

**ANIMAL PROTECTIVE
ASSOCIATION OF MISSOURI**

MAY 31, 2017

**ANIMAL PROTECTIVE
ASSOCIATION OF MISSOURI**

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED MAY 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Animal Protective Association of Missouri
St. Louis, Missouri

We have audited the accompanying financial statements of the Animal Protective Association of Missouri (the "Association"), which comprise the statement of financial position as of May 31, 2017 and 2016, and the related statements of activities 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from 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 auditors' judgement, 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 Association'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 Association'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 Animal Protective Association of Missouri as of May 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.

Connor Ash P.C.

St. Louis, Missouri
September 14, 2017

ANIMAL PROTECTIVE ASSOCIATION OF MISSOURI

STATEMENTS OF FINANCIAL POSITION

	May 31,	2017	2016
ASSETS			
Cash and cash equivalents	\$ 294,020		\$ 231,193
Accounts receivable	11,148		9,652
Prepaid expenses	1,050		211
Accrued interest and dividends	3,233		3,276
Investments	4,061,782		3,907,724
Land, building and equipment	2,754,500		2,863,255
Beneficial interest in trusts	535,868		527,180
Investments restricted for permanent endowment	987,848		987,848
			\$ 8,649,449
			\$ 8,530,339
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 99,631		\$ 76,409
			99,631
			76,409
NET ASSETS			
Unrestricted			
Investments in property and equipment	2,754,500		2,863,255
Available for operations	4,202,062		4,022,389
			6,956,562
			6,885,644
Temporarily restricted	326,063		321,447
Permanently restricted	1,267,193		1,246,839
			8,549,818
			8,453,930
			\$ 8,649,449
			\$ 8,530,339

See accompanying notes.

ANIMAL PROTECTIVE ASSOCIATION OF MISSOURI

STATEMENT OF ACTIVITIES

Year Ended May 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Veterinarian and service fees	\$ 832,726	\$ -	\$ -	\$ 832,726
Investment income, net of expenses of \$25,583	48,239	19,365	-	67,604
Other revenue	10,288	-	-	10,288
TOTAL REVENUES	891,253	19,365	-	910,618
PUBLIC SUPPORT				
Contributions	488,567	84,676	-	573,243
Bequests and trusts	83,211	-	-	83,211
In-kind donations	100,035	-	-	100,035
Special events	200,158	8,205	-	208,363
TOTAL PUBLIC SUPPORT	871,971	92,881	-	964,852
NET ASSETS RELEASED FROM RESTRICTION	95,964	(95,964)	-	-
TOTAL REVENUES AND PUBLIC SUPPORT	1,859,188	16,282	-	1,875,470
EXPENSES				
Program	1,750,517	-	-	1,750,517
Management and general	201,171	-	-	201,171
Fundraising	292,378	-	-	292,378
TOTAL EXPENSES	2,244,066	-	-	2,244,066
OTHER CHANGES IN NET ASSETS				
Gain on sale of investments	100,061	-	-	100,061
Unrealized gain on investments	355,735	-	-	355,735
Change in value of beneficial interest in trusts	-	(11,666)	20,354	8,688
TOTAL OTHER CHANGES IN NET ASSETS	455,796	(11,666)	20,354	464,484
INCREASE IN NET ASSETS	70,918	4,616	20,354	95,888
NET ASSETS AT BEGINNING OF YEAR	6,885,644	321,447	1,246,839	8,453,930
NET ASSETS AT END OF YEAR	\$ 6,956,562	\$ 326,063	\$ 1,267,193	\$ 8,549,818

See accompanying notes.

