately \$2,316,159, to support PPI. A portion of this support was from funds raised on behalf of PPI. Total financial support for the year ended April 30, 2009 was \$979,733.

**FRIENDS OF ANIMALS, INC.**

**EXPENSES FOR PROGRAM SERVICES,  
PUBLIC INFORMATION AND ANIMAL PROTECTION  
YEAR ENDED APRIL 30, 2009**

	<u>Wildlife</u>	<u>International</u>	<u>Marine Mammals</u>	<u>Public Information</u>	<u>Total</u>
Salaries	\$ 31,678	\$ 10,317	\$ 55,946	\$ 729,243	\$ 827,184
Printing and mailing lists	12,356	-	3,864	197,053	213,273
Rent and utilities	2,388	1,194	11,269	185,607	200,458
Professional services	158,834	-	-	31,655	190,489
Advertising	141,802	-	-	41,205	183,007
Insurance	4,270	3,343	14,793	152,720	175,126
Postage and delivery	673	255	2,257	116,397	119,582
Payroll and other taxes	2,343	749	4,012	54,288	61,392
Telephone	104	-	3,446	20,875	24,425
Incentive program material costs	-	-	-	18,359	18,359
Office supplies and expense	95	-	8,104	6,586	14,785
Depreciation	-	-	9,508	2,157	11,665
Travel	1,874	-	9,800	7,227	18,901
Office equipment rental	166	52	554	7,210	7,982
Films and photography	-	-	5,708	1,400	7,108
Dues and subscriptions	-	-	-	4,412	4,412
Maintenance	56	19	1,642	2,444	4,161
Computer supplies and expenses	-	-	300	3,832	4,132
Auto expense	-	-	3,888	-	3,888
Registrations and fees	-	-	706	2,421	3,127
Data processing	46	6	181	2,353	2,586
Interest expense	-	-	1,583	-	1,583
Awards and grants	-	-	-	300	300
Primarily Primates, Inc. project	979,733	-	-	-	979,733
African project costs	98,854	-	-	-	98,854
	<u>\$ 1,435,272</u>	<u>\$ 15,935</u>	<u>\$ 137,561</u>	<u>\$ 1,587,744</u>	<u>\$ 3,176,512</u>

See Notes to Financial Statements.