

Taos Feral Feline Friends



*A 501-(c)3 Charitable Association
For The Welfare of Cats*

2012

Annual

Report

Taos Feral Feline Friends

2012 Annual Report

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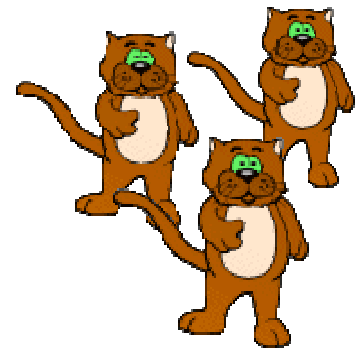
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**“Paws For The Cause”
Walk-a-thon**

Taos Feral Feline Friends



*A 501-(c)3 Charitable Association
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A Letter from the President and Founder

Dear Friends and Supporters,

Ever since I started TFFF in 2004, our mission has been finding a loving home for every cat in Taos. It's a worthy goal, isn't it? No more kittens born to abandoned mothers, starving and cold. No more cats euthanized for lack of shelter space or simply because no one wants them.

Well, I'm thrilled to tell you that major progress has been made. Based on our shelter and Stray Hearts (the government-sponsored shelter) combined data, there were 155 fewer cats admitted in 2012 than in 2010. Fewer shelter intakes is a clear sign that there are fewer cats living as strays, fewer cats being abandoned... fewer cats lacking an appropriate home.

Our spay/neuter programs are a big factor. When TFFF began the Spay/Neuter Taos partnership with PetSmart Charities® in January 2011, we increased our spay/neuter activity from about 230 per year to 350 per year, preventing thousands of additional births among the homeless cat population. The fact is that the ramping up of our surgeries coincided with the drop in shelter intakes.

There's even better news concerning our mission to reduce unnecessary euthanasia of stray and feral cats. Based on data recently released by the Stray Hearts shelter, feline euthanasia cases declined from 201 in 2010 to 84 in 2011 and then to just 33 cases in 2012, a two-year decline of 84%! Since only a few euthanasia cases are medically justifiable each year, this startling decline is what we have always sought: a reduction in the killing of healthy cats. It's an incredible animal welfare achievement and a credit to Stray Hearts and all of us in Taos!

A Letter from the President and Founder...

But TFFF's mission also contains a humane directive to reduce suffering in stray and feral cats. When we started the organization in 2004, we wondered why shouldn't there be a shelter for feral cats, a shelter without cages where the ferals could be safe from predators and the elements, a shelter that could find new homes for ferals as barn kitties?

Indeed feral cats and many other "less than perfect" cats are not well-served by the traditional shelter system. With severely limited cage space and many more residents than adopters at most shelters, "less than perfect" cats were usually euthanized, sometimes immediately upon admittance. The TFFF shelter operates with the grim understanding that for such cats, we are their only hope.

We take in feral cats and adopt them out as mousers to homes and ranches. We take injured strays and heal them... cats with three legs or one eye, cats that have been shot or cruelly abused... we help them all. We never give up searching for good homes. Recently, through a generous donation of space by the Taos News, TFFF has been profiling some of its special needs residents as "Extra Special Cats", available without an adoption fee. Frankly, some of our residents may never be adopted, but because we are a true no-kill shelter, every cat has a home for life... guaranteed!

I am confident that we will continue to advance each element of our mission. Last November, TFFF received a renewal of its grant from PetSmart to fund Spay/Neuter Taos for another 300 spay/neuter surgeries over the next twelve months. We also recorded the most successful Paws For The Cause walkathon in our history during 2012, putting TFFF in a better financial position to operate its programs than has been the case for several years. In summary, I expect our high volume spay/neuter programs will continue reducing the homeless cat population, causing fewer shelter intakes, and further alleviating overcrowding and unnecessary euthanasia at the Stray Hearts shelter.

Finally, I am reminded of our long-term donors and grantors, many of whom have supported us from our modest beginnings as the first no-kill shelter for feral cats in New Mexico. Just like me, you knew that helping our abandoned former pets was the morally proper thing to do. Just like me, you knew that a no-kill shelter was the only hope for many cats. But just like me, given the vastness of the feline over-population problem, you wondered would we ever find a solution?

And now we know: by actively getting feral cats fixed, by working hard finding homes for every stray, we reduce the homeless population, we cut the numbers of cats sent to the shelter, and, best of all, we save the lives of hundreds of innocent cats from euthanasia... **we have truly made a difference!**

Many thanks for your compassion and your patience!

