

Annual Financial Statements

The van Bakeren Foundation

June 30, 2011

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PATTON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Review Report

The Board of Trustees
The van Bakeren Foundation

We have reviewed the accompanying statement of financial position of The van Bakeren Foundation as of June 30, 2011, and the related statement of activities, and statement of cash flows for the year then ended. A review includes primarily applying analytical review procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Information as of and for the year ended June 30, 2010 was reviewed by us, is presented for comparative purposes only, and was obtained from the financial statements presented by fund for the year, and on which we stated, in our report dated August 3, 2010, that no material modifications should be made to the financial statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

September 29, 2011

Patton & Company

The van Bakeren Foundation

Statement of Financial Position

As of June 30, 2011

(With comparative totals as of June 30, 2010)

	<u>2011</u>	<u>2010</u>
<i>Assets</i>		
Cash in banks	\$ 83,330	41,446
Contributions receivable	-	1,700
Prepaid expenses	337	284
Property and equipment, net of depreciation	15,218	2,809
Deferred website development costs, net of amortization	<u>8,100</u>	<u>10,800</u>
Total assets	<u><u>106,985</u></u>	<u><u>57,039</u></u>
 <i>Liabilities and Net Assets</i>		
<i>Liabilities</i>		
Accounts payable	4,555	1,758
Accrued expenses	<u>432</u>	<u>1,560</u>
Total liabilities	4,987	3,318
 <i>Net Assets</i>		
Unrestricted (deficits)	4,435	(2,529)
Temporarily restricted	<u>97,563</u>	<u>56,250</u>
Total net assets	<u>101,998</u>	<u>53,721</u>
Total liabilities and net assets	<u><u>\$ 106,985</u></u>	<u><u>57,039</u></u>

See accompanying notes and independent accountant's review report.

The van Bakeren Foundation

Statement of Activities

Year Ended June 30, 2011

(With comparative totals for the year ended June 30, 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	
<i>Revenues and Support</i>				
<i>Grants, Gifts, Contributions</i>				
Grants, gifts, contributions	\$ 27,485	138,900	166,385	79,465
Donated goods and services	125,600	-	125,600	97,500
Special event and asset sales	1,333	-	1,333	8,060
Net assets released from restrictions	97,587	(97,587)	-	-
Total grants, gifts, contributions	252,005	41,313	293,318	185,025
<i>Other Revenue</i>				
Investment income	520	-	520	294
Total other revenue	520	-	520	294
Total revenues and support	252,525	41,313	293,838	185,319
<i>Operating Expenses</i>				
Program	167,079	-	167,079	146,094
Management, general	34,283	-	34,283	46,655
Fundraising, development	44,199	-	44,199	16,382
Total operating expenses	245,561	-	245,561	209,131
Increase (decrease) in net assets	6,964	41,313	48,277	(23,812)
Net assets (deficits), begin	(2,529)	56,250	53,721	77,533
Net assets, end	\$ 4,435	97,563	101,998	53,721

See accompanying notes and independent accountant's review report.

The van Bakeren Foundation

Statement of Cash Flows

Year Ended June 30, 2011

(With comparative totals for the year ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
<i>Cash Flows From Operations</i>		
Increase (decrease) in net assets	\$ 48,277	(23,812)
<i>Adjustments to Reconcile Changes in Net Assets to Cash Provided by Operations</i>		
Depreciation and amortization	4,697	3,152
(Increase) decrease in contributions receivable	1,700	(1,700)
(Increase) decrease in prepaid expenses	(53)	1,591
Increase (decrease) in accounts payable	2,797	(246)
Increase (decrease) in accrued expenses	<u>(1,128)</u>	<u>723</u>
Net cash provided (used) by operations	56,290	(20,292)
<i>Cash Flows From Investing Activities</i>		
Purchase of property and equipment	<u>(14,406)</u>	<u>(2,626)</u>
Net cash provided (used) by investing activities	<u>(14,406)</u>	<u>(2,626)</u>
Increase (decrease) in cash	41,884	(22,918)
Cash, begin	<u>41,446</u>	<u>64,364</u>
Cash, end	<u>\$ 83,330</u>	<u>41,446</u>

See accompanying notes and independent accountant's review report.

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies

Programs Undertaken

Programs Undertaken

The van Bakeren Foundation (the Organization or Foundation) is a 501(c)(3) nonprofit organization founded in 2008 by veterinarian and biomedical researcher Dr. Anna M. van Heeckeren, collaborating with fellow veterinarians, physicians, public health professionals, business professionals, and members of the general public. The Organization is supported primarily through donor contributions and grants or sponsorships from individuals, foundations, and corporations. The following is information regarding the Foundation's mission and program activities:

Mission

The van Bakeren Foundation's mission is to prevent the spread of diseases between animals and people through research, education and outreach, and providing wellness veterinary care for dogs and cats owned by qualified individuals.