ANIMAL PROTECTIVE ASSOCIATION OF MISSOURI

STATEMENT OF ACTIVITIES

Year Ended May 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Veterinarian and service fees	\$ 706,389	\$ -	\$ -	\$ 706,389
Investment income, net of expenses of \$25,472	55,277	13,026	-	68,303
Other revenue	5,086	-	-	5,086
TOTAL REVENUES	766,752	13,026	-	779,778
PUBLIC SUPPORT				
Contributions	474,677	61,351	-	536,028
Bequests and trusts	193,177	-	-	193,177
In-kind donations	79,406	-	-	79,406
Special events	144,089	-	-	144,089
TOTAL PUBLIC SUPPORT	891,349	61,351	-	952,700
NET ASSETS RELEASED FROM RESTRICTION	64,614	(64,614)	-	-
TOTAL REVENUES AND PUBLIC SUPPORT	1,722,715	9,763	-	1,732,478
EXPENSES				
Program	1,657,182	-	-	1,657,182
Management and general	185,151	-	-	185,151
Fundraising	270,886	-	-	270,886
TOTAL EXPENSES	2,113,219	-	-	2,113,219
OTHER CHANGES IN NET ASSETS				
Gain on sale of investments	112,423	-	-	112,423
Unrealized loss on investments	(238,872)	-	-	(238,872)
Change in value of beneficial interest in trusts	-	(12,867)	(9,028)	(21,895)
Gain on sale of asset	25,457	-	-	25,457
TOTAL OTHER CHANGES IN NET ASSETS	(100,992)	(12,867)	(9,028)	(122,887)
DECREASE IN NET ASSETS	(491,496)	(3,104)	(9,028)	(503,628)
NET ASSETS AT BEGINNING OF YEAR	7,377,140	324,551	1,255,867	8,957,558
NET ASSETS AT END OF YEAR	\$ 6,885,644	\$ 321,447	\$ 1,246,839	\$ 8,453,930

See accompanying notes.

ANIMAL PROTECTIVE ASSOCIATION OF MISSOURI

STATEMENTS OF CASH FLOWS

	Years Ended May 31,	2017	2016
OPERATING ACTIVITIES			
Increase (decrease) in net assets		\$ 95,888	\$ (503,628)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities			
Depreciation and amortization		133,791	141,146
Gain on sale of investment		(100,061)	(112,423)
Unrealized (gain) loss on investments		(355,735)	238,872
Decrease (increase) in value of beneficial interest in trusts		(8,688)	21,895
Gain on sale of asset		-	(25,457)
Donated securities		(2,056)	(5,471)
Changes in assets and liabilities:			
Accounts receivable		(1,496)	(9,652)
Prepaid expenses		(839)	2,605
Accrued interest and dividends		43	326
Accounts payable and accrued liabilities		23,222	34,705
		<u>(215,931)</u>	<u>(217,082)</u>
INVESTING ACTIVITIES			
Proceeds from sale or maturity of investments		832,982	850,843
Purchases of investments		(529,188)	(627,038)
Proceeds from sale of asset		-	25,457
Payments for building and equipment		(25,036)	(75,880)
		<u>278,758</u>	<u>173,382</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		62,827	(43,700)
BEGINNING CASH AND CASH EQUIVALENTS		231,193	274,893
ENDING CASH AND CASH EQUIVALENTS		\$ 294,020	\$ 231,193

See accompanying notes.

ANIMAL PROTECTIVE ASSOCIATION OF MISSOURI

NOTES TO FINANCIAL STATEMENTS

May 31, 2017 and 2016

1. ORGANIZATION

Animal Protective Association of Missouri (the "Association") was incorporated in 1922 as a Missouri association. The Association was formed as a not-for-profit organization to provide for the prevention of cruelty to animals in the St. Louis metropolitan area. The Association's primary sources of support and revenue are public support, veterinarian and service fees, and investment income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Basis of presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations. Accordingly, the Association 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.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may differ from these estimates.

Cash and cash equivalents

The Association considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Association invests its excess cash in debt instruments and securities with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that maintain safety and liquidity. At times, such cash balances may be in excess of Federal Deposit Insurance Corporation (FDIC) limits. As of May 31, 2017, approximately \$183,000 was uninsured.

See accountants' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from the balances outstanding at year end. Management provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of the existing receivables. At May 31, 2017 and 2016, management did not consider an allowance for doubtful accounts to be necessary.

