

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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Independent Auditors' Report

To the Board of Directors of
The Southampton Animal Shelter Foundation Inc.
Southampton, New York

Report on the Financial Statements

We have audited the accompanying financial statements of The Southampton Animal Shelter Foundation Inc. (a nonprofit organization) (the "Foundation"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Southampton Animal Shelter Foundation Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Nussbaum Yates Berg Klein & Wolpow, LLP

Melville, New York
March 27, 2018

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Assets:		
Cash and cash equivalents	\$ 2,719,734	\$ 1,875,508
Investments	837,686	-
Contribution receivable	-	255,000
Other receivable	54,678	-
Prepaid expenses	25,786	23,065
Property and equipment, net	233,337	273,019
Deposits	<u>29,600</u>	<u>29,600</u>
Total assets	<u>\$ 3,900,821</u>	<u>\$ 2,456,192</u>

LIABILITIES AND NET ASSETS

Liabilities, accrued expenses	<u>\$ 97,817</u>	<u>\$ 103,959</u>
Net assets:		
Unrestricted	3,266,998	2,348,733
Temporarily restricted	<u>536,006</u>	<u>3,500</u>
Total net assets	<u>3,803,004</u>	<u>2,352,233</u>
Total liabilities and net assets	<u>\$ 3,900,821</u>	<u>\$ 2,456,192</u>

See notes to financial statements.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 1,138,165	\$ 100,350	\$ 1,238,515
Bequests	1,017,145	499,397	1,516,542
Fundraising events	\$ 839,769		
Direct fundraising costs	<u>(254,047)</u>	-	585,722
Grants	30,000	10,000	40,000
Shelter services	167,715	-	167,715
Veterinary clinic	410,700	-	410,700
Community outreach	2,950	-	2,950
Thrift shop sales	129,021	-	129,021
Investment income	69,139	-	69,139
Other	5,746	-	5,746
Net assets released from restrictions	<u>77,241</u>	<u>(77,241)</u>	<u>-</u>
 Total revenues and other support	 <u>3,633,544</u>	 <u>532,506</u>	 <u>4,166,050</u>
Expenses:			
Program services:			
Shelter services	1,470,282	-	1,470,282
Veterinary clinic	604,689	-	604,689
Community outreach	<u>162,865</u>	<u>-</u>	<u>162,865</u>
 Total program services	 <u>2,237,836</u>	 <u>-</u>	 <u>2,237,836</u>
Supporting services:			
Management and general services	283,187	-	283,187
Fundraising activities	58,573	-	58,573
Thrift shop	<u>135,683</u>	<u>-</u>	<u>135,683</u>
 Total supporting services	 <u>477,443</u>	 <u>-</u>	 <u>477,443</u>
 Total expenses	 <u>2,715,279</u>	 <u>-</u>	 <u>2,715,279</u>
 Increase in net assets	 918,265	 532,506	 1,450,771
Net assets, beginning of year	<u>2,348,733</u>	<u>3,500</u>	<u>2,352,233</u>
Net assets, end of year	<u>\$ 3,266,998</u>	<u>\$ 536,006</u>	<u>\$ 3,803,004</u>

See notes to financial statements.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 1,882,747	\$ -	\$ 1,882,747
Bequests	682,442	-	682,442
Fundraising events	\$ 707,641		
Direct fundraising costs	<u>(162,238)</u>	-	545,403
Grants	21,500	3,500	25,000
Shelter services	127,718	-	127,718
Veterinary clinic	354,731	-	354,731
Community outreach	600	-	600
Thrift shop sales	135,907	-	135,907
Investment income	1,746	-	1,746
Other	<u>5,556</u>	-	<u>5,556</u>
 Total revenues and other support	 <u>3,758,350</u>	 <u>3,500</u>	 <u>3,761,850</u>
Expenses:			
Program services:			
Shelter services	1,177,984	-	1,177,984
Veterinary clinic	534,076	-	534,076
Community outreach	<u>154,835</u>	-	<u>154,835</u>
 Total program services	 <u>1,866,895</u>	 <u>-</u>	 <u>1,866,895</u>
Supporting services:			
Management and general services	271,013	-	271,013
Fundraising activities	69,098	-	69,098
Thrift shop	<u>139,723</u>	-	<u>139,723</u>
 Total supporting services	 <u>479,834</u>	 <u>-</u>	 <u>479,834</u>
 Total expenses	 <u>2,346,729</u>	 <u>-</u>	 <u>2,346,729</u>
 Increase in net assets	 1,411,621	 3,500	 1,415,121
Net assets, beginning of year	<u>937,112</u>	<u>-</u>	<u>937,112</u>
Net assets, end of year	<u>\$ 2,348,733</u>	<u>\$ 3,500</u>	<u>\$ 2,352,233</u>

