

**BEST FRIENDS ANIMAL SOCIETY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)**

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# HINTON BURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

## Independent Auditors' Report

To the Board of Directors  
Best Friends Animal Society  
5001 Angel Canyon Rd.  
Kanab, UT 84741

### MEMBERS:

CHAD B. ATKINSON  
KRIS J. BRAUNBERGER  
DEAN R. BURDICK  
ROBERT S. COX  
TODD B. FELTNER  
BRENT R. HALL  
TODD R. HESS  
KENNETH A. HINTON  
MORRIS J. PEACOCK  
PHILLIP S. PEINE  
MICHAEL K. SPILKER  
MARK E. TICHENOR

We have audited the accompanying statement of financial position of Best Friends Animal Society (a nonprofit corporation) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Best Friends Animal Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Best Friends Animal Society's 2008 financial statements and, in our report dated March 11, 2009, we expressed an unqualified opinion on those financial statements.

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 Best Friends Animal Society as of December 31, 2009, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

*Hinton, Burdick, Hall & Spilker, PLLC*

HINTON, BURDICK, HALL & SPILKER, PLLC  
March 15, 2010

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**Best Friends Animal Society**  
**Statement of Financial Position**  
**December 31, 2009**  
**(With Comparative Totals as of December 31, 2008)**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 8,702,657	\$ 3,183,674
Receivables	60,174	25,734
Prepaid postage	67,555	73,284
Other prepaid expenses	317,953	16,744
Inventory	413,559	400,262
Short-term investments (Note 4)	3,689,518	2,057,610
Current portion of promises to give (Note 6)	460,000	-
Employee advances	3,303	3,250
Tax refund receivable	12,073	9,156
Other current assets	50,466	-
Total current assets	<u>13,777,258</u>	<u>5,769,714</u>
Property and equipment (Note 5):		
Furniture, fixtures and equipment	3,159,953	2,777,885
Autos and trucks	1,409,853	1,327,053
Buildings and improvements	12,286,274	12,103,259
Land	4,578,117	4,528,117
Construction in progress	1,400,694	24,116
Accumulated depreciation	<u>(8,020,175)</u>	<u>(7,031,836)</u>
Total property and equipment	<u>14,814,716</u>	<u>13,728,594</u>
Other assets:		
Cash-restricted (Note 3)	2,688,172	1,744,032
Long-term investments (Note 4):		
Unrestricted	6,574,131	6,661,242
Restricted	3,014,557	2,653,493
Promises to give, net of current portion (Note 6)	692,609	-
Other receivable - 5 Acres Agreement (Note 10)	219,366	-
Goodwill (Note 15)	35,588	35,588
Total other assets	<u>13,224,423</u>	<u>11,094,355</u>
<b>Total assets</b>	<u><u>\$ 41,816,397</u></u>	<u><u>\$ 30,592,663</u></u>

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

**Best Friends Animal Society**  
**Statement of Financial Position, Continued**  
**December 31, 2009**  
**(With Comparative Totals as of December 31, 2008)**

	<u>2009</u>	<u>2008</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 1,135,835	\$ 888,142
Accrued payroll	286,036	278,445
Other current liabilities	3,097	45,136
Current portion of long-term liabilities (Note 7)	411,486	271,366
Total current liabilities	<u>1,836,454</u>	<u>1,483,089</u>
Long-term liabilities (Note 7):		
Notes payable	287,984	-
Less current portion	(143,992)	-
Capital lease payable (Note 9)	118,707	189,037
Less current portion	(57,407)	(73,176)
Charitable gift annuities payable (Note 8)	1,823,253	1,806,618
Less current portion	(210,087)	(198,190)
Other liability - 5 Acres Agreement (Note 10)	219,366	-
Total long-term liabilities	<u>2,037,824</u>	<u>1,724,289</u>
Total liabilities	<u>3,874,278</u>	<u>3,207,378</u>
Net assets:		
Unrestricted:		
Unrestricted-designated (Note 11)	11,965,984	-
Unrestricted-undesignated	20,944,050	24,794,378
Total unrestricted	<u>32,910,034</u>	<u>24,794,378</u>
Temporarily restricted (Note 12)	4,265,867	2,523,521
Permanently restricted (Note 13)	766,218	67,386
Total net assets	<u>37,942,119</u>	<u>27,385,285</u>
<b>Total liabilities and net assets</b>	<u>\$ 41,816,397</u>	<u>\$ 30,592,663</u>

