

**WOODSTOCK FARM  
ANIMAL SANCTUARY, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2014**

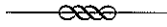
WOODSTOCK FARM ANIMAL SANCTUARY, INC.

FINANCIAL REPORT

DECEMBER 31, 2014

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Woodstock Farm Animal Sanctuary, Inc.  
High Falls, NY 12440

Ladies and Gentlemen:

I have audited the accompanying financial statements of the Woodstock Farm Animal Sanctuary, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 statements 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Woodstock Farm Animal Sanctuary, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Thomas Lindgren". The signature is written in a cursive style with a large initial "T".

Thomas F. Lindgren, CPA

Kingston, New York  
November 2, 2015

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**

**ASSETS**

**Current Assets:**

Cash	\$ 342,425
Cash - temporarily restricted	17,790
Contributions receivable	10,781
Inventories	6,335
Prepaid expenses and other current assets	<u>12,098</u>

**Total Current Assets** 389,429

**Fixed Assets:**

Land and improvements	1,288,623
Buildings and improvements	3,204,375
Farm equipment	93,296
Office furniture and equipment	<u>57,496</u>

4,643,790  
Less accumulated depreciation (263,133)

**Total Fixed Assets** 4,380,657

**Other Assets:**

Loan acquisition costs	<u>23,440</u>
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**Total Other Assets** 23,440

**TOTAL ASSETS** \$ 4,793,526

See independent auditors report and notes to financial statements

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable	\$ 88,884
Accrued expenses	61,030
Deferred revenue	275
Long term debt - current portion	<u>146,985</u>

**Total Current Liabilites** 297,174

**Long Term Liabilities:**

Long term debt - net of current portion	<u>945,428</u>
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**Total Liabilities** 1,242,602

**Net Assets:**

Unrestricted	3,533,134
Temporarily restricted	<u>17,790</u>

**Total Net Assets** 3,550,924

**TOTAL LIABILITIES AND NET ASSETS** \$ 4,793,526

See independent auditors report and notes to financial statements

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**CHANGES IN UNRESTRICTED NET ASSETS**

**Revenue and Support**

Program service revenue	\$ 150,199
Contributions	2,929,985
Merchandise sales	81,810
Grants	21,568
Fundraising	89,486
Interest income	<u>303</u>

**Total Revenue and Support** 3,273,351

**Expenses**

Farm	588,869
Education	47,030
Bed and Breakfast	45,311
Manangement and General	323,299
Fundraising	<u>171,774</u>

**Total Expenses** 1,176,283

**Net Assets Released From Restriction** 59,781

**Increase in Unrestricted Net Assets** 2,156,849

**CHANGE IN TEMPORARILY RESTRICTED NET ASSETS**

**Net Assets Released From Restriction** (59,781)

**Decrease in Temporarily Restricted Net Assets** (59,781)

**Increase in Net Assets Before  
Prior Period Adjustment** 2,097,068

**Prior Period Adjustment** (28,990)

**Increase in Net Assets** 2,068,078

**NET ASSETS - BEGINNING** 1,482,846

**NET ASSETS - ENDING** \$ 3,550,924

See independent auditors report and notes to financial statements

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Cash Flows From Operating Activities:</b>	
Increase in net assets	\$ 2,068,078
Adjustments to reconcile net assets to net cash provided by (used for) operations	
Depreciation and amortization	50,086
(Increase) decrease in operating assets:	
Contributions receivable	1,322
Inventories	6,503
Prepaid expenses and other current assets	1,857
Increase (decrease) in operating liabilities:	
Accounts payable	61,874
Accrued expenses	51,893
Deferred revenue	<u>(10,406)</u>
Net cash provided by operating activities	<u>2,231,207</u>
<b>Cash Flows From Investing Activities:</b>	
Purchase of fixed assets	<u>(3,394,209)</u>
Net cash used by investing activities	<u>(3,394,209)</u>
<b>Cash Flows From Financing Activities:</b>	
Loan proceeds	1,100,000
Loan payments	<u>(7,587)</u>
Net cash provided by financing activities	<u>1,092,413</u>
<b>NET DECREASE IN CASH</b>	<b>(70,589)</b>
<b>CASH - BEGINNING</b>	<u>430,804</u>
<b>CASH - ENDING</b>	<u><u>\$ 360,215</u></u>