See notes to financial statements.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services				Supporting Services				Total Expenses
	Shelter Services	Veterinary Clinic	Community Outreach	Total Program Services	Management and General Services	Fundraising Activities	Thrift Shop	Total Supporting Services	
Salaries	\$ 934,390	\$ 299,854	\$ 101,107	\$ 1,335,351	\$ 117,401	\$ 22,635	\$ 69,857	\$ 209,893	\$ 1,545,244
Payroll taxes	82,204	25,701	8,645	116,550	9,327	1,733	6,401	17,461	134,011
Employee benefits	81,058	21,426	10,173	112,657	11,171	2,189	-	13,360	126,017
Total salaries and related expenses	1,097,652	346,981	119,925	1,564,558	137,899	26,557	76,258	240,714	1,805,272
Pet supplies and medicine	85,816	120,757	-	206,573	-	-	-	-	206,573
Insurance	62,914	17,943	8,281	89,138	16,971	1,128	3,030	21,129	110,267
Occupancy, utilities and storage	47,675	9,951	7,251	64,877	1,216	295	43,506	45,017	109,894
Outside services	48,891	20,305	12,018	81,214	12,078	12,535	1,723	26,336	107,550
Depreciation and amortization	44,458	36,664	1,690	82,812	3,667	800	-	4,467	87,279
Professional fees	-	-	-	-	74,000	-	-	74,000	74,000
Office and miscellaneous	30,704	12,486	4,133	47,323	12,308	7,848	4,388	24,544	71,867
Cleaning and maintenance	33,929	4,280	2,901	41,110	591	135	3,158	3,884	44,994
Advertising	10,754	2,324	4,147	17,225	10,424	628	2,527	13,579	30,804
Postage and printing	4,291	1,073	2,144	7,508	12,564	8,329	759	21,652	29,160
Veterinary and hospital costs	-	24,521	-	24,521	-	-	-	-	24,521
Other	3,198	7,404	375	10,977	1,469	318	334	2,121	13,098
Total expenses	\$ 1,470,282	\$ 604,689	\$ 162,865	\$ 2,237,836	\$ 283,187	\$ 58,573	\$ 135,683	\$ 477,443	\$ 2,715,279

See notes to financial statements.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services				Supporting Services				Total Expenses
	Shelter Services	Veterinary Clinic	Community Outreach	Total Program Services	Management and General Services	Fundraising Activities	Thrift Shop	Total Supporting Services	
Salaries	\$ 723,872	\$ 277,336	\$ 102,547	\$ 1,103,755	\$ 129,027	\$ 35,993	\$ 71,870	\$ 236,890	\$ 1,340,645
Payroll taxes	64,844	24,844	9,186	98,874	11,558	3,224	7,161	21,943	120,817
Employee benefits	69,824	14,574	9,765	94,163	1,410	492	3,405	5,307	99,470
Total salaries and related expenses	<u>858,540</u>	<u>316,754</u>	<u>121,498</u>	<u>1,296,792</u>	<u>141,995</u>	<u>39,709</u>	<u>82,436</u>	<u>264,140</u>	<u>1,560,932</u>
Pet supplies and medicine	78,957	95,869	1,596	176,422	-	-	-	-	176,422
Occupancy, utilities and storage	43,629	8,982	6,545	59,156	1,098	266	42,274	43,638	102,794
Insurance	53,253	17,911	8,230	79,394	15,300	1,775	3,278	20,353	99,747
Office and miscellaneous expenses	37,921	15,146	4,139	57,206	14,998	4,212	8,390	27,600	84,806
Professional fees	-	-	-	-	82,069	-	-	82,069	82,069
Cleaning and maintenance	40,764	8,649	5,681	55,094	1,442	405	1,256	3,103	58,197
Depreciation and amortization	16,882	28,339	952	46,173	2,139	439	-	2,578	48,751
Outside services	25,280	6,413	2,437	34,130	7,504	809	1,972	10,285	44,415
Advertising	17,960	4,808	2,885	25,653	-	8,261	-	8,261	33,914
Veterinary and hospital costs	-	26,527	-	26,527	-	-	-	-	26,527
Postage and printing expense	-	-	-	-	3,932	12,795	-	16,727	16,727
Other	4,798	4,678	872	10,348	536	427	117	1,080	11,428
Total expenses	<u>\$ 1,177,984</u>	<u>\$ 534,076</u>	<u>\$ 154,835</u>	<u>\$ 1,866,895</u>	<u>\$ 271,013</u>	<u>\$ 69,098</u>	<u>\$ 139,723</u>	<u>\$ 479,834</u>	<u>\$ 2,346,729</u>