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

**Best Friends Animal Society**  
**Statement of Activities**  
**For the Year Ended December 31, 2009**  
**(With Comparative Totals for the Year Ended December 31, 2008)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Revenues, gains, and other support:					
Contributions	\$ 36,399,174	\$ 3,443,251	\$ 716,218	\$ 40,558,643	\$ 35,713,802
Program events	406,081	-	-	406,081	399,006
Special events	119,620	-	-	119,620	203,918
Donations-in-kind	2,824,819	-	-	2,824,819	1,741,296
Interest/dividend income (Note 4)	466,670	-	-	466,670	647,107
Guest cottage and rental income	512,505	-	-	512,505	482,584
Magazine advertising	380,464	-	-	380,464	537,020
Third-party reimbursements	-	-	-	-	72,874
Cafeteria/vending income	103,537	-	-	103,537	108,167
Store income (Note 15)	1,095,039	-	-	1,095,039	1,069,759
Gift shop income (Note 15)	732,952	-	-	732,952	624,451
Net investment return (Note 4)	714,022	-	-	714,022	-
Net assets released from restrictions:					
Satisfaction of program restrictions	260,862	(243,476)	(17,386)	-	-
Satisfaction of asset acquisition restrictions	1,534,099	(1,534,099)	-	-	-
Net satisfaction of annuity restrictions/ change in annuity cash reserves	(76,670)	76,670	-	-	-
<b>Total revenues, gains, and other support</b>	<u>45,473,174</u>	<u>1,742,346</u>	<u>698,832</u>	<u>47,914,352</u>	<u>41,599,984</u>
Expenses and losses:					
Program 1 - animal care activities	15,507,393	-	-	15,507,393	16,471,781
Program 2 - rapid response	332,655	-	-	332,655	1,000,092
Program 3 - campaigns and other national outreach	11,654,212	-	-	11,654,212	12,972,339
Management and general	2,507,426	-	-	2,507,426	2,168,773
Fund-raising	5,652,739	-	-	5,652,739	4,382,493
<b>Total expenses</b>	<u>35,654,425</u>	<u>-</u>	<u>-</u>	<u>35,654,425</u>	<u>36,995,478</u>
Other expenses and losses					
Net investment loss	-	-	-	-	3,217,964
Guest cottages expense	189,092	-	-	189,092	171,007
Store expenses (Note 15)	1,053,540	-	-	1,053,540	964,130
Gift shop expenses (Note 15)	455,766	-	-	455,766	494,340
Net loss on disposal of assets	4,695	-	-	4,695	6,746
<b>Total other expenses and losses</b>	<u>1,703,093</u>	<u>-</u>	<u>-</u>	<u>1,703,093</u>	<u>4,854,187</u>
<b>Total expenses and losses</b>	<u>37,357,518</u>	<u>-</u>	<u>-</u>	<u>37,357,518</u>	<u>41,849,665</u>
Change in net assets	8,115,656	1,742,346	698,832	10,556,834	(249,681)
Net assets at beginning of period	24,794,378	2,523,521	67,386	27,385,285	27,634,966
<b>Net assets at end of period</b>	<u>\$ 32,910,034</u>	<u>\$ 4,265,867</u>	<u>\$ 766,218</u>	<u>\$ 37,942,119</u>	<u>\$ 27,385,285</u>

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

**Best Friends Animal Society**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2009**  
**(With Comparative Totals for the Year Ended December 31, 2008)**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Cash received from contributors	\$ 39,812,115	\$ 36,112,808
Cash received from special events	119,620	203,918
Cash received from advertising	346,024	511,487
Cash received from cottage and rental income, net	323,413	311,577
Cash received from third party reimbursements	-	72,874
Cash received from cafeteria income	103,537	108,167
Cash received from product sales, net	305,388	126,664
Cash received from interest income	143,651	174,376
Cash paid to suppliers	(12,616,879)	(13,373,359)
Cash paid to employees	(20,624,565)	(21,257,195)
	<u>7,912,304</u>	<u>2,991,317</u>
Net cash flows from operating activities		
<b>Cash flows from investing activities:</b>		
Proceeds from investments (Note 1)	5,314,339	-
Purchases of investments (Note 1)	(4,911,845)	-
Net change in investments (proceeds and purchases) (Note 1)	-	(2,611,446)
Change in restricted cash	(944,140)	(1,425,180)
Acquisition of capital assets	(693,544)	(849,508)
Payments for construction in progress	(1,394,920)	(201,396)
Proceeds from sale of capital assets	2,500	5,500
	<u>(2,627,610)</u>	<u>(5,082,030)</u>
Net cash flows from investing activities		
<b>Cash flows from financing activities:</b>		
Payments for charitable annuity obligations	(233,832)	(178,990)
Repayment of other long-term liabilities	(235,922)	(53,456)
Additions to charitable annuity obligations	250,467	960,181
Proceeds from other long-term liabilities	453,576	242,493
	<u>234,289</u>	<u>970,228</u>
Net cash flows from financing activities		
<b>Net change in cash and cash equivalents</b>	<b>5,518,983</b>	<b>(1,120,485)</b>
Cash and cash equivalents, beginning of year	<u>3,183,674</u>	<u>4,304,159</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 8,702,657</u></b>	<b><u>\$ 3,183,674</u></b>

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

**Best Friends Animal Society**  
**Statement of Cash Flows, Continued**  
**For the Year Ended December 31, 2009**  
**(With Comparative Totals for the Year Ended December 31, 2008)**

	2009	2008
<b>Reconciliation of change in net assets to net cash flows from operating activities:</b>		
Change in net assets	\$ 10,556,834	\$ (249,681)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation/amortization	1,108,433	1,075,572
Net loss on disposal of assets	4,695	6,746
Net realized loss on sale of investments	1,635,471	396,737
Net unrealized (gain)/loss on investments	(2,349,493)	2,821,227
Donations-in-kind revenue - partnership interest	(1,000,000)	-
Other non-cash items included in change in net assets	(707,619)	(771,004)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(37,357)	(28,590)
(Increase)/decrease in employee advances	(53)	24,889
(Increase)/decrease in prepaid expenses	(295,480)	52,726
(Increase)/decrease in inventories	(13,297)	(204,420)
(Increase)/decrease in other current assets	(50,466)	-
(Increase)/decrease in promises to give	(1,152,609)	-
Increase/(decrease) in accounts payable	247,693	24,041
Increase/(decrease) in accrued liabilities	(34,448)	(156,926)
Net cash flows from operating activities	\$ 7,912,304	\$ 2,991,317
 <b>Supplemental schedule of non-cash investing and financing transactions:</b>		
Disposal of capital assets in non-cash transactions, net of accumulated depreciation	\$ 48,990	\$ 5,270
Donations of capital assets received	113,286	393,617
Donations of marketable securities received	271,314	-
Reinvested interest and dividends	323,019	472,731
Donation of interest in closely-held partnership received	1,000,000	-
 <b>Supplemental schedule of payments for interest and taxes:</b>		
During the year the Society paid interest in the amount of:	\$ 22,367	\$ 38,076
During the year the Society paid income taxes in the amount of:	-	52,196