See independent auditors report and notes to financial statements



**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Farm</u>	<u>Education</u>	<u>Bed and Breakfast</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 194,447	\$ 33,932	\$ 17,841	\$ 180,635	\$ 58,238	\$ 485,093
Payroll taxes and employee benefits	55,856	6,423	5,312	20,972	20,495	109,056
Animal feed and supplies	78,407	0	27	0	0	78,434
Veterinary and medical	85,688	0	53	0	0	85,741
Farm equipment repairs and maintenance	17,524	0	0	0	0	17,524
Repairs and maintenance	19,499	0	1,544	146	146	21,335
Supplies	11,001	0	7,854	60	0	18,915
Conferences	0	1,962	0	0	0	1,962
Publication design and printing	419	312	0	241	9,015	9,987
Purchases	0	0	0	53,032	0	53,032
Equipment and facilities rental	15,000	999	0	14,375	15,082	45,456
Miscellaneous	12,887	191	1,740	10,787	7,307	32,912
Professional fees	4,333	0	0	13,784	180	18,297
Advertising and promotion	5,342	6	2,838	1,948	27,995	38,129
Utilities	24,295	0	3,497	2,703	567	31,062
Insurance	9,480	0	0	1,580	0	11,060
Licenses, fees and dues	865	0	75	534	72	1,546
Office	6,137	396	701	13,821	15,613	36,668
Travel	1,059	2,810	60	71	3,876	7,876
Bank and merchant fees	713	0	3,769	3,892	13,188	21,562
Training and education	0	0	0	50	0	50
Moving expenses	0	0	0	500	0	500
Depreciation	45,918	0	0	4,168	0	50,086
	<u>588,869</u>	<u>47,030</u>	<u>45,311</u>	<u>323,299</u>	<u>171,774</u>	<u>1,176,283</u>

See independent auditors report and notes to financial statements

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1- ORGANIZATION AND NATURE OF ACTIVITIES**

Woodstock Farm Animal Sanctuary, Inc. (the "Organization") is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code. The Organization is incorporated in the State of New York.

Woodstock Farm Animal Sanctuary is one the country's most recognized and respected sanctuaries for farm animals. At the heart of their mission is the hands-on work of rescuing, rehabilitating, and caring for farm animal refugees. Equally important is their efforts to educate the public about the treatment of animals who are raised for food, and the many benefits of a plant-based diet. The majority of the organizations revenue and support is through individual, corporate, and foundation contributions.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Financial Statement Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

The cost of providing the Organization's various programs, supporting services and fundraising has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Organization follows FASB ASC 958-210. Accordingly, the Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted Net Assets - Unrestricted net assets generally result from assets derived from providing services, receiving unrestricted contributions, realized gains, and other inflows of assets, less expenses incurred in providing services, raising contributions and performing administrative functions.

Temporarily Restricted Net Assets - Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets - Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income of which is expendable to support program and operating activities.

See independent auditors report

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Estimates

The preparation of financial statements in accordance 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.

Property and Equipment

Purchased property and equipment is stated at cost, and depreciated on a straight-line basis over the estimated useful lives of the assets. Additions and improvements are capitalized. Depreciation is calculated using the straight line method based on the useful lives of the assets. Useful lives range from 3 years to 30 years depending on the nature of the assets. Depreciation expense for the year was \$50,086.

Inventory

Inventory is recorded at the lower of cost (average cost method) or market, determined by the first-in- first-out (FIFO) method.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not liable for income taxes providing it operates within the confines of its exempt status, though the Organization may be responsible for taxes on unrelated business activities. In the event of an examination of the information returns, the tax liability of the Organization could be changed if an adjustment in the tax exempt purpose or income from unrelated business activities is ultimately determined to be taxable by the taxing authorities. The Organization's information returns are subject to audit by various taxing authorities. The Organization's open audit periods are 2011 - 2013. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes their evaluations are appropriate based on current facts and circumstances.

The Organization had no income tax liabilities for the year ended 2014, and as such, no provision for income taxes is included in the accompanying financial statements.

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contribution Receivable

Contributions receivable is stated at their estimated collectible amounts. Contributions receivable is periodically evaluated for collectability based on factors such as past history and prior loss experience. At December 31, 2014, net contributions receivable totaled \$10,781. Management expects to collect this amount in full in 2015.

Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Recognition Revenue

The Organization follows FASB ASC 958-210, Accounting for Contributions Received and Contributions Made. Under this statement, the Organization records revenue as unrestricted, temporarily restricted, or permanently restricted based upon the existence and nature of donor-imposed restrictions. When the conditions relating to the restriction are met, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as unrestricted.

**NOTE 3 - CONTRIBUTIONS RECEIVABLE**

Contribution receivables as of December 31, 2014, are as followed:

Gross contributions receivable	\$ 10,781
Less: Unamortized discounts	<u>---</u>
Net contributions receivable	<u>\$ 10,781</u>
Amounts due in:	
Less than one year	\$ 10,781
One to five years	<u>---</u>
Net contributions receivable	<u>\$ 10,781</u>

See independent auditors report

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 3 - CONTRIBUTIONS RECEIVABLE (CONTINUED)**

Contribution receivables due in more than one year are recognized at fair value, using net present value techniques. As of December 31, 2014, there were no multi-year pledges.