See notes to financial statements.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Operating activities:		
Increase in net assets	\$ 1,450,771	\$ 1,415,121
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	87,279	48,751
Donated stock included in contributions	(280,516)	-
Unrealized gain on investments	(49,176)	-
Changes in operating assets and liabilities:		
Contribution receivable	255,000	(255,000)
Other receivable	(54,678)	-
Prepaid expenses	(2,721)	(2,947)
Accrued expenses	<u>(6,142)</u>	<u>56,361</u>
Net cash provided by operating activities	<u>1,399,817</u>	<u>1,262,286</u>
Investing activities:		
Purchases of property and equipment	(47,597)	(163,468)
Purchases of investments	<u>(507,994)</u>	<u>-</u>
Net cash used in investing activities	<u>(555,591)</u>	<u>(163,468)</u>
Net increase in cash	844,226	1,098,818
Cash and cash equivalents, beginning of year	<u>1,875,508</u>	<u>776,690</u>
Cash and cash equivalents, end of year	<u>\$ 2,719,734</u>	<u>\$ 1,875,508</u>

See notes to financial statements.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. **Nature of Organization and Summary of Significant Accounting Policies**

Nature of Organization

The Southampton Animal Shelter Foundation Inc., (the "Foundation") is a not-for-profit 501(c)(3) Corporation whose primary purpose is to provide for the welfare of animals and reduce the number of homeless pets in New York. The Foundation conducts fundraising events to raise funds for this purpose. The Foundation was formed in October 2009 to take over operations of the Southampton Animal Shelter, formerly run by the Town of Southampton (the "Town").

Basis of Accounting

The financial statements of the Foundation are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for Doubtful Accounts

The Foundation's contributions and grants receivable are presented on the statements of financial position net of the allowance for doubtful accounts, if required. The allowance is determined by a variety of factors, including the age of the receivables, current economic conditions, historical losses and other information management obtains regarding the financial condition of donors. The policy for determining the past due status of receivables is based on how recently payments have been received. Receivables are charged off when they are deemed uncollectible, which may arise when donors file for bankruptcy or are otherwise deemed unable to repay the amounts owed to the Organization. There was no allowance as of December 31, 2017 and 2016, respectively.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Investments

Investments are reported at fair value based on quoted market prices. Unrealized and realized gains and losses are included in the accompanying statements of activities. Investment expenses, such as custodial, commission, and investment advisory fees, are netted against investment return in the statements of activities.

Volunteers and Donated Services

Several volunteers have donated their time and services to the Foundation's activities and fundraising efforts. No amounts have been reflected in the financial statements as such services do not meet the criteria for recognition.

Income Taxes

The Foundation qualifies as a tax exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit corporation under the laws of New York State. Accordingly, no provision for federal or state income taxes is required. The Internal Revenue Service has determined that the Foundation is a qualified charitable organization to which contributions are eligible for deduction by individual donors as described under Section 170 of the Internal Revenue Code. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Foundation is currently open to audit under the statute of limitations by the federal and state jurisdictions for the years subsequent to 2013.

Advertising and Promotional Expenses

Advertising and promotional costs are expensed as incurred and totaled \$30,804 and \$33,914 for the years ended December 31, 2017 and 2016, respectively.

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 and liabilities and 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. Actual results could differ from those estimates.

Revenue Recognition

The Foundation recognizes revenue from shelter operations in the period services are provided. The Foundation recognizes revenue from fundraising events and other contributions in the period amounts are received or promised, net of any allowance for uncollectible amounts. Contributions and grants are considered to be unrestricted unless specifically restricted by the donor. When a donor 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.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. **Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Net Assets

All of the assets of the Foundation as of and for the years ended December 31, 2017 and 2016 are unrestricted, with the exception of temporarily restricted assets in the amount of \$536,006 and \$3,500, respectively, which have been earmarked for specific programs or services.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefitted.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which decreases the number of net assets classes from three to two. The new classes will be *net assets with donor restrictions* and *net assets without donor restrictions*. In addition, not-for-profits will be required to provide, in the notes, qualitative information on how it manages its liquid available resources and liquidity risks. The effective date of this pronouncement is for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application, and early application of the standard is permitted. The Foundation does not expect this new guidance to have a material impact on the Foundation's financial statements.

Reclassification

Certain 2016 amounts have been reclassified to conform to the 2017 presentation.

Subsequent Events

The Foundation has evaluated subsequent events for recognition or disclosure through the date these financial statements were available to be issued, March 27, 2018.