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

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 1. Organization Activities and Significant Accounting Policies**

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**Nature of Activities**

Best Friends Animal Society is a nonprofit, membership organization with headquarters in Kanab, Utah, and is the country's largest no-kill sanctuary. From its headquarters it is building national no-kill programs and partnerships that will bring about a day when there are No More Homeless Pets. The society's leading initiatives in animal care and community programs are made possible by the personal and financial support of a grassroots network of members and community partners across the nation. In 2009, Best Friends celebrated its 25th anniversary.

**Description of Programs**

**ANIMAL CARE ACTIVITIES (Expenses \$15,507,393)**

Even people who have just heard of Best Friends Animal Society remember us for one thing: outstanding care for abused and abandoned animals. We also work hard to find the perfect match between our animals and families who want to adopt them. Our primary goal is finding a *forever* home.

Highlights from 2009 include:

- 1,029 special needs animals admitted to the sanctuary
- 724 animals found homes – including 5 dogs rescued from Michael Vick's illegal dog fighting operation
- Best Friends commits to lifelong care for any animal at the sanctuary that does not succeed in finding a forever home. When one of these animals crosses over the Rainbow Bridge we bury it with all care and ceremony in our Angel's Rest cemetery.
- Nearly 200 injured wild animals were cared for in our Wild Friends Department and 130 were released back to their natural habitats after full recovery
- 3 major new facilities were built to provide a wider variety of enrichment for the resident animals: a new dog park, a cover-all for special orthopedic patients in Horse Haven, and a new outdoor flight aviary for the Amazon parrots and Macaws
- The Community Training Partners program is networking dog trainers around the country based on our positive relationship-based training techniques to help individuals with problem dogs.
- Search and Service is a new program identifying shelter dogs with the right personality traits and energy levels to be successful search and rescue dogs. 4 dogs graduated from the program during its first year and were adopted by professional search and rescue handlers.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 1. Organization Activities and Significant Accounting Policies, Continued**

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The Best Friends Clinic also had another busy year:

Spay/Neuter Procedures	2,287 (includes 934 public services)
Dentals	413 (7 public services)
Misc. Surgeries	512 (104 public services)
After-hours Emergencies	354 (45 public services)

**RAPID RESPONSE (Expenses \$332,655)**

In 2009, the Best Friends Rapid Response team was involved in several relief efforts, including:

- transporting 334 rabbits from Reno, Nevada to the Best Friends Animal Sanctuary
- rounding up and transporting 200 dogs in serious danger after the owner of their puppy mill in Missouri intentionally set fire to his house in protest of being shut down
- providing temporary care for more than 400 pit bull terriers rescued from a Missouri fighting ring
- supporting evacuation efforts of around 100 animals from fires near Kanarraville, Utah
- helping a coalition partner in relief efforts in the Philippines, where our collaborative team was on site for two weeks reaching out to more than 2,000 animals after the country's massive flooding

**CAMPAIGNS AND OTHER NATIONAL OUTREACH (Expenses \$11,654,212)**

While the sanctuary demonstrates our commitment to animals, our outreach programs, magazine and extensive web network demonstrate our commitment to the people who are helping us bring about a time of No More Homeless Pets all around the nation. The bulk of these activities fall under one of our four national campaigns:

*Puppies Aren't Products*

- Cross-country Pup My Ride transports took 617 unwanted puppy mill dogs to shelters and rescue groups in the Northeast.
- Pup My Ride saved 1,904 small dogs from overcrowded Los Angeles shelters by transporting them to Utah and Oregon where shelters had waiting lists for small dog adoptions.
- Best Friends launched additional Puppies Aren't Products local programs in Las Vegas and New York City, starting peaceful educational demonstrations.
- Launched state legislative efforts to crack down on puppy mills in Georgia and West Virginia, and continued to assist Los Angeles County with legislation to eradicate puppy mills.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 1. Organization Activities and Significant Accounting Policies, Continued**

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*Focus on Felines*

- Continued providing grants to several programs around the country, including FixNation in Los Angeles, Feral Freedom in Jacksonville, FL, and No More Homeless Pets Utah in Salt Lake City
- Launched Focus On Feline activities in Las Vegas, Nevada, with 2 workshops for volunteers
- Four Directions Community Cat Program provided 80,000 tons of dry cat food to communities lacking the resources to humanely care for community cats; altered 953 cats at the Best Friends Clinic; and organized altering surgeries for another 450 cats with local vets

*Saving America's Dog – the Pit Bull*

- A new fiscal calculator shows communities just how expensive Breed Discrimination Laws are. As a result 27,000 dogs in communities considering BDL were able to stay with their families.
- Best Friends experts helped get three major pieces of legislation passed in Illinois: preventing convicted dog fighters from owning unsterilized dogs, requiring sterilizing of all animals adopted from shelters, and mandating cross-reporting of animal and child abuse cases.
- Hosted the first Pit Bull Summit for major animal welfare organizations in Las Vegas, which resulted in an agreement to assess all victims of dog fighting as individuals rather than mass euthanizing.