**NOTE 4 - LONG TERM DEBT**

Long-term debt at December 31, 2014 is as follows:

	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Balance of Loan</u>
Line of Credit - Rondout	\$ 100,000	\$ 0	\$ 100,000
Loan Payable - Rondout	<u>46,985</u>	<u>945,428</u>	<u>992,413</u>
	<u>\$ 146,985</u>	<u>\$ 945,428</u>	<u>\$ 1,092,413</u>

Line of Credit - Rondout:

The Organization is obligated to Rondout Savings Bank pursuant to the terms of the line of credit. Monthly payments of accrued and unpaid interest are due on the 10th of each month. The line of credit bears interest at rate equal to the Wall Street Journal Prime plus 1.500 percentage points. The interest rate will never be greater than 25.000% or less than 1.500%. The note is secured by a second mortgage on the real and personal property of the organization in High Falls, NY. The unpaid principal balance of the note shall be due and payable on demand.

Loan Payable - Rondout:

The Organization was originally obligated to Rondout Savings Bank in the amount of \$1,000,000. Pursuant to the terms of the loan, monthly payments of \$7,812.40 representing principal and interest are due until Oct. 1, 2019, when the interest rate and monthly amortization payment may be adjusted as provided in the note. The entire unpaid principal sum and accrued interest is due in full on Oct. 1, 2029. The loan bears interest at the rate of 4.75% until Oct. 1, 2019 at which time the interest rate shall be adjusted to an amount equal to the Treasury Constant Maturity 5 Year in effect plus 3.000 percentage points. The interest rate will never be greater than 8.75% or less than 4.75%. The note is secured by a mortgage on the real and personal property of the organization in High Falls, NY.

The amounts of long term debt outstanding at December 31, 2014 maturing during the next five years are as follows:

December 31, 2015	\$ 146,985
December 31, 2016	49,171
December 31, 2017	51,720
December 31, 2018	54,266
December 31, 2019	56,938
Thereafter	<u>733,333</u>
	<u>\$ 1,092,413</u>

See independent auditors report

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 5 - DEFERRED REVENUE**

The Organization operates a Bed-n-Breakfast for the benefit of members of the organization. When a member makes a reservation to stay in the Bed-n-Breakfast, there is a deposit required to hold the reservation. In addition, the Organization sells gift certificates. The room deposits and outstanding gift certificates represent the deferred revenue.

**NOTE 6 - CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash and money market deposit accounts at two financial institutions. As part of the Federal Deposit Insurance Corporation both noninterest and interest bearing accounts will be insured up to a combined balance of \$250,000 per bank. At December 31, 2014 the Organization's bank balances totaled \$360,215. None of the organizations cash and money market deposit balances per bank were in excess of the limits.

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes

Staff development and payroll	\$ <u>17,790</u>
Temporarily Restricted Net Assets	\$ <u><u>17,790</u></u>

**NOTE 8 - RELATED PARTY TRANSACTIONS**

The Organization was founded in 2004 by Ms. Jennifer Brown and Mr. Douglas Abel. Ms. Brown serves as the Executive Director of Woodstock Sanctuary, while Mr. Abel serves as the Managing Director. Ms. Brown is primarily responsible for the day to day operations of the farm. Ms. Brown received \$43,077 of compensation in 2014. Mr. Abel is primarily responsible for the financial operations of Woodstock Sanctuary and provides computer, web and other creative services. Mr. Abel received \$43,077 of compensation in 2014. The Organization is operated on property owned by Ms. Brown and Mr. Abel. They were paid \$30,000 for the rent of the facilities in 2014. They also received reimbursements for out-of-pocket and miscellaneous expenses.

**NOTE 9 - RELOCATION**

On September 30, 2014 the organization closed on a real estate purchase. The organization purchased the property at 8 Epworth Lane in High Falls, New York for \$3,225,000.00. The organization secured a donation in the amount of \$2,200,000.00 which is included in the contributions for the year as presented in the Statement of Activities and Changes in Net Assets. In addition, the organization obtained a mortgage of \$1,000,000.00 to purchase the property. The address of the property and the name of the road have been changed since the organization purchased the property. It is now at 2 Rescue Road in High Falls, New York.

See independent auditors report

**WOODSTOCK FARM ANIMAL SANCTUARY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 10 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events thru November 2, 2015, the date which the financial statements were available for the initial review.

In October-November, 2015, the Organization rescued 27 large animals and more than 50 chickens and turkeys continuing the Organization's mission to rescue abused farm animals. This marks significant increases in the animal census of the farm and corresponding increases in associated costs.

During 2015, the organization moved to a new, larger facility. See Note 9 above.

**NOTE 11 - PRIOR PERIOD ADJUSTMENT**

The prior adjustment was a made to correct the payroll expense and liability accounts at the balance sheet date and for the year then ended.