2. **Investments and Fair Value Measurements**

The FASB defines the fair value of financial instruments as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements do not include transaction costs.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

2. Investments and Fair Value Measurements (Continued)

The accounting guidance also expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are described below:

- Level 1 Inputs that are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 Prices or valuation that require inputs that are both significant to the fair value measurement and unobservable.

The following tables set forth by level within the fair value hierarchy the Foundation's financial assets that were accounted for at fair value on a recurring basis at December 31, 2017 and 2016 according to the valuation techniques the Foundation used to determine their fair values:

		Fair Value Measurements Using Inputs Considered as		
	Fair Value at December 31, 2017	Level 1	Level 2	Level 3
Cash	\$ 2,719,734	\$ 2,719,734	\$ -	\$ -
Investments consisting of equity securities and mutual funds	837,686	837,686	-	-
Total	<u>\$ 3,557,420</u>	<u>\$ 3,557,420</u>	<u>\$ -</u>	<u>\$ -</u>

		Fair Value Measurements Using Inputs Considered as		
	Fair Value at December 31, 2016	Level 1	Level 2	Level 3
Cash	\$ 1,875,508	\$ 1,875,508	\$ -	\$ -
Total	<u>\$ 1,875,508</u>	<u>\$ 1,875,508</u>	<u>\$ -</u>	<u>\$ -</u>

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

3. **Economic Dependence and Contributions**

Since its inception, the Foundation has relied on, and has been economically dependent on two major related donors for a significant portion of its cash flow requirements. During 2017, the chairwoman and an entity affiliated with the chairwoman donated \$755,393 to the Foundation. The chairwoman and two entities affiliated with the chairwoman donated \$1,448,854 to the Foundation in 2016.

4. **Property and Equipment, net**

The Foundation's property and equipment are being depreciated over each assets remaining useful life. The Foundation's leasehold improvements are being amortized over the remaining life of the lease. Property and equipment, net consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture & fixtures	\$ 27,222	\$ 22,060
Computer equipment and software	65,840	59,563
Vehicles	160,463	160,463
Medical equipment	25,069	14,210
Leasehold improvements	<u>273,458</u>	<u>248,159</u>
	552,052	504,455
Less: Accumulated depreciation and amortization	<u>(318,715)</u>	<u>(231,436)</u>
Property and equipment, net	<u>\$ 233,337</u>	<u>\$ 273,019</u>

5. **Contributed Goods and Services**

In 2017 and 2016, the Foundation received contributed goods and services related to auction packages offered in connection with fundraising events. Such contributed goods and services were included in revenue for the years ended December 31, 2017 and 2016 based on the amounts received from the proceeds of the auctions. The chairwoman paid for certain costs that are ordinary and necessary to the operation of the Foundation aggregating approximately \$5,003 in 2017 and \$12,726 in 2016. These amounts are included in contribution revenue for the years ended December 31, 2017 and 2016, respectively.

6. **Commitments and Contingencies**

Operating Lease

The Foundation has an operating lease agreement through December 31, 2018 for thrift shop space. The rental obligation for 2018 is \$28,800 plus real estate taxes and insurance. Rent expense for 2017 and 2016 for the thrift shop, inclusive of real estate taxes and insurance, is \$33,665 and \$33,660, respectively.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

7. Agreement Between the Foundation and the Town of Southampton

The Foundation's agreement with the Town for the operation of the animal shelter is in effect through December 31, 2020. The Foundation is not required to pay rent to the Town during the term of the agreement, and the Foundation has not determined or recorded the fair value of the rent. Under the agreement, the Town is responsible for all necessary structural repairs and maintenance and repair of the shelter's exterior and grounds. In connection with 2017 repairs to the kennel, the Town has reimbursed the Foundation for expenditures of \$18,458.

The Town is also responsible for maintaining various service contracts for the facility and the Town shall pay for electric and gas service as needed during the term of the agreement. For the years ended December 31, 2017 and 2016, the Town paid \$63,846 and \$57,628, respectively, for such electric and gas service. Additionally, the Town shall pay the Foundation \$33,600 per year for the boarding of stray animals delivered to the shelter by the Town. The Town has agreed to contribute to the Foundation the sum of \$225,000 for 2018, \$250,000 for 2019 and \$250,000 for 2020 in order to assist the Foundation in discharging its responsibilities under the agreement. During 2017 and 2016, the Town contributed \$200,000 and \$175,000, respectively, to assist the Foundation in discharging its responsibilities. The Foundation has recorded all such contributions by the Town as contribution revenue in the accompanying financial statements. The Foundation is required to maintain a deposit of \$25,000 with the Town.