*First Home Forever Home*

- Relayed 197,000 pounds of pet food to food banks in five cities

Best Friends also hosted the No More Homeless Pets Conference in Las Vegas, where 700 attendees benefited from 40 exhibitors and 49 speakers from 27 different organizations.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 1. Organization Activities and Significant Accounting Policies, Continued**

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**General**

The accompanying financial statements of Best Friends Animal Society (Best Friends) have been prepared on the accrual basis of accounting.

Best Friends is an exempt organization for federal and state income tax purposes under Section 501(c)(3) of the Internal Revenue Code. The IRS has indicated that Best Friends is not a private foundation. During 2009 Best Friends conducted activities that are subject to unrelated business income tax. See Note 15 for additional information.

**Contributions**

Contributions, Best Friends main source of revenues, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. As restrictions are met, these revenues become unrestricted and are then allowed to be expended. Contributions are recorded when received unless susceptible to accrual.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Best Friends uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. See Note 6.

**Contributed Services**

Best Friends does not normally recognize in the financial statements any support, revenue or expense, from services contributed by volunteers. When in-kind support, revenue or expense is recorded, it is determined based on the amount an individual would have been paid if they had performed the services on a paid basis.

**Magazine Ad Sales and Accounts Receivable**

Sales of advertisements in the Best Friends Magazine are recorded at the amounts per invoice. Best Friends analyzed the accounts receivable at the end of the year and wrote off any accounts that it felt were uncollectible. Management did not consider an additional allowance for doubtful accounts necessary or material.

**Cash and Cash Equivalents**

Best Friends' cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of the statement of cash flows. See Note 3.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 1. Organization Activities and Significant Accounting Policies, Continued**

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**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. See Note 4.

**Fund-raising**

Best Friends conducts a comprehensive fundraising plan each year. New donor acquisition gains new supporters for the organization. As these efforts sometimes do not yield net revenue, new donor acquisition costs are expensed when incurred with the knowledge that Best Friends gains these members in order to build valued contributors for years to come. Best Friends keeps donors engaged and giving to the organization through direct mail and email appeals, web news and networking (which can include donation opportunities), and planned giving (primarily wills and bequests). Best Friends also accepts gifts of cash and in-kind donations from corporations and foundations. Additionally, Best Friends provides regular education and stewardship efforts for all donors to the organization, no matter the gift amount.

**Employees**

Best Friends employed approximately 450 full-time and part-time employees at the end of 2009. Salaries and wages are allocated to the various programs, to management and general, and to fund-raising, based on a monthly analysis of the salaries and wages paid to employees in each department. Salaries and wages, employee benefits and other payroll costs allocated during 2009 totaled \$20,967,798.

**Inventories**

Inventories are stated at cost based on first-in, first out.

**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.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 1.            Organization Activities and Significant Accounting Policies, Continued**

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**Prior-Year Summarized Comparative Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

For 2008 both the proceeds from investments and purchases of investments are contained only in the net change in investments for that year, without distinction. For purposes of comparison between 2008 and 2009, the 2009 proceeds and purchases net to \$402,494 as compared to 2008's (\$2,611,446).

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**Note 2.            Allocation of Joint Costs**

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In 2009 the organization conducted an activity that fell under the rules of SOP 98-2, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities That Include Fund Raising*. This activity is the Los Angeles Lint Roller special event, which included a fund-raising aspect, e.g. requests for contributions, as well as program components, which specifically benefited animals. The costs of conducting this activity included a total of \$182,514 of joint costs, which are not specifically attributable to particular components of the activity (joint costs). These joint costs were allocated as follows:

Fund-raising	\$ 91,257
Program 3 - campaigns and national outreach	<u>91,257</u>
Total	<u><u>\$ 182,514</u></u>

The Los Angeles Lint Roller event is an event used to call prior donors to action regarding the goals and purposes of Best Friends. Those invited are mostly prior donors and a similar program activity does not exist. Attendees receive goods as part of the event. Consequently, the costs are allocated between fund-raising and the campaigns and other national outreach program.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 3. Cash and Cash Equivalents**

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Best Friends' cash and cash equivalents at December 31, 2009 consist of the following:

Cash on hand	\$ 22,173
Cash with financial institutions	<u>11,368,656</u>
Total	<u><u>\$ 11,390,829</u></u>

Of Best Friends' bank balance on December 31, 2009, \$9,286,428 was at risk because it was not covered by FDIC/SIPC. Best Friends' cash balance is unusually high around year end due to large volumes of year-end contributions.

Following is a summary of unrestricted and restricted cash as presented on the statement of financial position:

Restricted/unrestricted classification:

Cash and cash equivalents (unrestricted)	<u>\$ 8,702,657</u>
Cash-restricted:	
Permanently	766,218
Temporarily	<u>1,921,954</u>
Total restricted funds	<u>2,688,172</u>
Total cash and cash equivalents	<u><u>\$ 11,390,829</u></u>

Cash restrictions relate to the unspent portion of donor-restricted contributions and the interest portion of potential future charitable annuity payments, as required by the various states in which the contracts originated. See related disclosures in the temporarily restricted net assets and permanently restricted net assets notes.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 4. Investments**

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At December 31, 2009, short-term investments consist of debt and equity securities and long-term investments consist of annuities and an interest in a closely-held partnership as shown below:

Securities (debt and equity)	\$ 6,704,075
Annuities	5,574,131
Interest in closely-held partnership*	<u>1,000,000</u>
Total investments	<u>\$ 13,278,206</u>

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (SFAS No. 157), establishes a framework for measuring fair values of assets. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Brief descriptions of the three levels of the fair value hierarchy under FASB Statement No. 157 are as follows:

**Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

**Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data (market-corroborated inputs).

**Level 3** inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

As of December 31, 2009, the fair value inputs of Best Friends' securities and annuities are deemed to be level 1. However, given the uncertainty surrounding Best Friends' annuity investment with National Annuity Company (NAC), this particular annuity investment is deemed to be level 3. In 2009, there were no realized or unrealized gains associated with this NAC annuity investment; however, Best Friends did receive a partial distribution in 2009 of \$467,453 on the beginning of the year balance of \$934,905 resulting in a balance of \$467,452 at year end. See Note 19 for further details.