Promises to give

Unconditional promises to give in future periods are recognized as support in the period the promises are received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as support when the conditions upon which they depend are substantially met. No allowance for uncollectible promises to give is considered necessary by management.

Investments and assets restricted for endowment

Investments are reported at fair value based on quoted market values. Gains or losses on sales of investments are determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end fair value fluctuations.

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Land, building and equipment

Land, building and equipment are carried at cost, if purchased, or fair value, if donated, less accumulated depreciation computed utilizing accelerated and straight-line methods. The assets are depreciated over estimated useful lives as follows:

Building and improvements	27-39 years
Equipment	5-7 years
Vehicles	5-7 years
Website development	5 years

Special events

The Association holds the Canine Carnival and other special events throughout the year to raise community awareness of its programs, as well as to raise funds for its programs.

See accountants' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Restricted and unrestricted support

The Association reports gifts of cash and other assets as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions. 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 and reported in the statement of activities as net assets released from restrictions.

Description of program services and supporting activities

The following program services and supporting activities are included in the accompanying financial statements:

Program

Includes expenditures that enable the Association to provide adequate facilities and care for the injured, lost or abandoned animals and provide the opportunity for the animals to be helped, protected or adopted. The Association also has a number of community outreach programs including Petreach Animal Assisted Activity, educational opportunities, and presentations for adults and children, as well as the housing of pets for individuals escaping domestic violence. The Association operates a veterinary clinic for the purpose of providing routine health care for pets at an affordable price.

Management and general

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Association's program strategy; secure proper administrative functioning of the Board of Directors; maintain the Association's facilities; and manage the financial and budgetary responsibilities of the Association.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, corporations and foundations.

Expense allocation

Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies and management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

See accountants' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated services and materials

Various services and materials are donated to the Association. Those donated services and materials that meet the criteria for recognition under accounting standards for contributions received are recorded at fair value at the date of donation. No donated services met the criteria for recognition under accounting standards in 2017 or 2016.

A substantial number of volunteers have donated a significant amount of their time to the Association's programs. However, such donated services have not been recorded, because they do not meet the criteria for recognition under the accounting standards.

Tax status

The Association constitutes a qualified nonprofit organization and is, therefore, exempt from federal income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code.

The Association's federal tax returns for tax year 2013 and later remain subject to examination by taxing authorities.

3. PROMISES TO GIVE

Promises to give are unconditional. There were no promises to give outstanding as of May 31, 2017 and 2016.

The Association has been made aware of bequests that are not recorded as promises to give as of May 31, 2017, as they are conditional upon future or uncertain events and the value of these bequests is not estimable.

4. INVESTMENTS AND INVESTMENTS RESTRICTED FOR PERMANENT ENDOWMENT

Investments consist of the following:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Equity funds:				
Emerging markets	\$ 163,245	\$ 178,007	\$ 174,604	\$ 155,401
Global real estate	164,884	177,974	177,992	209,051
International blend	425,262	563,452	417,152	493,221
International growth	72,300	81,486	77,352	77,098
Large cap growth	468,341	607,805	486,880	536,615
Large cap value	703,338	771,712	821,564	812,286
Mid cap blend	-	-	277,019	266,539
Mid cap growth	264,207	273,273	261,666	263,982
Mid cap value	220,324	251,689	-	-
Small cap growth	171,804	161,282	363,822	316,783
Small cap value	151,955	163,060	-	-
Fixed income funds:				
High-yield bond	198,148	196,927	236,297	221,666
Inflation-protected securities	280,392	284,350	206,309	209,527
Intermediate-term bond	718,843	709,985	708,302	706,807
Short-term bond	635,254	628,628	631,016	626,596
	<u>\$4,638,297</u>	<u>5,049,630</u>	<u>\$4,839,975</u>	<u>4,895,572</u>
Less: Investments restricted for permanent endowment		<u>987,848</u>		<u>987,848</u>
		<u>\$4,061,782</u>		<u>\$3,907,724</u>

Investments are carried at fair value in accordance with generally accepted accounting principles. Unrealized gains of \$355,735 and losses of \$238,872 were recorded at May 31, 2017 and 2016, respectively, to adjust the investments to fair value.

