

**SAFE HAVEN ANIMAL SANCTUARY
OF SUSSEX COUNTY, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2008**

SAFE HAVEN ANIMAL SANCTUARY
OF SUSSEX COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors Of
Safe Haven Animal Sanctuary of Sussex County, Incorporated
Nassau, Delaware

We have audited the accompanying statement of financial position of the Safe Haven Animal Sanctuary of Sussex County, Inc. (a nonprofit organization) as of December 31, 2008 and 2007 and related statements of activities, cash flows, and supplemental information for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 included 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 the Safe Haven Animal Sanctuary of Sussex County, Inc., as of December 31, 2008 and 2007 and the results of its' activities, cash flows, and supplemental information for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Sombar & Company
Certified Public Accountants

January 25, 2010
Georgetown, Delaware

FINANCIAL STATEMENTS

SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 30,628	\$ 69,813
Cash and Cash Equivalents - Restricted - Construction	7,461	244,998
Certificate of Deposit	-	36,556
Note receivable	23,000	20,000
	<hr/>	<hr/>
<u>Total Current Assets</u>	61,089	371,367
	<hr/>	<hr/>
<u>Property & Equipment</u>		
Land	450,430	450,430
Construction in Progress	436,297	54,851
	<hr/>	<hr/>
<u>Total Property & Equipment</u>	886,727	505,281
	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 947,816</u>	<u>\$ 876,648</u>

LIABILITIES AND FUND BALANCES

	<u>2008</u>	<u>2007</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 61,743	\$ 89
Payroll Liabilities	2,618	2,352
	<hr/>	<hr/>
<u>Total Current Liabilities</u>	64,361	2,441
	<hr/>	<hr/>
<u>Long-term Debt</u>	\$ 344,576	\$ 349,416
	<hr/>	<hr/>
<u>TOTAL LIABILITIES</u>	408,937	351,857
	<hr/>	<hr/>
<u>Fund Balance</u>		
Unrestricted	531,418	279,793
Restricted	7,461	244,998
	<hr/>	<hr/>
<u>Total Fund Balance</u>	538,879	524,791
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<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 947,816</u>	<u>\$ 876,648</u>

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

SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			2007		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>Income</u>						
Contributions	\$ 54,091	\$ 19,351	\$ 73,442	\$ 55,032	\$ 18,212	\$ 73,244
Grants	-	-	-	-	25,000	25,000
Fund-raising	56,845	-	56,845	118,097	6,912	125,009
Membership Program	1,149	-	1,149	890	-	890
Spay/Neuter Program	1,064	-	1,064	-	-	-
Transport Program	390	-	390	-	-	-
Sale of merchandise	4,413	-	4,413	2,747	-	2,747
Interest income	1,972	386	2,358	691	1,102	1,793
Net assets release on restrictions restrictions satisfied	257,274	(257,274)	-	-	-	-
<u>Total Income</u>	<u>377,198</u>	<u>(237,537)</u>	<u>139,661</u>	<u>177,457</u>	<u>51,226</u>	<u>228,683</u>
<u>Expenses</u>						
Program Expenses	20,747	-	20,747	1,337	-	1,337
Supporting Services	-	-	-	-	-	-
Management and general	67,418	-	67,418	69,599	-	69,599
Fund-raising	37,408	-	37,408	43,246	-	43,246
<u>Total Expenses</u>	<u>125,573</u>	<u>-</u>	<u>125,573</u>	<u>114,182</u>	<u>-</u>	<u>114,182</u>
<u>Net Income</u>	<u>251,625</u>	<u>(237,537)</u>	<u>14,088</u>	<u>63,275</u>	<u>51,226</u>	<u>114,501</u>
<u>Fund Balance, January 1</u>	<u>279,793</u>	<u>244,998</u>	<u>524,791</u>	<u>216,518</u>	<u>193,772</u>	<u>410,290</u>
<u>Fund Balance, December 31</u>	<u>\$ 531,418</u>	<u>\$ 7,461</u>	<u>\$ 538,879</u>	<u>\$ 279,793</u>	<u>\$ 244,998</u>	<u>\$ 524,791</u>

SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
<u>Cash Flows From Operating Activities</u>		
Net income	\$ 14,088	\$ 114,501
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	(3,000)	(20,000)
(Increase) decrease in construction in process	(381,446)	(28,438)
Increase (decrease) in deferred income	-	-
Increase (decrease) in payroll liabilities	266	2,352
Increase (decrease) in accounts payable	61,654	89
 <u>Net Cash Provided By Operating Activities</u>	 \$ (308,438)	 \$ 68,504
 <u>Cash Flows From Financing Activities</u>		
Increase (decrease) in notes payable	\$ (4,840)	\$ (578)
 <u>Net Cash Provided By Financing Activities</u>	 \$ (4,840)	 \$ (578)
 <u>Cash Flows Used In Investing Activities</u>		
Purchase of Certificate of Deposit	\$ -	\$ (36,556)
Sale of Certificate of Deposit	36,556	-
 <u>Net Cash Used In Investing Activities</u>	 \$ 36,556	 \$ (36,556)
 <u>Net Increase In Cash</u>	 \$ (276,722)	 \$ 31,370
 <u>Cash At January 1,</u>	 314,811	 283,441
 <u>Cash At December 31,</u>	 \$ 38,089	 \$ 314,811
 <u>Supplemental Disclosures Of Cash Payments:</u>		
Interest paid	\$ 25,159	\$ 29,126

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

NOTES TO FINANCIAL STATEMENTS

SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Note A-Nature of Activities And Summary Of Significant Accounting Policies

Nature of Activities

Safe Haven Animal Sanctuary of Sussex County, Inc. is a non-stock corporation. It was organized as a non-profit organization in Delaware on September 15, 2003. Its' purpose is to provide safe homes for neglected animals, and to establish a no-kill animal sanctuary for the animals that are not adoptable.

Basis of Accounting

The financial statements of Safe Haven Animal Sanctuary of Sussex County, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payables and other liabilities.

Financial Statement Presentation

The corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the corporation is required to present a statement of cash flows. At December 31, 2008 and 2007 there were no permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents totaling \$ 30,605 consisted of cash in checking, savings and money market accounts. Cash and cash equivalents-Restricted-Construction totaling \$ 7,461 consisted of cash in savings account. For the purpose of the Statement of Cash Flows, the Corporation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributed Services

No amounts have been reflected in the financial statements for contributed services. The corporation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the corporation with specific programs and various committee assignments.

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.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Corporation Income Taxes

The corporation received a determination from the Internal Revenue Service on January 28, 2004 to become a tax-exempt organization under Internal Revenue Code Section 501(c)(3).

Note B-Restricted Funds

The restricted funds are from various donations and grants which are to be used for the construction of the facility.

Note C-Note Payable – County Bank

A note payable in the amount of \$350,000 for the purchase of real estate was reissued at a fixed rate of 6 % on September 12, 2008. Monthly loan payments consisting of interest only are due on the 15th of each month. The note will mature on September 15, 2009 and will be re-negotiated at that time.

Note D-Subsequent Events

The organization received two large grants in 2009 for a total of \$700,000. The first grant was received from the Longwood Foundation, Inc. for \$600,000 on May 27, 2009. The second grant was received from the Welfare Foundation for \$100,000 on June 23, 2009.

SUPPLEMENTAL INFORMATION

SAFE HAVEN ANIMAL SANCTUARY OF SUSSEX COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008				2007			
	Program Expenses	Supporting Services Management and General	Fund-raising	Total	Program Expenses	Supporting Services Management and General	Fund-raising	Total
<u>Expenses</u>								
Bank fees	\$ 449	\$ -	\$ -	\$ 449	\$ 649	\$ -	\$ -	\$ 649
Advertising	966	-	-	966	582	-	-	582
Salaries	13,078	30,514	-	43,592	-	27,977	-	27,977
Professional fees	-	2,410	-	2,410	-	2,254	-	2,254
Supplies	-	9	-	9	-	431	-	431
Office supplies	-	100	-	100	-	565	-	565
Postage and shipping	-	125	-	125	-	673	-	673
Printing	845	-	-	845	-	-	-	-
Contributions/Donations	-	1,085	-	1,085	-	950	-	950
Professional fundraising fees	-	-	27,076	27,076	-	-	-	-
Taxes and licenses	105	2,870	-	2,975	106	2,021	-	2,127
Telephone	1,054	1,055	-	2,109	-	1,350	-	1,350
Interest expense	-	25,159	-	25,159	-	29,126	-	29,126
Miscellaneous	-	-	-	-	-	-	-	-
Event expenses	-	-	10,332	10,332	-	-	43,246	43,246
Rent	-	38	-	38	-	36	-	36
Meetings	-	1,219	-	1,219	-	1,201	-	1,201
Merchandise	3,158	-	-	3,158	-	-	-	-
Spay/Neuter Program	1,092	-	-	1,092	-	-	-	-
Insurance	-	2,834	-	2,834	-	3,015	-	3,015
	<u>\$ 20,747</u>	<u>\$ 67,418</u>	<u>\$ 37,408</u>	<u>\$ 125,573</u>	<u>\$ 1,337</u>	<u>\$ 69,599</u>	<u>\$ 43,246</u>	<u>\$ 114,182</u>