Sincerely yours,

A handwritten signature in black ink that reads "Leanne Mitchell" followed by the date "3/16/13". The signature is written in a cursive style.

Leanne Mitchell, President and Founder

Taos Feral Feline Friends

The Mission - Problems and Solutions

The Mission

Prevent the inhumane treatment of stray and feral cats in Northern New Mexico.

Stop unnecessary euthanasia of stray and feral cats.

Reduce the population of stray and feral cats.

Feral Cat Problems and Solutions

Problem: Feral cats are not adoptable as pets.

Solution: TFFF finds homes where they are appreciated as outdoor or barn cats.

Comment: Finding homes for ferals takes time. Most shelters don't like to house animals for extended periods, but we will keep them for as long as it takes to find a home.

Problem: Feral cats are wild animals that do poorly in traditional caged shelters.

Solution: TFFF operates a cage-less, but secure 814 sq. foot indoor facility where ferals are free to roam and play.

Comment: Our shelter also features three fenced-in outdoor play areas.

Problem: Feral cats are over-populated and are a nuisance.

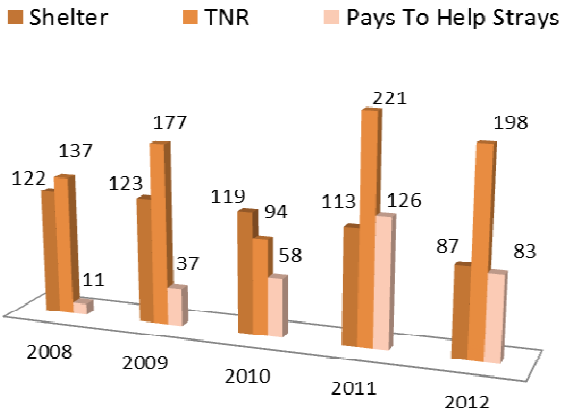
Solution: TFFF sterilizes all cats before adoption and offers free Trap, Neuter, and Return (TNR) services - the only humane method of population control.

Comment: Studies have shown that TNR is more effective than euthanasia in controlling outdoor cat populations.