See accountants' report.

5. LAND, BUILDING AND EQUIPMENT

Land, building and equipment at May 31, 2017 and 2016 is as follows:

	2017		
	Cost	Accumulated depreciation	Net book value
Building and improvements	\$4,418,788	\$1,739,089	\$2,679,699
Equipment	317,397	296,855	20,542
Vehicles	43,434	31,583	11,851
Website development	46,200	32,894	13,306
Construction in progress	25,036	-	25,036
	4,850,855	2,100,421	2,750,434
Land	4,066	-	4,066
	\$4,854,921	\$2,100,421	\$2,754,500
	2016		
	Cost	Accumulated depreciation	Net book value
Building and improvements	\$4,418,788	\$1,632,256	\$2,786,532
Equipment	317,397	286,667	30,730
Vehicles	43,434	23,683	19,751
Website development	46,200	24,024	22,176
	4,825,819	1,966,630	2,859,189
Land	4,066	-	4,066
	\$4,829,885	\$1,966,630	\$2,863,255

Depreciation expense amounted to \$124,921 and \$126,362 in 2017 and 2016, respectively. Amortization expense amounted to \$8,870 and \$14,784 in 2017 and 2016, respectively.

See accountants' report.

6. BENEFICIAL INTEREST IN TRUSTS

The Association has a beneficial interest in two trusts created by donors. The trust assets are not in the possession or control of the Association but are held and administered by independent financial institution trustees. The Association, along with other not-for-profit organizations, is a beneficiary of these trusts.

Permanently restricted beneficial interest in trust

The Association has recorded a beneficial interest in a perpetual trust at the present value of the future cash flows from the trust. This present value was estimated to be equivalent to the Association's share of the current fair value of the trust, which amounted to \$279,345 and \$258,991 at May 31, 2017 and 2016, respectively. The value of the beneficial interest in the perpetual trust increased \$20,354 and decreased \$9,028 for the years ended May 31, 2017 and 2016, respectively.

Time restricted beneficial interest in trust

The Association has recorded a beneficial interest in a time restricted trust at the present value of the future cash flows from the trust. This present value was estimated to be equivalent to the Association's share of the current fair value of the trust, which amounted to \$256,523 and \$268,189 at May 31, 2017 and 2016, respectively. The assets of the trust will be held for 21 years until the year 2025. During this time, the Association will receive a specified percentage of the trust income. At the conclusion of this period, the Association will receive a specified percentage of the remaining trust balance. The value of this beneficial interest in trust decreased \$11,666 and \$12,867 for the years ended May 31, 2017 and 2016, respectively.

The Association does not have access to any existing markets in which its beneficial interest in these trusts could be bought or sold. Although its measurement method is based on the fair value of the assets held by the trust, management has classified its interests in these trusts as Level 3 (subject to unobservable inputs) for purposes of disclosure requirements under the fair value accounting standard.

See accountants' report.

7. NET ASSETS

Temporarily restricted net assets are subject to the following donor-imposed time and purpose restrictions:

	2017	2016
Time restricted beneficial interest in trust	\$256,523	\$268,189
Animal praise program	1,462	-
Athletes for animals enrichment program	582	-
Dog kennels	-	3,535
Dog park	16,134	9,528
Domestic violence awareness	6,155	7,942
Fix-a-bull	15,327	17,961
Heads to tails hope fund	10,196	9,350
Nursery room	2,479	-
Puppy room renovations	11,000	-
Pet transfer program	1,612	-
Public relations and education	3,966	4,411
Various programs	627	531
	\$326,063	\$321,447

Net assets were released from donor-imposed restrictions as follows:

	2017	2016
Animal praise program	\$ 1,038	\$ -
Athletes for animals enrichment program	2,918	-
Care of cats	19,365	13,026
Dog kennels	3,535	3,265
Dog park	1,599	255
Domestic violence awareness	3,787	1,966
Fix-a-bull	24,234	12,339
Heads to tails hope fund	14,396	650
Lobby remodel	-	100
Pet transfer program	41	26,000
Public relations and education	10,548	3,393
Various programs	14,503	3,620
	\$95,964	\$64,614

See accountants' report.

