

THE SAGA FOUNDATION LIMITED
d/b/a/ SAGA HUMANE SOCIETY

FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

THE SAGA FOUNDATION LIMITED

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DECEMBER 31, 2012 AND 2011

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Judith Schreiner
Business Information Consultant

1136 Stratborough Lane
Fort Collins, CO 80525 USA
Telephone: 001 970 658 6708
Email: judyschreiner@yahoo.com

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE SAGA FOUNDATION LIMITED**

It is my conclusion that the attached financial statements, statements of activities, and statements of cash flows fairly present the financial position of The Saga Foundation Limited, d/b/a Saga Humane Society, as of December 31, 2012 and 2011. These financial statements are the responsibility of the foundation's management, that is, the Executive Board of Directors.

The Directors are required to select suitable accounting policies and then apply them consistently, make judgments and estimates that are reasonable and prudent, follow applicable accounting standards, and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Foundation will continue in business. The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Foundation, and for the prevention and detection of fraud or other irregularities.

My responsibility is to express an opinion on these financial statements based on my examination of the Foundation records and upon interviews of various Foundation staff and Directors.

Auditing standards require that I plan and perform my 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my conclusions.

Judith Schreiner
March 2013

| THE SAGA FOUNDATION LIMITED | | | | |
|---|-------------|----------------|-------------|----------------|
| STATEMENTS OF FINANCIAL POSITION | | | | |
| DECEMBER 31, 2012 AND 2011 | | | | |
| ASSETS | | 2012 | | 2011 |
| <i>Current Assets:</i> | | | | |
| Cash | | 45,817 | | 15,832 |
| Inventory (Note 2) | | 4,500 | | 4,500 |
| Prepaid Rent | | 1,200 | | 1,200 |
| Total Current Assets | | 51,517 | | 21,532 |
| Property and Equipment (Note 2) | | | | |
| Land (Note 3) | | 38,750 | | 38,750 |
| Animal care facilities (Note 3) | | 62,554 | | 62,554 |
| Animal care equipment | | 24,563 | | 24,562 |
| Office furniture and equipment | | 12,327 | | 12,327 |
| Golf cart | | 9,500 | | 0 |
| Total Property and Equipment | | 147,694 | | 138,193 |
| Deposit (Note 3) | | 1800 | | 1,800 |
| TOTAL ASSETS | BZ\$ | 201,011 | BZ\$ | 161,525 |
| LIABILITIES AND NET ASSETS | | | | |
| <i>Current Liabilities:</i> | | | | |
| Current portion of note payable | | | | 0 |
| Accounts payable | | | | 0 |
| Payroll tax payable | | | | 0 |
| Total Current Liabilities | | | | 0 |
| Note Payable | | | | 0 |
| Total Liabilities | | | | 0 |
| Net Assets | | <u>201,011</u> | | <u>161,525</u> |
| TOTAL LIABILITIES AND NET ASSETS | BZ\$ | 201,011 | BZ\$ | 161,525 |
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The accompanying Notes to the Financial Statements are an integral part of these financial statements.