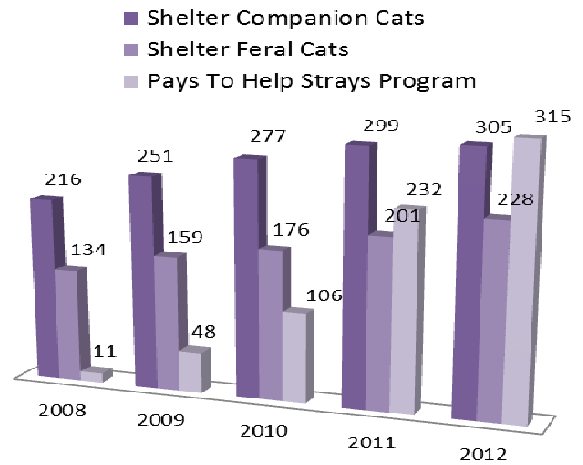
Taos Feral Feline Friends

By the Numbers

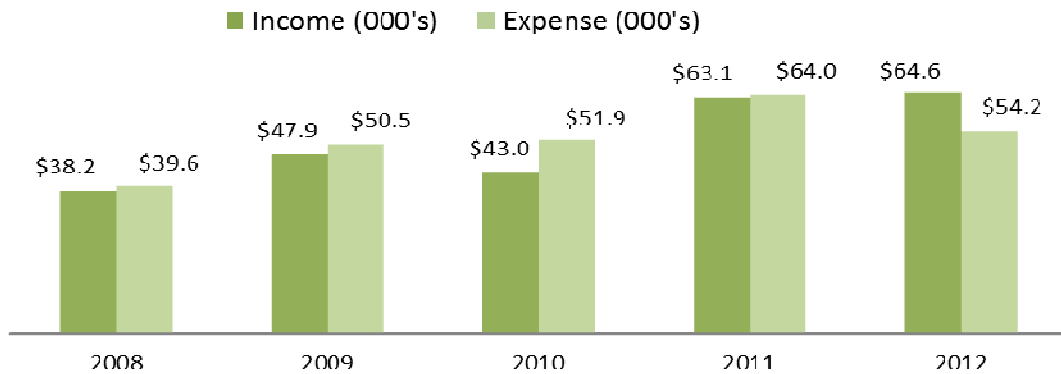
Number of Cats Aided by Year



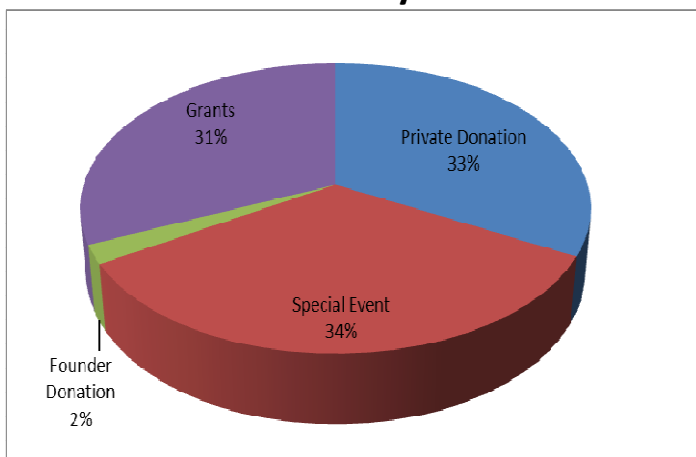
Cumulative Adoptions



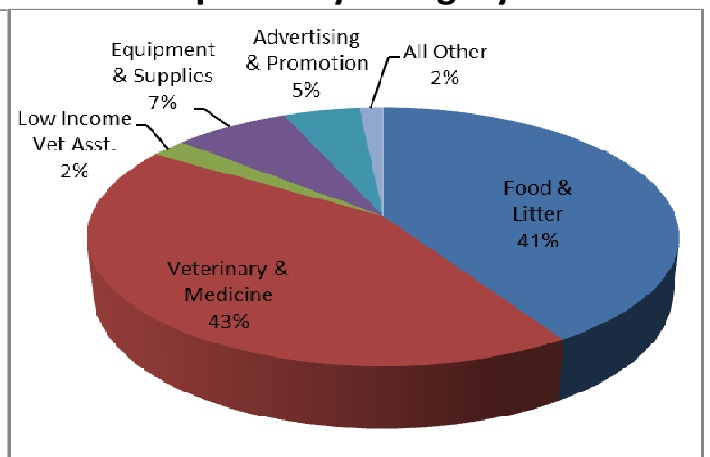
Income and Expense by Year



2012 Income by Source



2012 Expense by Category



Taos Feral Feline Friends

Comprehensive Cat Community Plan

Cats are mobile, social animals. Problems such as disease and overpopulation travel readily from feral cats to indoor/outdoor cats to ordinary pets. The Comprehensive Cat Community Plan (CCCP) reflects our philosophy that the entire community of cats, not just certain subgroups, should be addressed in the design of a feline welfare program. In addition, animal welfare groups do not operate in isolation. With charitable resources scarce, no welfare organization can afford to duplicate the efforts of another.

Through the CCCP, we provide a safety net for the segments of the feline community that no one else will help. We seek solutions for problems that others ignore. Where other organizations are active (for example, the companion cat shelter and adoption program of Stray Hearts, Inc.), TFFF steps back. Where other programs are lacking, we step in. Thus, TFFF created the first feral cat shelter in Northern New Mexico since other shelters did not accept them. Later we began Taos' first ever Trap, Neuter, and Return (TNR) program to address the problem of overpopulation of homeless cats.

The CCCP is reviewed annually and modified as needed to ensure that our activities are appropriately targeted to the segments of the cat community most in need of our help. For example, in 2007, the Shelter Program expanded to accept stray companion cats from Taos County in order to replace the animal welfare services lost when the county's shelter closed. When Stray Hearts, Inc. began serving as the county shelter, TFFF was able to reduce its shelter intake and redirect money into the rapidly growing TNR program.

As 2013 begins, the CCCP consists of three core activities: a Shelter Program, a TNR Program, and an adoption expense reimbursement program, Pays To Help Strays.

The Shelter Program rescues, shelters, and finds adoptive homes for feral cats in Taos and western Colfax counties of New Mexico. In addition to the feral cat shelter, TFFF maintains a small companion cat shelter primarily for older cats, cats with disabilities, and for "owner give-up" cats. As of 12/31/2012, there were 53 cats at our shelter.

The Trap, Neuter, and Return (TNR) Program provides free spay/neuter surgeries and general assistance to outdoor cat caregivers throughout Taos and western Colfax counties. As of 12/31/2012, there were 160 colonies of feral cats managed by TFFF with an estimated total population of 640.

The Pays To Help Strays Program encourages people to adopt stray cats directly from the wild. TFFF pays for spay/neuter, FELV/FIV screening, and all recommended vaccinations. Our clients get new pets... and homeless cats get new homes!