\*In 2009 Best Friends received a donation of an interest (non-controlling) in a closely-held partnership. The contribution, and corresponding asset as shown above, has been recorded at its estimated fair value (deemed to be level 3 in regards to SFAS No. 157) on the date of the donation (December 31, 2009) as provided by the donor. For 2009, there was no gain or loss associated with the partnership interest.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 4. Investments, Continued**

Of the investments, \$3,014,557 is restricted by various states to satisfy commitments to charitable gift annuitants. Consequently, investments are presented on the statement of financial position as follows:

Unrestricted	
Short-term investments	\$ 3,689,518
Long-term investments	6,574,131
Restricted investments (long-term)	<u>3,014,557</u>
Total investments	<u><u>\$13,278,206</u></u>

Investment income is summarized as follows:

	Investments	Banks	Total
Net realized loss on sale of investments	\$ (1,635,471)	\$ -	\$(1,635,471)
Net unrealized gain on investments	<u>2,349,493</u>	<u>-</u>	<u>2,349,493</u>
Net investment return	714,022	-	714,022 **
Interest/dividend income	<u>423,250 *</u>	43,420	466,670 **
Total net investment income	<u><u>\$ 1,137,272</u></u>		

\*Includes interest/dividends relating to annuities and securities.

\*\*These figures are shown on the statement of activities.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 5. Property and Equipment**

Capital assets are defined by Best Friends as assets with an individual cost of more than \$2,500. Such assets are recorded at historical cost if purchased or an estimated historical cost if constructed. Donated assets are recorded at their estimated fair market values at the date of donation. Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong life are charged to expense as incurred. Major renewals and betterments are capitalized. Gains and losses on dispositions of property and equipment are included in revenue in the year of disposition.

Depreciation of property and equipment is calculated on the straight-line method over the following estimated useful lives:

Buildings	15-40 years
Autos and trucks	5 years
Furniture, fixtures and equipment	3-22 years
Property improvements	4-20 years

Changes in property and equipment for 2009 are as follows:

	Balance 12/31/2008	Additions	Deletions	Balance 12/31/2009
Construction in progress	\$ 24,116	\$ 1,394,920	\$ 18,342	\$ 1,400,694
Furniture, fixtures and equipment	2,777,885	542,785	160,717	3,159,953
Autos and trucks	1,327,053	90,000	7,200	1,409,853
Buildings and improvements	12,103,259	184,182	1,167	12,286,274
Land	4,528,117	50,000	-	4,578,117
Total	20,760,430	2,261,887	187,426	22,834,891
Less: accumulated depreciation	7,031,836	1,108,433	120,094	8,020,175
Property and equipment - net book value	\$ 13,728,594	\$ 1,153,454	\$ 67,332	\$ 14,814,716

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 6. Promises to Give**

Best Friends expects to collect its unconditional promises to give over the following years:

<u>December 31,</u>	
2010	\$ 460,000
2011	210,000
2012	210,000
2013	210,000
2014	<u>200,000</u>
Total promises to give	1,290,000
Less discounted portion	<u>(137,391)</u>
Promises to give, discounted	<u>\$ 1,152,609</u>
Current portion of promises to give	\$ 460,000
Promises to give, net of current portion	<u>692,609</u>
Total	<u>\$ 1,152,609</u>

Material unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3%. Management deems all promises to be collectible; consequently, no allowance for uncollectible promises is made as of December 31, 2009.

See Note 16 regarding promises to give involving related parties.

As of December 31, 2009, Best Friends had a conditional promise to give of \$250,000, which is not recognized in the financial statements. The promise is contingent upon a successful first-year of puppy preschool operations, which is expected to begin in early 2010.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 7. Long-term Liabilities**

Best Friends' long-term liabilities consist of the following at December 31, 2009:

Notes payable:

Interest-free note payable to Blackbaud Inc., due in annual installments of \$143,992, maturing in 2011.	\$ 287,984
Total notes payable	287,984

Leases payable*	118,707
Charitable annuities payable*	1,823,253
Other liability - 5 Acres Agreement*	219,366
Total long-term liabilities	\$ 2,449,310

Current portion	\$ 411,486
Noncurrent portion	2,037,824
Total long-term liabilities	\$ 2,449,310

Estimated future maturities of combined long-term liabilities are as follows:

December 31,	
2010	\$ 411,486
2011	392,922
2012	203,512
2013	173,843
2014	160,826
Thereafter	1,106,721
Total	\$ 2,449,310

\*See Notes 8, 9 and 10, respectively, for additional disclosures on charitable gift annuities payable, capital leases and other liability – 5 Acres Agreement.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 8. Charitable Gift Annuities Payable**

Best Friends has entered into charitable gift annuity agreements wherein donors (the annuitants) conveyed to Best Friends assets in exchange for annual payments to the annuitants during their lifetimes. The liability is calculated at the date of donation by figuring the present value of the annual payments over the expected remaining life of the annuitants. Contributions revenue, which is the fair market value of the contribution less its corresponding liability, is included in the statement of activities in the year of contribution. Contributions recognized under charitable gift annuity agreements for 2009 totaled \$232,317.