Overall Program Activities

The Foundation uses *One Health* approaches to target key stakeholders from the following public health communities – veterinary medicine, human medicine, public health professionals, researchers, and environmental experts – to collectively combat the spread of zoonotic diseases. *One Health* is a movement and philosophy that tells us that the health of animals, people, and environments are intertwined, and requires the collaboration of public health professionals to improve the health of animals, people, and environments.

Specific Program Activities Include:

1. **Research:** Organize and report on what is already known about common zoonotic diseases (i.e. diseases caused by germs that can be shared between animals and people) in Northeast Ohio. Collect clinical data from our Vets on Wheels program to understand the prevalence of common zoonotic diseases in Northeast Ohio, and apply that research towards reducing the incidence of infection in dogs and cats.
2. **Education:** Inform the general public and public health professionals about common zoonotic diseases where they live, work, and play in Northeast Ohio, and how to be safe in those environments.
3. **Outreach:** Reach out to key stakeholders, including but not limited to public health professionals, related businesses and educational institutions, for purposes of sharing information with one another to better understand the problem of common zoonotic diseases in Northeast Ohio.
4. **Health care:** Provide wellness veterinary care services, such as wellness checks, infectious disease testing, parasite checks, vaccinations and parasite control, for dogs and cats owned by qualified individuals.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other assets and liabilities.

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies, continued

Basis of Presentation

The accompanying financial statements have been prepared, in all material aspects, as recommended by the American Institute of Certified Public Accountants (AICPA) audit and accounting guide, *Not-for-Profit Organizations*. This accounting guidance requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

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

Temporarily restricted net assets - Net assets subject to donor imposed stipulations that may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires or is substantially met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2011, the Organization had no permanently restricted net assets.

Fund Accounting

To ensure observance of the limitations and restrictions placed on the use of resources available to the Organization, the accounting records of the Organization are maintained in accordance with the principles of fund accounting. This means resources for various purposes are classified, for accounting and reporting purposes, into funds established according to their nature and objective.

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 the reported amounts of assets, liabilities, 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. Significant estimates utilized in the preparation of the financial statements include the depreciation of property and equipment, amortization of software costs, the accrual of expenses, and the functional allocation of expenses. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants to sell the asset or transfer the liability. As of June 30, 2011, the carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short-term nature of these instruments.

Allowance for Doubtful Receivables

The Organization follows the policy of recording an allowance for potentially uncollectible grants and program fees receivable in the financial statements. This allowance is based on management's analysis of the specific amounts due and historical collection results. At June 30, 2011, no allowance for doubtful accounts was required.

Property and Equipment

Assets with a fair value exceeding \$500 and a useful life exceeding one year are recorded at fair value; donated assets with a fair value exceeding \$500 and a useful life exceeding one year are recorded at fair value at the time of donation. Lesser amounts are expensed. Depreciation is computed principally using straight-line methods over the estimated useful life of 5 years for all assets.

Capitalization of Computer Software Costs

The cost of developing the Organization's website has been capitalized in accordance with current accounting pronouncements and is being amortized to expense over a 5 year period.

Revenue Recognition

Grants, gifts, and contributions, including unconditional promises to give, are recorded as made in accordance with current accounting principles. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are due in subsequent years are reported at the present value of their net realizable value using the appropriate risk free interest rate applicable to the years in which the promises are to be received.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. All donor-restricted contributions are 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.

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Revenues from program services, sales of merchandise, and other miscellaneous activities are recognized at the time of sale or when the service is rendered. Interest and dividend income is recognized at the time the dividend is declared or the interest is earned. Special event revenues are recognized when the event is held. Contributions received at or related to a special event are recorded as special event revenue in the financial statements.

Donated Goods, Services, Facilities

Support arising from contributed goods, services, and facilities has been recognized in the accompanying financial statements in accordance with current accounting principles. Donated goods and facilities are recorded in the financial statements at fair value at the time of receipt. This accounting guidance requires the fair value of donated services to be recognized in the financial statements only if the services create or enhance nonfinancial assets, or require a specialized skill, are provided by those possessing the skill, and would need to be purchased if not donated. Services provided by general volunteers do not meet the requirements for recording in the financial statements and therefore, no provision has been made for the fair value of services provided by members of the Board of Trustees and certain other volunteers. A requirement for the recording of any donated goods, services, or facilities is the ability to document the receipt and fair value of the donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Foundation are reported on a functional basis in these notes to the financial statements. The functional allocations are based on periodic studies of the activities of employees and the expenses incurred in operations.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's reviewed financial statements as of and for the period ended June 30, 2010 from which this summarized data was derived.

Promotional Expenses

Expenses for promotional and fundraising activities are expensed as incurred. The cost of video productions and other materials designed to generally promote the Organization's programs are considered promotional expenses.

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2011

Note 1 Summary of Significant Accounting Policies, continued

Federal Income Taxes

The Organization is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code, and does not currently conduct activities which could result in the imposition of the unrelated business income tax. The Organization has no uncertain tax positions requiring recognition or disclosure in the financial statements. The Organization's federal income tax returns for the years ended June 30, 2009 - 2011 are subject to examination by the Internal Revenue Service, however, it has not indicated any intent to do so.