7. NET ASSETS – CONTINUED

Permanently restricted net assets consist of the following:

	2017	2016
Beneficial interest in a perpetual trust	\$ 279,345	\$ 258,991
Permanently restricted endowment	987,848	987,848
	<u>\$1,267,193</u>	<u>\$1,246,839</u>

In 2008, the Association was named the beneficiary of an estate whereby the grantor restricted the bequest to be used for the construction of a building for the care, protection and maintenance of cats. If no such building was required or the funds were not sufficient for this purpose, income only from the bequest was to be used for the benefit of cats. As the Association currently has no plans or intentions for constructing such a building, the principal of this bequest is considered to be permanently restricted, with income earned recorded as temporarily restricted and used for the care of cats.

8. ENDOWMENT FUNDS

The Association's endowment funds consist of a donor-restricted endowment fund. As required by accounting standards, assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association 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 Association in a manner consistent with the standard of prudence prescribed by UPMIFA or in a manner consistent with explicit donor stipulations. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds;
- (2) The purposes of the Association 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 appreciation of investments;
- (6) Other resources of the Association; and
- (7) The investment policies of the Association.

See accountants' report.

8. ENDOWMENT FUNDS – CONTINUED

The objectives of the Association's endowment fund are to provide high total return, consistent with historical capital market conditions. The Association's asset allocation will be in accordance with the current policy statement for the permanently restricted endowment with assets diversified between cash equivalents (0-10%), fixed income (25-45%), and equity (50-70%). The total return goal of the fund (income plus capital appreciation) is to exceed the return earned by comparable benchmarks.

Per the explicit donor stipulations on the donor-restricted endowment fund, interest and dividends earned on the endowment fund may be distributed for the care and maintenance of cats.

As of May 31, 2017 and 2016, the Association had the following endowment funds:

	Temporarily restricted	Permanently restricted	Total
Endowment assets – May 31, 2015	\$ -	\$987,848	\$987,848
Interest and dividends	13,026	-	13,026
Endowment income appropriated consistent with donor intent	(13,026)	-	(13,026)
Endowment assets – May 31, 2016	-	987,848	987,848
Interest and dividends	19,365	-	19,365
Endowment income appropriated consistent with donor intent	(19,365)	-	(19,365)
Endowment assets – May 31, 2017	\$ -	\$987,848	\$987,848

9. FAIR VALUE MEASUREMENTS

The Association accounts for certain assets at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the years ended May 31, 2017 and 2016 using quoted prices in active markets (Level 1); significant observable inputs for similar assets and liabilities (Level 2); and significant unobservable inputs (Level 3):

See accountants' report.

9. FAIR VALUE MEASUREMENTS – CONTINUED

	2017		
	Level 1	Level 3	Total
Equity funds	\$3,229,740	\$ -	\$3,229,740
Fixed income funds	1,819,890	-	1,819,890
Beneficial interest in trusts	-	535,868	535,868
	\$5,049,630	\$535,868	\$5,585,498
	2016		
	Level 1	Level 3	Total
Equity funds	\$3,130,976	\$ -	\$3,130,976
Fixed income funds	1,764,596	-	1,764,596
Beneficial interest in trusts	-	527,180	527,180
	\$4,895,572	\$527,180	\$5,422,752

At May 31, 2017 and 2016, the Level 3 assets utilize the following valuation techniques and inputs:

Beneficial interest in trusts: the fair value of the beneficial interests in trusts is determined by the present value of future cash flows considering the estimated return on the invested assets during the expected term of the agreement, the contractual payment obligations under the agreement, and a discount rate commensurate with the risks involved.