The following table shows the aggregate annual maturities over the next five years and thereafter. The interest rates on current annuity payments range between 5.10% and 22.60%. Since the liability is estimated based upon the donor's life expectancy, the duration of the actual payments could differ from those estimated.

December 31,	Annuities Payable
2010	\$ 210,087
2011	206,582
2012	188,783
2013	169,620
2014	160,826
Thereafter	887,355
Total annuities payable:	\$ 1,823,253

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 9. Capital Leases**

Best Friends has entered into several lease agreements relating to various equipment, which are considered capital leases in accordance with Financial Accounting Standard Board statement number 13. The following is an annual schedule of future minimum lease payments with interest rates ranging from 3.03% to 9.44%, together with the present value of the net minimum lease payments.

<u>December 31,</u>	
2010	\$ 63,049
2011	45,164
2012	15,709
2013	<u>4,320</u>
Total remaining lease payments*	128,241
Less amount representing interest	<u>(9,534)</u>
Present value of net remaining minimum lease payments	<u><u>\$ 118,707</u></u>

\*Several of the lease agreements also include a maintenance portion in the lease payments. The maintenance portion has been excluded from these payments and is expensed as paid.

Assets acquired through capital leases are included in the financial statements as follows:

	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Furniture, fixtures and equipment	\$ 234,939	\$ 36,222	\$ 66,977

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 10. Other Liability – 5 Acres Agreement**

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For a number of years, the board of directors of Best Friends has allowed certain founders to each occupy 5 acres of land owned by Best Friends for the purpose of constructing a private residence under the terms of the 5 Acres Agreement. The qualifying founders are those who served long and faithfully in the mission of Best Friends for relatively little material reward. The qualifying founders are responsible for the payment of land rent, and for all costs of construction and maintenance of the residences.

Qualifying founders have the use of the land but have no ownership interest—rather they are licensees of the property. Best Friends retains ownership of the land and also control of who uses it for residential purposes. As outlined in the buy-back provision of the agreement, when a 5-acre parcel becomes vacant due to death or termination of employment with Best Friends, Best Friends will purchase the residence at the fair market value of the residence structure (without allocation of value for land or land use) as determined by a licensed appraiser retained by Best Friends. Best Friends will assume and pay any financing related to the structure to the extent the amount outstanding is less than the fair market value. If there is no such financing, the fair market value shall be paid in full within one year to the estate of a deceased occupant or to the occupant if the occupant's employment terminates.

During 2009, nine qualifying founders occupied their 5 acre parcels and residences. In 2009, one qualifying founder died and Best Friends purchased the applicable residence. As of December 31, 2009, Best Friends has contractual obligations relating to the buy-back provisions of the agreement. Management has estimated the liability, as shown in the statement of financial position, based on factors such as: county market values, annual property appreciation, life expectancy and a present value discount rate of 7%. Furthermore, given the unique circumstances, it is probable that a significant portion of the qualifying founders will bequeath their residences to Best Friends upon death. Under such circumstances, Best Friends would not be required to purchase the residence. No liability is included in the financial statements relating to the qualifying founders who intended, as of December 31, 2009, to bequeath their residence to Best Friends upon death. Qualifying founders can change their bequeath intentions at any time. A corresponding other asset, as shown in the statement of financial position, is recognized in connection with the liability.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 11. Unrestricted – Board Designated Net Assets**

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Unrestricted – board designated net assets are comprised of the portion of assets that the board of directors of Best Friends have voluntarily designated for specific purposes as shown below:

Emergency reserve fund	\$ 10,965,984
Clinic building fund	<u>1,000,000</u>
Total unrestricted-designated net assets	<u><u>\$ 11,965,984</u></u>

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**Note 12. Temporarily Restricted Net Assets**

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Temporarily restricted net assets are comprised of the unspent portion of various restricted donations and the interest portion of potential future charitable annuity payments, as required by the various states in which the contracts originated, as shown below:

Lifetime care of animals	\$ 730,174
Outreach programs	220,710
New buildings/equipment	1,923,850
Charitable annuity reserves	<u>1,391,133</u>
Total temporarily restricted nets assets	<u><u>\$ 4,265,867</u></u>

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**Note 13. Permanently Restricted Net Assets**

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Permanently restricted net assets are comprised of the following contributions:

Endowment fund for Humane Education	\$ 50,000
Endowment fund for Sherman Legacy Corpus	<u>716,218</u>
Total permanently restricted nets assets	<u><u>\$ 766,218</u></u>

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 14. Endowments**

Best Friends' endowment consists of two donor-restricted funds to function as endowments. Currently, the endowment does not include funds designated by the board of directors. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of directors of Best Friends has interpreted the Uniform Management of Institutional Funds Act (UPMIFA) of the State of Utah as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Best Friends classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Best Friends considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment funds
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

**Endowment Net Asset Composition by Type of Fund as of December 31, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ (637)	\$ -	\$ 766,218	\$ 765,581
Total funds	\$ (637)	\$ -	\$ 766,218	\$ 765,581

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 14. Endowments, Continued**

**Changes in Endowment Net Assets for the Year Ended December 31, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ 67,386	\$ 67,386
Investment return:				
Investment income	1,353	-	-	1,353
Net appreciation (realized and unrealized)	234	-	-	234
Total investment return	1,587	-	-	1,587
Contributions	-	-	716,218	716,218
Appropriation of endowment assets for expenditure	(2,224)	-	-	(2,224)
Other changes:				
Adjust for items incorrectly reported as endowment net assets in prior year	-	-	(17,386)	(17,386)
Endowment net assets, end of year	\$ (637)	\$ -	\$ 766,218	\$ 765,581