| THE SAGA FOUNDATION LIMITED | | | | |
|---|-------------|----------------|-------------|----------------|
| STATEMENTS OF ACTIVITIES | | | | |
| DECEMBER 31, 2012 AND 2011 | | | | |
| REVENUE | | 2012 | | 2011 |
| Donations, grants, fundraisers, product sales, interest | | 131,074 | | 143,006 |
| Veterinary services | | 18,890 | | 23,895 |
| Drugs and medications sold | | 62,163 | | 61,646 |
| Total Revenues | | 212,127 | | 228,547 |
| COST OF SALES | | | | |
| Drugs and medications purchased | | 25,300 | | 22,682 |
| Gross profit | | 186,827 | | 205,865 |
| OPERATING EXPENSES | | | | |
| Animal care expenses (principally food) | | 22,675 | | 16,328 |
| Advertising and promotion expenses | | 8,020 | | 20,264 |
| Personnel costs | | 81,081 | | 93,908 |
| Facility costs | | 31,376 | | 34,140 |
| Golf cart | | 1,558 | | |
| Administrative and general expenses | | 2,601 | | 3,733 |
| Total Operating Expenses | | 147,311 | | 168,373 |
| REVENUE IN EXCESS OF (LESS THAN) EXPENSES | | | | |
| NET ASSETS, beginning of year | | 161,525 | | 124,033 |
| NET ASSETS, end of year | BZ\$ | 201,041 | BZ\$ | 161,525 |
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| THE SAGA FOUNDATION LIMITED | | | | |
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| STATEMENTS OF CASH FLOW | | | | |
| DECEMBER 31, 2012 AND 2011 | | | | |
| SOURCES (USES) OF CASH | | 2012 | | 2011 |
| <i>Operating Activities</i> | | | | |
| Revenue in excess of (less than) expenses | | 39,516 | | 37,492 |
| Changes in working capital components | | | | |
| Prepaid rent | | 0 | | 0 |
| Current portion of note payable | | 0 | | 0 |
| Accounts payable | | 0 | | 0 |
| Net cash provided by (used) in operating activities | | 39,516 | | 37,492 |
| <i>Investment Activities</i> | | | | |
| Construction of animal care facilities | | 0 | | 0 |
| Purchase of furniture and equipment | | 0 | | 0 |
| Net cash used in investment activities | | 0 | | 0 |
| <i>Financing Activities</i> | | | | |
| Additional borrowing from mortgages | | 0 | | 0 |
| Debt repayment | | 0 | | 0 |
| Net cash used in financing activities | | 0 | | 0 |
| NET INCREASE (DECREASE) IN CASH | | 29,985 | | 4,995 |
| CASH BALANCES, beginning of year | | 15,832 | | 10,837 |
| CASH BALANCE, end of year | BZ\$ | 45,817 | BZ\$ | 15,832 |
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THE SAGA FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

1. DESCRIPTION OF ACTIVITIES.

The Saga Foundation Limited, d/b/a/ Saga Humane Society, is a Belize not-for-profit company, limited by guarantee and not having a share capital, organized in June 1999 for the purpose of providing care and treatment to domestic animals in San Pedro town on Ambergris Caye, Belize. Its objective has been to construct, operate and fund an animal shelter and to operate an animal clinic staffed with a full time veterinarian.

On February 21, 2002 it received its Certificate of Registration as a Non-Governmental Organization pursuant to Belize's Non-Governmental Organization Act No. 26 of 2000. For compliance with the Act's regulations, more formal accounting records were established as of January 1, 2002 and the amount reported as Net Assets represents the results of the Foundation's activities since that date. In addition to granting exemption from payment of business tax on revenues and other things, the Act requires that registrants submit audited financial statements within four months following each year end. The Foundation was not in compliance with this audit requirement with its financial statements submitted for years 2002, 2003, and 2004, but did submit audited financial statements for years 2005 and 2006 prior to December 31, 2007, as directed by the regulatory authority.

In order to attract donations from contributors (whether institutions or individuals) in the United States of America and to ensure the U.S. tax deductibility of contributions made by U.S. donors, the Foundation incorporated a U.S. entity, The Saga Society Foundation, Inc., in the state of Texas in 2001. The U.S. Internal Revenue Service (IRS) recognition of the Foundation stems from this Texas incorporation. That corporation's legal status had expired from lack of submitting annual filings and payment of related fees but was reactivated in 2008. Annual filing of US IRS Form 990 and other procedures are required to establish U.S. Federal income tax compliance with IRS so as to ensure the tax deductibility of contributions made by U.S. donors.

In 2012, Saga received two large donations to the building fund and a large donation to be used to purchase and maintain a golf cart for Foundation use. These donations account for the increase reported in Total Assets.

