

Financial Statements

The van Bakeren Foundation

June 30, 2010

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PATTON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Accountant's Review Report

The Board of Trustees
The van Bakeren Foundation

We have reviewed the accompanying balance sheet of The van Bakeren Foundation as of June 30, 2010, the related statement of activities and statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of The van Bakeren Foundation. The financial statements as of June 30, 2009 and for the period beginning October 1, 2008 and ending June 30, 2009 (initial operating period), on which we expressed a review report dated November 18, 2009, are presented for comparative purposes only.

A review consists principally of inquiries of management and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 generally accepted accounting principles.

August 3, 2010

Patton & Company

The van Bakeren Foundation

Statement of Financial Position

As of June 30, 2010

(With comparative totals as of June 30, 2009)

	2010	2009
<i>Assets</i>		
Cash in banks	\$ 41,446	64,364
Contributions receivable	1,700	-
Prepaid expenses	284	1,875
Property and equipment, net of depreciation	2,809	635
Deferred website development costs, net of amortization	10,800	13,500
Total assets	57,039	80,374
 <i>Liabilities and Net Assets</i>		
<i>Liabilities</i>		
Accounts payable	1,758	2,004
Accrued expenses	1,560	837
Total liabilities	3,318	2,841
 <i>Net Assets</i>		
Unrestricted (deficits)	(2,529)	6,002
Temporarily restricted	56,250	71,531
Total net assets	53,721	77,533
Total liabilities and net assets	\$ 57,039	80,374

See accompanying notes and accountant's report.

The van Bakeren Foundation

Statement of Activities

For the Year Ended June 30, 2010

(With comparative totals for the nine months ended June 30, 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	
<i>Revenues and Support</i>				
<i>Grants, Gifts, Contributions</i>				
Grants, gifts, contributions	\$ 4,465	75,000	79,465	95,000
Donated services	97,500	-	97,500	49,750
Special event	8,060	-	8,060	-
Net assets released from restrictions	90,281	(90,281)	-	-
Total grants, gifts, contributions	200,306	(15,281)	185,025	144,750
<i>Other Revenue</i>				
Dividend income	294	-	294	2
Total other revenue	294	-	294	2
Total revenues and support	200,600	(15,281)	185,319	144,752
<i>Operating Expenses</i>				
Program	146,094	-	146,094	45,589
Management, general	46,655	-	46,655	13,979
Fundraising, development	16,382	-	16,382	7,651
Total operating expenses	209,131	-	209,131	67,219
Increase (decrease) in net assets	(8,531)	(15,281)	(23,812)	77,533
Net assets, begin	6,002	71,531	77,533	-
Net assets (deficits), end	\$ (2,529)	56,250	53,721	77,533

See accompanying notes and accountant's report.

The van Bakeren Foundation

Statement of Cash Flows

For the Year Ended June 30, 2010

(With comparative totals for the nine months ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
<i>Cash Flows From Operations</i>		
Increase (decrease) in net assets	\$ (23,812)	77,533
<i>Adjustments to Reconcile Changes in Net Assets to Cash Provided by Operations</i>		
Depreciation and amortization	3,152	11
(Increase) decrease in contributions receivable	(1,700)	-
(Increase) decrease in prepaid expenses	1,591	(1,875)
Increase (decrease) in accounts payable	(246)	2,004
Increase (decrease) in accrued expenses	<u>723</u>	<u>837</u>
Net cash provided (used) by operations	(20,292)	78,510
<i>Cash Flows From Investing Activities</i>		
Purchase of property and equipment	(2,626)	(646)
Purchases of deferred website development costs	<u>-</u>	<u>(13,500)</u>
Net cash provided (used) by investing activities	<u>(2,626)</u>	<u>(14,146)</u>
Increase (decrease) in cash	(22,918)	64,364
Cash and equivalents, begin	<u>64,364</u>	<u>-</u>
Cash and equivalents, end	<u>\$ 41,446</u>	<u>64,364</u>

See accompanying notes and accountant's report.