Note 2 Property and Equipment

Property and equipment is recorded in the financial statements at acquisition cost or, if donated, at fair value at the time of donation. Depreciation expense was \$1,997 and \$452 for the periods ended June 30, 2011 and 2010, respectively. Property and equipment consists of the following:

	2011	2010
Data processing equipment and software	\$ 17,678	3,272
Less accumulated depreciation	(2,460)	(463)
	<u>\$ 15,218</u>	<u>2,809</u>

Note 3 Deferred Website Costs

The Organization follows the accounting policy of recording the cost of website development as an asset subject to amortization over future periods. Amortization expense was \$2,700 for each of the years ended June 30, 2011 and 2010. Deferred website costs are comprised of the following:

	2011	2010
Website costs	\$ 13,500	13,500
Less accumulated amortization	(5,400)	(2,700)
	<u>\$ 8,100</u>	<u>10,800</u>

Note 4 Temporarily Restricted Net Assets

Net assets which continue to be subject to a donor-imposed restriction as of the end of the year, are included in temporarily restricted net assets. These continuing donor restrictions that are time and/or purpose based, determine when the particular contribution will be released to unrestricted net assets. All temporarily restricted net assets are available for use during the following fiscal year. Temporarily restricted net assets are not available for the payment of the Executive Director's compensation. Temporarily restricted net assets are available for the following purposes, as of June 30, 2011:

	Beginning Balance	Additions	Net Assets Released	Ending Balance
General operations	\$ 56,250	75,000	(75,000)	56,250
Vets on Wheels program	-	63,900	(22,587)	41,313
	<u>\$ 56,250</u>	<u>138,900</u>	<u>(97,587)</u>	<u>97,563</u>

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2011

Note 5 Donated Goods and Services

During the years ended June 30, 2011 and 2010, the Organization received donated goods and services for use in conducting and administering its programs. The following is information regarding donated items recognized in the financial statements:

	2011	2010
Executive director services	\$ 97,500	97,500
Veterinary medical director services	9,000	-
Business development services	12,000	-
Grant development services	6,600	-
Data processing equipment	500	-
	<u>\$ 125,600</u>	<u>97,500</u>

Note 6 Special Events

The Organization conducts fundraising events for the purpose of promoting its activities, recognizing its supporters, and raising funds. The following is information relating to fundraising events:

Total revenue	\$ 1,905
Expenses incurred	<u>(3,477)</u>
	<u>\$ (1,572)</u>

Note 7 Significant Concentrations of Risk

The Organization's program operations are confined to a limited geographical location and depend on funding from contributors interested in supporting its program activities. Substantially all of the Organization's contributions and annual revenues are derived for a single program purpose. The Organization depends upon a small group of donors for a material amount of revenue. The Organization benefits from the donated services of the Executive Director and others; and there is no guarantee these services will continue to be donated in the future.

Note 8 Related Party Transactions

A member of the Organization's management team is a trustee of a significant contributor to the Organization. Additionally, the Organization has recognized significant donated service revenue relating to the uncompensated services of the Executive Director.

Note 9 Commitments

The Organization occupies office space pursuant to a month to month agreement. Rent expense paid was \$12,000 and \$11,650 during the years ended June 30, 2011 and 2010, respectively. Management anticipates that future rental payments will equal or exceed the amount paid during the year ended June 30, 2011.

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2011

Note 10 Functional Expenses Allocation

The management of the Organization determines the allocation of operating expenses between program, management, and fundraising activities. The allocations are based on management's analysis of the activities of its employees and the expenses incurred in its operations. The costs of providing the Organization's programs have been summarized on a functional basis in the statement of activities. The following is additional information regarding the functional allocation of expenses:

	2011			
	Program	Management	Fundraising	Total
Salaries, benefits, taxes	\$ 25,666	7,332	3,666	36,664
Donated services	93,000	15,750	16,350	125,100
Professional service fees	21,792	7,263	17,560	46,615
Miscellaneous, other	15,357	1,980	4,665	22,002
Occupancy	9,134	1,958	1,958	13,050
Travel, lodging	1,490	-	-	1,490
Program conferences	640	-	-	640
	<u>\$ 167,079</u>	<u>34,283</u>	<u>44,199</u>	<u>245,561</u>

	2010			
	Program	Management	Fundraising	Total
Salaries, benefits, taxes	\$ 24,000	1,345	428	25,773
Donated services	78,000	9,750	9,750	97,500
Professional service fees	13,877	31,521	-	45,398
Miscellaneous, other	15,759	2,829	5,122	23,710
Occupancy	11,180	1,210	1,082	13,472
Travel, lodging	1,697	-	-	1,697
Program conferences	1,581	-	-	1,581
	<u>\$ 146,094</u>	<u>46,655</u>	<u>16,382</u>	<u>209,131</u>

Note 11 Subsequent Events

The Organization has evaluated subsequent events through September 29, 2011, the date which the financials statements were available to be issued.