2. ACCOUNTING POLICIES

The Foundation has adopted those accounting practices and policies which it believes most realistically portray the results of its activities. Significant accounting practices and policies are summarized below:

Revenue recognition:

The Foundation derives revenue from voluntary donations and grants, from the billing of services by its veterinary employee, and from the sale of drugs and medications in the treatment of domestic animals. Revenue is recognized in the period in which it is received, which is typically the same period in which service is rendered. No credit account arrangements are in effect with animal owners.

Inventory

Inventory represents the approximate value of drugs and medications and supplies on hand either for sale or for consumption. No physical inventory is maintained or controlled for these items, and the amount is left unchanged as representative of the quantity and value of such items on hand from time to time.

Furniture and equipment:

Furniture and equipment resulted from an earlier identification and listing of items in use at the Foundation's clinic and an assignment of approximate net book values as used assets. Generally, these items are received by the Foundation as donations from contributors and, as such, are already used assets with a low remaining value. Accordingly, the Foundation has elected to not depreciate the value assigned to these items when received or purchase.

Foreign currencies:

Transactions in foreign currencies have been translated into Belize dollars at rates ruling on the dates of the transactions, with BZ\$2.00 US\$1.00 being the official exchange rate for most commercial transactions. Any gains and losses on exchange are included in the statement of activities.

Estimates and assumptions:

The preparation of financial statements requires Foundation management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

3. FACILITY LEASE

Subsequent to March 31, 2006 the clinic facilities had been occupied on a month-to-month basis with no formal extension, modification, or replacement of the original six-month lease which expired on that date. Monthly rent increased to \$1,000 on September 1, 2007 when the building in which the clinic facilities are located was purchased by new owners. On April 1, 2008 the monthly rent was increased to \$1,200 and a one year lease effective June 1, 2008 was executed. After May 31, 2009, the occupancy shall be month-to-month with a sixty day notice period by either party for termination of the occupancy. The Foundation had earlier paid a security deposit of \$1,800 in connection with this.

| THE SAGA FOUNDATION LIMITED | | | | |
|---|-------------|----------------|-------------|----------------|
| SUPPLEMENTAL SCHEDULES OF OPERATING EXPENSES | | | | |
| YEARS ENDED DECEMBER 31, 2012 AND 2011 | | | | |
| Advertising and Promotion Expenses | | 2012 | | 2011 |
| Advertising | | 734 | | 19,896 |
| Fundraising expense | | 4,675 | | 368 |
| Tee shirt purchases | | 2,611 | | 0 |
| Total advertising and promotion expenses | | 8,020 | | 20,264 |
| Personnel Costs | | | | |
| Employee compensation-salaries | | 73,767 | | 75,319 |
| Social security expense | | 3,204 | | 3,696 |
| Transportation, travel and meals | | 450 | | 7,188 |
| Staff education expenses | | 3,510 | | 3,612 |
| Casual labor | | 150 | | 4,093 |
| Total personnel costs | | 81,081 | | 93,908 |
| Facility Costs | | | | |
| Clinic rent | | 10,016 | | 10,700 |
| Equipment | | 165 | | |
| Repairs and maintenance | | 7,326 | | 5,352 |
| Animal food | | 6,981 | | |
| Clinic supplies | | 15,694 | | |
| Golf cart | | 1,558 | | |
| Utilities-cable, electric, telephone and water | | 13,869 | | 14,096 |
| Total facility costs | | 55,609 | | 30,148 |
| Administrative and General Expenses | | | | |
| Audit and legal expense | | 935 | | 935 |
| Bank charges | | 336 | | 1,001 |
| Postage and delivery | | 667 | | 392 |
| Office supplies | | 633 | | 377 |
| Printing | | 30 | | 2,735 |
| Total administrative and general expenses | | 2,601 | | 5,440 |
| TOTAL OPERATING EXPENSES | BZ\$ | 147,311 | BZ\$ | 149,760 |
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