AIREDALE TERRIER RESCUE AND ADOPTION
FINANCIAL STATEMENTS
WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT
YEARS ENDED DECEMBER 31, 2010 AND 2009

AIREDALE TERRIER RESCUE AND ADOPTION

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Airedale Terrier Rescue and Adoption
Ann Arbor, Michigan

We have reviewed the accompanying statements of assets, liabilities and net assets – cash basis of Airedale Terrier Rescue and Adoption (a not-for-profit corporation) as of December 31, 2010 and 2009, and the related statements of activities – cash basis, cash flows – cash basis and functional expenses – cash basis for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Corporation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note 1.

Edwards, Ellis, Stanley, Armstrong, Bowren & Company, P.C.

July 21, 2011

MICHIGAN AFFILIATE OF JHI - INTERNATIONAL ASSOCIATION OF CPA FIRMS

AIREDALE TERRIER RESCUE AND ADOPTION
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – CASH BASIS
December 31, 2010 and 2009

ASSETS

	2010	2009
Cash and cash equivalents	$ 117,863	$ 132,268
Inventory	13,674	16,072
Total assets	$ 131,537	$ 148,340

LIABILITIES AND NET ASSETS

Sales tax payable	$ 232	$ 60
Deposits	-	50
Total liabilities	232	110
Net assets:		
Unrestricted net assets	131,305	148,230
Total liabilities and net assets	$131,537	$ 148,340

See independent accountants' review report and notes to financial statements.

AIREDALE TERRIER RESCUE AND ADOPTION
STATEMENTS OF ACTIVITY – CASH BASIS
Years ended December 31, 2010 and 2009

	2010	2009
Revenue and support:		
Product sales (net of returns of $919 for 2010)	$ 18,488	$ 20,025
Cost of sales	(12,395)	(12,720)
Gross profit	6,093	7,305
Auction revenue	15,745	11,620
Grant	233	1,500
Contributions	130,228	154,976
In-kind contributions	13,420	12,228
Advertising income	300	300
Interest income	1,183	1,521
Total revenue and support	167,202	189,450
Expenses:		
Program services	178,155	173,086
Administration	5,972	6,011
Total expenses	184,127	179,097
Increase (decrease) in net assets	(16,925)	10,353
Net assets – beginning of year	148,230	137,877
Net assets – end of year	$131,305	$148,230

See independent accountants' review report and notes to financial statements.

AIREDALE TERRIER RESCUE AND ADOPTION
STATEMENTS OF CASH FLOWS – CASH BASIS
Years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	$ (16,925)	$ 10,353
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
(Increase) decrease in inventory	2,398	6,098
Increase (decrease) in other liabilities	122	(1,302)
Total adjustments	2,520	4,796
Net cash provided by (used in) operating activities	(14,405)	15,149
Net increase (decrease) in cash and cash equivalents	(14,405)	15,149
Cash and cash equivalents – beginning of year	132,268	117,119
Cash and cash equivalents – end of year	$117,863	$132,268

See independent accountants' review report and notes to financial statements.

AIREDALE TERRIER RESCUE AND ADOPTION
STATEMENTS OF FUNCTIONAL EXPENSES – CASH BASIS
Year ended December 31, 2010

	Program Services	Administration	2010 Total
Expenses:			
Auction expenses	$ 4,229	$ -	$ 4,229
Dog care	149,626	-	149,626
Dues and fees	-	2,898	2,898
Insurance	-	1,784	1,784
Postage	10,206	-	10,206
Printing and publications	7,395	-	7,395
Professional services	-	1,095	1,095
Supplies	6,441	195	6,636
Telephone	258	-	258
Total expenses	$178,155	$ 5,972	$184,127

See independent accountants' review report and notes to financial statements.

AIREDALE TERRIER RESCUE AND ADOPTION
STATEMENTS OF FUNCTIONAL EXPENSES – CASH BASIS
Year ended December 31, 2009

	Program Services	Administration	2009 Total
Expenses:			
Auction expenses	$ 1,504	$ -	$ 1,504
Dog care	145,913	-	145,913
Dues and fees	-	3,136	3,136
Insurance	-	1,037	1,037
Postage	9,086	-	9,086
Printing and publications	7,200	-	7,200
Professional services	-	1,000	1,000
Supplies	7,952	838	8,790
Telephone	1,431	-	1,431
Total expenses	$173,086	$ 6,011	$179,097

See independent accountants' review report and notes to financial statements.

AIREDALE TERRIER RESCUE AND ADOPTION
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

1. Summary of significant accounting policies

a. Nature of activities

Airedale Terrier Rescue and Adoption (a not-for-profit corporation) is organized for the purposes of providing funding to locate, rescue and find homes for homeless Airedale Terriers.

The Corporation pursues its goals through locating and caring for homeless Airedale Terriers. In addition to providing shelter and medical care, the Corporation searches for and places the dogs in permanent adoptive homes.

b. Basis of accounting

The Corporation prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles accepted in the United States of America. Inventory purchased for cash is recorded as an asset until sold and is recorded at cost.

c. Method of accounting

All revenue, including contributions and special event income, is recognized when received. Expenses are recognized when cash is disbursed. Donations of in-kind postage, printing, auction, and veterinarian expenses are first recorded as revenue and then appropriately expensed, as if the Corporation had to pay for these items if they were not donated.

d. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Functional allocation of expenses

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

f. Basis of 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. Contributors have not placed restrictions on their donations, so all net assets are unrestricted.

g. Income taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and similar statutes of the State of Michigan.

h. Events occurring after reporting date

The Corporation has evaluated events and transactions that occurred between December 31, 2010 and July 21, 2011, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. Cash and cash equivalents

Cash and cash equivalents at December 31, 2010 and 2009, include amounts maintained in checking, certificate of deposit and money market accounts.

3. Inventory

Inventory of items offered for sale are recorded at cost using the first-in, first-out method. At December 31, 2010 and 2009, the cost and fair value of inventory was $13,674 and $16,072, respectively.

4. In-kind contributions

Donations of goods or services in 2010 and 2009 were $13,420 and $12,228, respectively. The fair market value of the donations is reflected as income, and the expenses are included in the appropriate expense category.