**Description of Amounts Classified as Permanently Restricted Net Assets and  
Temporarily Restricted Net Assets (Endowment Only)**

	2009
Permanently Restricted Net Assets	
(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA.	\$ 766,218

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Best Friends to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$637 as of December 31, 2009. These deficiencies resulted from the timing of the receipt of one of the donor-restricted endowment funds and related investment fees.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 14. Endowments, Continued**

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**Return Objectives and Risk Parameters**

Since the majority of the Best Friends endowment consists of an endowment received near the end of 2009, Best Friends has not adopted formal investment and spending policies specifically for endowment assets. Best Friends plans to adopt such policies in the near future. Endowment assets include those assets of donor-restricted funds that Best Friends must hold in perpetuity. Under Best Friends general investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce reasonable results while assuming a moderate level of investment risk.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, Best Friends relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Best Friends targets for a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

As previously mentioned, Best Friends does not have a formal policy of appropriating endowment distributions. Best Friends plans to adopt such a policy in the near future that will be consistent with Best Friends' objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through investment return.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 15. Store and Gift Shop Activities**

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**Best Friends Store**

On December 31, 2004, Best Friends Animal Society purchased the assets of Best Friends Pet Club for \$200,000 and placed them in a single member LLC known as Best Friends Store, LLC, owned by Best Friends Animal Society. Goodwill of \$35,588 generated by the purchase is included on the statement of financial position. The purchase method of accounting was used to record the acquisition. Near the end of 2009, the LLC was dissolved. All 2009 activity of the store is included in the financial statements. The revenues and expenses of the store are reported on the statement of activities as individual line items (Store income and expenses). The detail of the revenues and expenses is shown below. The store sells books that tell the history and purpose of Best Friends, as well as vitamins and a variety of pet-related toys, apparel, cards, and other items. A portion of the net income from the store is considered unrelated business income for tax purposes and it is subject to unrelated business income tax. Best Friends paid \$0 in estimated federal income taxes related to store activities for 2009.

Revenues	<u>\$ 1,095,039</u>
Cost of goods sold	<u>503,890</u>
Expenses	
Credit card fees	30,615
Printing and copying	49,219
Postage, shipping and packaging	196,578
Rent	21,472
Telephone	37,549
Personnel expenses	167,088
Other expenses	<u>47,129</u>
Total expenses	<u>549,650</u>
Total store expenses (including COGS)	<u>1,053,540</u>
Net income	<u><u>\$ 41,499</u></u>

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 15. Store and Gift Shop Activities, Continued**

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**Best Friends Gift Shop**

Best Friends also operates a gift shop at its headquarters and sanctuary in Kanab, Utah. The current year activity of the gift shop is included in the accompanying financial statements. The revenues and expenses are shown on the statement of activities as individual line items (Gift shop income and expenses). The main components of the current year activity for the gift shop are shown below. A portion of the net income from the shop is considered unrelated business income for tax purposes and it is subject to unrelated business income tax. Best Friends paid \$0 in estimated federal income taxes related to gift shop activities for 2009.

Revenues	<u>\$ 732,952</u>
Cost of goods sold	309,537
Other expenses/losses	<u>146,229</u>
Total gift shop expenses (including COGS)	<u>455,766</u>
Net income	<u><u>\$ 277,186</u></u>

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**Note 16. Related Parties**

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The Utah Coalition for Animals (The Coalition), known as “No More Homeless Pets in Utah,” is an exempt organization for federal income tax purposes under 501(c)(3) of the Internal Revenue Code. The Coalition is considered a related party because two of the five members of the board of directors of The Coalition are also members of Best Friends’ board of directors. During 2009 Best Friends contributed \$150,000 towards The Coalition’s operations.

In 2009 a member of the board of directors of Best Friends made a \$1,000,000 pledge to Best Friends that has been recognized in the financial statements. The promise to give is due in equal installments of \$200,000 from 2010 to 2014. At December 31, 2009, \$1,000,000 (\$862,609 net of the unamortized discount portion) was outstanding and is included in the promise to give balance in the statement of financial position. See Note 6 for further details on promises to give. This same board member also contributed and paid an additional \$200,000 in 2009.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 17. Retirement Plan**

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Best Friends maintains a 401(k) plan. The plan contains provisions for 100% employer matching contributions limited to \$7,000 per annum or 6% of qualified compensation, whichever is smaller. For founder employees, the plan matches 100% of contributions limited to \$7,000 per annum or 25% of qualified compensation, whichever is smaller. The plan covers employees of Best Friends having reached the age of 21 and having worked for at least two years full-time employment during which the employee was compensated for at least 1,000 hours, as measured from the employee's hiring anniversary date. Contributions are made based on regular payroll compensation for each eligible employee. For the year ended December 31, 2009 employer contributions were \$463,437.

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**Note 18. Guest Cottages and Cabins**

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Best Friends began operating four duplex guest cottages during 2002 and added four small cabins in September of 2005. These cottages and cabins are available to Best Friends visitors and volunteers for short-term rentals. The profit from this activity qualifies as passive investment income; therefore, it is not subject to unrelated business income tax (UBIT).