Changes in the values of the beneficial interests in trusts are disclosed separately in the Association's statement of activities. During 2017 and 2016, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Association's assets.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended May 31, 2017 and 2016:

	2017	2016
Balance, beginning of year	\$527,180	\$549,075
Investment income (loss)	8,688	(21,895)
Balance, end of year	\$535,868	\$527,180

10. EMPLOYEE BENEFIT PLAN

The Association has a Simplified Individual Retirement Account Plan (the "Plan") for all employees who earn at least \$5,000 annually. Employer contributions to the Plan were \$21,362 and \$22,597 for 2017 and 2016, respectively.

See accountants' report.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 14, 2017, the date on which the financial statements were available to be issued.

See accountants' report.



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Animal Protective Association of Missouri
St. Louis, Missouri

We have audited the financial statements of Animal Protective Association of Missouri as of and for the year ended May 31, 2017 and 2016, and have issued our report thereon dated September 14, 2017, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the accompanying schedules of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Conner Ash P.C.

St. Louis, Missouri
September 14, 2017

ANIMAL PROTECTIVE ASSOCIATION OF MISSOURI

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended May 31, 2017

	Program	Management and General	Fundraising	Total
Salaries	\$ 745,004	\$ 109,228	\$ 116,225	\$ 970,457
Payroll taxes	55,994	8,358	8,757	73,109
Employee benefits	84,887	10,198	12,312	107,397
TOTAL SALARIES AND RELATED EXPENSES	885,885	127,784	137,294	1,150,963
Advertising	108	-	1,139	1,247
Conferences	1,828	1,342	-	3,170
Data processing expense	25,847	6,125	1,487	33,459
Depreciation and amortization	130,446	1,338	2,007	133,791
Dues, fees, licenses, and subscriptions	5,914	2,634	2,310	10,858
Food and medical expenses	374,641	1,052	240	375,933
Insurance	40,909	460	799	42,168
Miscellaneous	11	309	36	356
Postage and shipping	571	5,546	4,749	10,866
Printing and publications	9,065	5,674	25,373	40,112
Professional fees and contractual services	85,173	43,026	59,637	187,836
Repairs and maintenance	14,976	680	257	15,913
Supplies	104,554	2,962	53,818	161,334
Utilities	70,589	2,239	3,232	76,060
TOTAL EXPENSES	\$ 1,750,517	\$ 201,171	\$ 292,378	\$ 2,244,066

See auditors' report on supplementary information.

ANIMAL PROTECTIVE ASSOCIATION OF MISSOURI

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended May 31, 2016

	Program	Management and General	Fundraising	Total
Salaries	\$ 765,977	\$ 93,203	\$ 124,645	\$ 983,825
Payroll taxes	58,823	7,159	9,628	75,610
Employee benefits	82,158	4,108	9,222	95,488
TOTAL SALARIES AND RELATED EXPENSES	906,958	104,470	143,495	1,154,923
Advertising	2,880	-	432	3,312
Conferences	2,070	1,872	-	3,942
Data processing expense	26,806	4,640	5,508	36,954
Depreciation and amortization	137,618	1,411	2,117	141,146
Dues, fees, licenses, and subscriptions	2,991	1,340	1,426	5,757
Food and medical expenses	319,783	-	224	320,007
Insurance	40,294	405	686	41,385
Miscellaneous	-	475	-	475
Postage and shipping	95	5,805	11,445	17,345
Printing and publications	9,728	774	22,992	33,494
Professional fees and contractual services	54,859	57,360	19,976	132,195
Repairs and maintenance	12,756	607	84	13,447
Supplies	74,641	2,612	58,702	135,955
Utilities	65,703	3,380	3,799	72,882
TOTAL EXPENSES	\$ 1,657,182	\$ 185,151	\$ 270,886	\$ 2,113,219

See auditors' report on supplementary information.