

**SAFE HAVEN ANIMAL SANCTUARY  
OF SUSSEX COUNTY, INC.  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

*Sombar & Company, CPAs, P.A.*

*Certified Public Accountants  
109 South Bedford Street  
Georgetown, Delaware 19947*

**SAFE HAVEN ANIMAL SANCTUARY**  
**OF SUSSEX COUNTY, INC.**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements Of Financial Position	
As Of December 31, 2007 And 2006	2
Statements Of Activities	
For The Years Ended December 31, 2007 And 2006	3
Statements Of Cash Flows	
For The Years Ended December 31, 2007 And 2006	4
Notes To Financial Statements	5 - 6
Supplemental Information	
Statements Of Functional Expenses	
For The Years Ended December 31, 2007 And 2006	7

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors Of  
Safe Haven Animal Sanctuary of Sussex County, Incorporated  
Nassau, Delaware

We have audited the accompanying statement of financial position of the Safe Haven Animal Sanctuary of Sussex County, Inc. (a nonprofit organization) as of December 31, 2007 and 2006 and related statements of activities, cash flows, and supplemental information for the years 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 have 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 included 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 the Safe Haven Animal Sanctuary of Sussex County, Inc., as of December 31, 2007 and 2006 and the results of its' activities, cash flows, and supplemental information for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Sombar & Company*

Certified Public Accountants

September 2, 2008  
Georgetown, Delaware

**SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2007 AND 2006**

ASSETS

	<u>2007</u>	<u>2006</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 69,813	\$ 89,670
Cash and Cash Equivalents - Restricted - Construction	244,998	193,772
Certificate of Deposit	36,556	-
Note receivable	20,000	-
	<hr/>	<hr/>
<u>Total Current Assets</u>	<u>371,367</u>	<u>283,442</u>
 <u>Property &amp; Equipment</u>		
Land	450,430	450,430
Construction in Progress	54,851	26,413
	<hr/>	<hr/>
<u>Total Property &amp; Equipment</u>	<u>505,281</u>	<u>476,843</u>
<u>TOTAL ASSETS</u>	<u>\$ 876,648</u>	<u>\$ 760,285</u>

LIABILITIES AND FUND BALANCES

	<u>2007</u>	<u>2006</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 89	\$ -
Payroll Liabilities	2,352	-
	<hr/>	<hr/>
<u>Total Current Liabilities</u>	<u>2,441</u>	<u>-</u>
 <u>Long-term Debt</u>		
	<hr/>	<hr/>
<u>TOTAL LIABILITIES</u>	<u>351,857</u>	<u>349,995</u>
 <u>Fund Balance</u>		
Unrestricted	279,793	216,518
Restricted	244,998	193,772
	<hr/>	<hr/>
<u>Total Fund Balance</u>	<u>524,791</u>	<u>410,290</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 876,648</u>	<u>\$ 760,285</u>

The accompany notes are an integral part of the financial statements.

**SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<b><u>Income</u></b>			
Contributions	\$ 55,032	\$ 18,212	\$ 73,244
Grants	-	25,000	25,000
Fund-raising	118,097	6,912	125,009
Membership Program	890	-	890
Sale of merchandise	2,747	-	2,747
Interest income	691	1,102	1,793
	<u>177,457</u>	<u>51,226</u>	<u>228,683</u>
<b><u>Total Income</u></b>			
<b><u>Expenses</u></b>			
Program Expenses	1,337	-	1,337
Supporting Services			
Management and general	69,599	-	69,599
Fund-raising	43,246	-	43,246
	<u>114,182</u>	<u>-</u>	<u>114,182</u>
<b><u>Total Expenses</u></b>			
<b><u>Net Income</u></b>	63,275	51,226	114,501
<b><u>Fund Balance, January 1</u></b>	<u>216,518</u>	<u>193,772</u>	<u>410,290</u>
<b><u>Fund Balance, December 31</u></b>	<u>\$ 279,793</u>	<u>\$ 244,998</u>	<u>\$ 524,791</u>

The accompany notes are an integral part of the financial statements.

2006		
<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
\$ 47,488	\$ 31,184	\$ 78,672
-	160,000	160,000
54,258	-	54,258
-	-	-
567	-	567
257	485	742
<u>102,570</u>	<u>191,669</u>	<u>294,239</u>
1,952	-	1,952
54,833	-	54,833
5,058	-	5,058
<u>61,843</u>	<u>-</u>	<u>61,843</u>
40,727	191,669	232,396
<u>175,791</u>	<u>2,103</u>	<u>177,894</u>
<u>\$ 216,518</u>	<u>\$ 193,772</u>	<u>\$ 410,290</u>

**SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<u>Cash Flows From Operating Activities</u>		
Net income	\$ 114,501	\$ 232,396
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	(20,000)	-
(Increase) decrease in construction in process	(28,438)	(19,164)
Increase (decrease) in deferred income	-	-
Increase (decrease) in payroll liabilities	2,352	-
Increase (decrease) in accounts payable	89	-
<u>Net Cash Provided By Operating Activities</u>	<u>\$ 68,504</u>	<u>\$ 213,232</u>
<u>Cash Flows From Financing Activities</u>		
Increase (decrease) in notes payable	\$ (578)	\$ (5)
<u>Net Cash Provided By Financing Activities</u>	<u>\$ (578)</u>	<u>\$ (5)</u>
<u>Cash Flows Used In Investing Activities</u>		
Purchase of Certificate of Deposit	\$ (36,556)	\$ -
<u>Net Cash Used In Investing Activities</u>	<u>\$ (36,556)</u>	<u>\$ -</u>
<u>Net Increase In Cash</u>	\$ 31,370	\$ 213,227
<u>Cash At January 1,</u>	<u>283,441</u>	<u>70,214</u>
<u>Cash At December 31,</u>	<u>\$ 314,811</u>	<u>\$ 283,441</u>
<u>Supplemental Disclosures Of Cash Payments:</u>		
Interest paid	\$ 29,126	\$ 23,423

The accompany notes are an integral part of the financial statements.

**NOTES TO FINANCIAL STATEMENTS**

SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

Note A-Nature of Activities And Summary Of Significant Accounting Policies

Nature of Activities

Safe Haven Animal Sanctuary of Sussex County, Inc. is a non-stock corporation. It was organized as a non-profit organization in Delaware on September 15, 2003. Its' purpose is to provide safe homes for neglected animals, and to establish a no-kill animal sanctuary for the animals that are not adoptable.

Basis of Accounting

The financial statements of Safe Haven Animal Sanctuary of Sussex County, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payables and other liabilities.

Financial Statement Presentation

The corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the corporation is required to present a statement of cash flows. At December 31, 2007 and 2006 there were no permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents totaling \$69,813 consisted of cash in checking, savings and money market accounts. Cash and cash equivalents-Restricted-Construction totaling \$244,998 consisted of cash in savings account. For the purpose of the Statement of Cash Flows, the Corporation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributed Services

No amounts have been reflected in the financial statements for contributed services. The corporation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the corporation with specific programs and various committee assignments.

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.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

Corporation Income Taxes

The corporation received a determination from the Internal Revenue Service on January 28, 2004 to become a tax-exempt organization under Internal Revenue Code Section 501(c)(3).

Note B-Restricted Funds

The restricted funds are from various donations and grants which are to be used for the construction of the facility.

Note C-Note Payable – County Bank

A note payable in the amount of \$350,000 for the purchase of real estate was reissued at a fixed rate of 8.25 % on September 15, 2007. The interest rate was lowered to 7.50 % on November 20, 2007. Monthly loan payments consisting of interest only are due on the 15<sup>th</sup> of each month. The note will mature on September 15, 2008 and will be re-negotiated at that time.

Note D-Subsequent Events

There are numerous capital expenditures expected, due to the ongoing construction of the new corporate facility. The road has been built and concrete pads poured. They expect to start construction of the buildings in the Fall of 2008.

Larry Hooker resigned from BOD and Treasurer's position as of 1/15/08 meeting.

**SUPPLEMENTAL INFORMATION**

**SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007			Total
	Program Expenses	Supporting Services		
		Management and General	Fund-raising	
<u>Expenses</u>				
Bank fees	\$ 649	\$ -	\$ -	\$ 649
Advertising	582	-	-	582
Salaries	-	27,977	-	27,977
Professional fees	-	2,254	-	2,254
Supplies	-	431	-	431
Office supplies	-	565	-	565
Postage and shipping	-	673	-	673
Printing	-	-	-	-
Contributions/Donations	-	950	-	950
Professional fundraising fees	-	-	-	-
Taxes and licenses	106	2,021	-	2,127
Telephone	-	1,350	-	1,350
Interest expense	-	29,126	-	29,126
Miscellaneous	-	-	-	-
Event expenses	-	-	43,246	43,246
Rent	-	36	-	36
Meetings	-	1,201	-	1,201
Insurance	-	3,015	-	3,015
	<u>\$ 1,337</u>	<u>\$ 69,599</u>	<u>\$ 43,246</u>	<u>\$ 114,182</u>

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

2006			
Program Expenses	Supporting Services		Total
	Management and General	Fund-raising	
\$ 59	\$ -	\$ -	\$ 59
243	-	-	243
-	23,558	-	23,558
-	2,348	-	2,348
-	1,034	-	1,034
-	-	-	-
-	247	-	247
1,547	-	-	1,547
-	1,300	-	1,300
-	-	-	-
103	1,947	-	2,050
-	355	-	355
-	23,423	-	23,423
-	-	-	-
-	-	5,058	5,058
-	-	-	-
-	-	-	-
-	621	-	621
<u>\$ 1,952</u>	<u>\$ 54,833</u>	<u>\$ 5,058</u>	<u>\$ 61,843</u>