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**Note 19. Commitments and Contingencies**

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**Contingency – National Annuity Company Investments**

Included in investments at December 31, 2009 are two policies with the National Annuity Company (NAC) totaling \$467,452. In 2007 NAC was placed into liquidation proceedings. The Utah Life and Health Insurance Guaranty Association (ULHIGA), pursuant to Utah law, assumed the NAC policy obligations for NAC annuity owners up to \$200,000 of the present value of annuities per annuitant. The balance of the annuity not covered by ULHIGA was established as a claim in the NAC liquidation proceeding. In 2008 \$223,346 (the annuity amount covered by ULHIGA) was transferred from NAC to American Underwriters Life Insurance Company for reinsurance, which left a remaining balance of \$934,905 as the claim amount in the NAC liquidation proceedings at December 31, 2008.

In 2009 Best Friends received \$467,453 in liquidation proceeding distributions. The remaining balance with NAC of \$467,452 at December 31, 2009 is the remaining claim amount in the NAC liquidation proceedings. The claim in the NAC liquidation proceedings remains a claim against the NAC estate. The receiver intends to return 100 percent of the remaining balance, if possible.

**Best Friends Animal Society**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 19. Commitments and Contingencies, Continued**

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**Contingency – Pending Litigation**

Best Friends is involved with a pending lawsuit. The outcome and any potential loss are uncertain; however, it is the opinion of management that such matters of litigation will not have a material effect on the financial statements.

**Founders Retirement Program**

In 2005, Best Friends established a Founders Retirement Program (the Program). This program is intended to reward the founders of Best Friends who sacrificed so much for the good of the animal community. Upon retirement, as set forth in the agreements of the Program, qualified founders may receive benefits from Best Friends in connection with consulting and separation agreements and health benefits. While Best Friends intends to provide such benefits, Best Friends does not guarantee any benefits for the participants. Consequently, no such liability has been recognized in the financial statements.

Founders may be eligible to enter into consulting agreements with Best Friends upon retirement depending on the needs of Best Friends. There is a maximum payment of \$15,000 per year for each founder and such payments are limited to six years after retirement.

Best Friends may provide annual deferred compensation for founders in the form of separation agreement payments. The intent is that payments will begin the year of retirement and may continue until the founder's death. Such annual payments are determined based on established criteria and may be adjusted annually for cost of living.

If a founder chooses to retire prior to age 67, Best Friends may provide health care plan coverage until the Founder is Medicare eligible. Additional health benefits, such as a Medicare supplement policy, may also be provided. It's intended that any such policies will be kept in force from retirement until the death of the founder.

The total Program benefits paid to qualifying founders in 2009 was \$81,589. As of December 31, 2009 there were 24 living founders, three of whom received Program benefits in 2009.

**SUPPLEMENTARY INFORMATION**

**Best Friends Animal Society  
Statement of Functional Expenses  
For the Year Ended December 31, 2009**

Expense Category	Program 1 Animal Care Activities	Program 2 Rapid Response	Program 3 Campaigns and Other National Outreach	Management & General	Fund- raising	Total
Advertising	\$ -	\$ -	\$ 74,293	\$ -	\$ 60,643	\$ 134,936
Airplane expense	170	-	21,499	30	210	21,909
Animal food	380,687	3,625	605	-	-	384,917
Animal other	169,974	12,348	88,195	48	44,526	315,091
Animal vet and medical supplies	586,240	3,458	33,847	-	2,879	626,424
Auto expense	153,896	4,917	19,090	1,392	419	179,714
Auto maintenance	96,835	93	1,150	1	55	98,134
Bank charges	523	-	-	312,443	134	313,100
Cafeteria and vending	103,995	-	5,959	-	453	110,407
Depreciation	806,648	72,005	145,223	38,164	4,226	1,066,266
Donations and gifts	9,605	55,250	760,521	-	38,861	864,237
Employee benefits	1,103,179	8,806	694,597	207,771	121,921	2,136,274
Events	10,021	-	355,912	3,016	116,704	485,653
Facilities maintenance	346,796	5,485	76,050	-	706	429,037
Fundraising fees	-	-	-	150	24,547	24,697
Gift annuity expense	-	-	-	100,983	10,532	111,515
Independent contractors	91,132	20,483	204,832	-	70,652	387,099
Insurance	62,963	-	-	-	767	63,730
Interest	10,459	-	1,755	10,150	3	22,367
Investment expenses	-	-	-	45,694	636	46,330
IT expense	159,977	710	177,339	17,475	28,356	383,857
Legal and professional fees	107,688	1,730	744,449	186,621	166,847	1,207,335
Miscellaneous	18,901	2,930	9,799	1,957	17,645	51,232
Payroll taxes	963,531	9,718	501,950	125,869	88,733	1,689,801
Postage and shipping	33,945	40	431,561	11,785	1,184,548	1,661,879
Printing, copying and publications	6,015	-	792,687	23,159	1,611,395	2,433,256
Promotional expenses	88,428	145	-	9,254	498,102	595,929
Recruiting and hiring	19,423	-	36,585	15,736	15,827	87,571
Rent expense	31,181	564	45,549	2,753	18,875	98,922
Salaries and wages	8,285,117	74,993	5,968,340	1,346,769	1,038,304	16,713,523
Supplies	1,234,104	2,028	96,431	17,868	303,934	1,654,365
Taxes and licenses	154,445	40	2,536	3,918	4,440	165,379
Telephone	47,911	2,025	85,314	16,590	29,359	181,199
Training	32,969	1,690	13,320	1,709	22,055	71,743
Travel	62,597	49,572	263,631	6,121	125,049	506,970
Utilities	328,038	-	1,193	-	396	329,627
<b>Total</b>	<b>\$ 15,507,393</b>	<b>\$ 332,655</b>	<b>\$ 11,654,212</b>	<b>\$ 2,507,426</b>	<b>\$ 5,652,739</b>	<b>\$ 35,654,425</b>