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2010

Note 1 Summary of Significant Accounting Policies

Programs Undertaken

The van Bakeren Foundation (the Organization or Foundation) is a 501(c)(3) nonprofit organization founded by veterinarian and biomedical researcher Dr. Anna M. van Heeckeren in 2008, 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. The following is information regarding the Foundation's mission and program activities:

Mission

The mission of the van Bakeren Foundation is to prevent the spread of common zoonotic diseases (those spread from animals to humans) from impacting the health of people in Northeast Ohio and beyond through research, education and outreach, and providing access to veterinary healthcare to unserved animals.

Overall Program Activities

The Foundation will use One Health approaches to target key stakeholders from the following public health professional 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

The Foundation's outreach and convening activities are concentrated in three priority areas:

1. Research the known impact that common zoonotic diseases have on animals, people, and environments, and use this collected information to educate our communities about what is currently known to protect families and pets from common zoonotic diseases.
2. Provide access for people with dogs and cats to basic veterinary services that are otherwise inaccessible.
3. Develop vaccines to prevent zoonotic diseases from impacting the health of animals and people for which such preventatives are not currently available.

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, 2010

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, 2010, 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, 2010

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, 2010, the carrying amounts of cash and cash equivalents, 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, 2010, 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, 2010

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, 2009 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, 2010

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's federal income tax returns for the period ended June 30, 2009 and for the year ended June 30, 2010 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 \$452 and \$11 for the periods ended June 30, 2010 and 2009, respectively. Property and equipment consists of the following:

	2010	2009
Computer equipment	\$ 3,272	646
Less accumulated depreciation	(463)	(11)
	<u>\$ 2,809</u>	<u>635</u>

Note 3 Deferred Website Costs

The Organization follows the accounting policy of recording the cost of computer software as assets subject to amortization over future periods. Amortization expense for the periods ended June 30, 2010 and 2009 was \$2,700 and \$0-, respectively. Deferred website costs are comprised of the following:

	2010	2009
Website costs	\$ 13,500	13,500
Less accumulated amortization	(2,700)	-
	<u>\$ 10,800</u>	<u>13,500</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, 2010:

	Beginning Balance	Additions	Net Assets Released	Ending Balance
General operations	\$ 71,531	75,000	(90,281)	<u>56,250</u>

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2010

Note 5 Donated Goods, Services, and Facilities

During the periods ended June 30, 2010 and 2009, 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:

	<u>2010</u>	<u>2009</u>
Executive director services	\$ 97,500	43,750
Data processing and website design	-	6,000
	<u>\$ 97,500</u>	<u>49,750</u>

Note 6 Special Events

The Organization hosted "The van Bakeren Foundation Kickoff Event" for the purpose of promoting its activities, recognizing its supporters, and raising funds. The following is information relating to the event:

Total revenue	\$ 7,910
Expenses incurred	<u>(4,139)</u>
	<u>\$ 3,771</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 in the area in which it operates. Substantially all of the Organization's contributions and annual revenues are derived for a single program purpose. A single donor contributed 94% of grants, gifts, and contributions for the year ended June 30, 2010. The Organization benefits from the donated services of the Executive Director and there is no guarantee these services will continue to be donated in the future.

Note 8 Related Party Transactions

The Organization has received funding from an organization on which a member of the Board of Trustees has a management role. The Organization has recognized significant donated service revenue relating to the donated services of the Executive Director.

Note 9 Commitments

The Organization occupies office space pursuant to a month to month lease agreement. Rent expense paid during the periods ended June 30, 2010 and 2009 was \$11,650 and \$4,650, respectively. Management anticipates that future rental payments will equal or exceed the amount paid during the year ended June 30, 2010.

The van Bakeren Foundation

Notes to Financial Statements

June 30, 2010

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:

	2010			
	Program	Management	Fundraising	Total
Salaries, benefits, taxes	\$ 102,000	11,095	10,178	123,273
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>

	2009			
	Program	Management	Fundraising	Total
Salaries, benefits, taxes	\$ 37,496	4,245	3,500	45,241
Professional service fees	-	9,574	199	9,773
Miscellaneous, other	1,691	160	3,952	5,803
Travel, lodging	2,003	-	-	2,003
Program conferences	4,399	-	-	4,399
	<u>\$ 45,589</u>	<u>13,979</u>	<u>7,651</u>	<u>67,219</u>

Note 11 Subsequent Events

The Organization has evaluated subsequent events through August 3, 2010, the date which the financials statements were available to be issued.