Spay/Neuter Taos, the PetSmart Charities®/TFFF partnership, began 1/15/2011. Spay/Neuter Taos utilizes all three TFFF programs in a highly focused effort to spay/neuter up to 300 cats over a one year period, with the goal of achieving a quick, significant reduction in the free-roaming cat population within its specified target area. In November 2012, PetSmart Charities awarded TFFF with an \$18,950 renewal grant. Effective for this renewal, the target area has been expanded from the town of Taos to zip codes 87529 (El Prado), 87557 (Ranchos De Taos) and 87571 (Taos), an area that generates about 87% of Taos County's feline shelter intakes. We will seek funding to continue this initiative beyond 2013.

On a small scale, TFFF also provides veterinary expense assistance to low-income households in Taos, typically to unemployed and/or disabled TNR program colony caregivers or TFFF volunteers. .

Let's take a closer look at how each program works. Keep in mind that we don't consider these activities separate and unrelated, but as part of our overall, comprehensive plan to fulfill our mission.

Taos Feral Feline Friends

Shelter Program

TFFF began in 2004 as a cat rescue organization. Its first shelter residents were feral cats awaiting euthanasia at the local Humane Society, rescued and brought home by Leanne Mitchell. Since then, TFFF has become the premier, no-kill feline shelter in Northern New Mexico.

The primary shelter facility is a former 814 square foot guesthouse with four rooms located in Ranchos De Taos, New Mexico. The cats are free to roam within each room - it is a cage-less shelter. Two rooms have ceilings with exposed wooden supports that the cats can sit or walk along, effectively increasing the usable areas of the rooms. Two rooms have windows opening onto screened-in porches, allowing our residents to safely enjoy the outdoors. The building can easily accommodate about 60 cats and is presently reserved for feral cats.

A cage-less environment is important to the health and well-being of feral cats. Feral cats, accustomed to running free, can become lethargic and stop eating if confined to a cage. Our cats run and play within their rooms, interacting with the other cats, forming a community much like an outdoor feral cat colony. Eating habits and litter box use are normal. Fights are seldom observed. By all measures, the ferals are well-adapted to life at the TFFF shelter.

Controlling and preventing feline disease is an important part of the Shelter Program. The shelter is cleaned and disinfected daily. Before a cat enters the shelter community, it is screened for FELV (feline leukemia) and FIV (feline immunodeficiency virus) as recommended by the American Association of Feline Practitioners. Cats with these communicable illnesses cannot be placed in our open setting. Cats with less serious problems, such as upper respiratory illness, are kept isolated from the main shelter until they recover. For this purpose and other special needs, some cats are housed in rooms apart from the main shelter. Non-feral cats, companion animals, are also kept in these areas where they receive more contact with TFFF volunteers. All cats held at TFFF receive FeLV, FVRCP, and rabies vaccinations as soon as practical upon their arrival at the shelter. All cats are spayed or neutered prior to adoption.

TFFF actively seeks to find permanent, loving homes for both companion and feral cats. Despite the common misconception that feral cats are unadoptable, we have been successful in finding individuals who appreciate the wild nature and rodent-controlling abilities of feral cats. A standardized adoption agreement, providing contact information, cat health and identification data is executed. We contact each adopter at least once to see how the cat and owner have adapted. The suggested donation for adoptions is \$12.50 per feral cat to \$25.00 per companion cat. We also provide a free wellness veterinary exam for all companion cats adopted from our shelter.

Feral cat adoptions can be difficult to arrange. A suitable home for feral cats requires shelter from the elements and predators, specifically wild dogs and coyotes, and a human caregiver. Given that Taos County has been plagued with serious rodent problems, including human fatalities caused by the mouse-transmitted Hanta virus, TFFF believes that the community obtains material public health benefits from properly managed feral cat populations. By building awareness of our organization and promoting the rodent-control advantages of cat ownership, TFFF boosts the demand for both companion and feral cats.

TFFF arranged adoptions for 33 shelter cats (27 feral, 6 companion) in 2012, accepted 26 new cats (20 feral, 6 companion) into the shelter and had one euthanasia. There were 53 cats at the shelter at 12/31/12. TFFF's goal for 2013 is to accept 35 new residents and to arrange 35 shelter adoptions.

Taos Feral Feline Friends

Trap, Neuter, and Return (TNR) Program

TNR is our community outreach program supporting the animal care efforts of individuals with outdoor cat populations. It is the best option for helping feral cats when a property owner is willing to support a feral cat colony on his/her premises. If residents are willing to provide food, water, and shelter sufficient to maintain a feral colony, TFFF will trap the animals, transport them to the veterinarian for spay/neuter, rabies vaccinations, and ear-tipping, then return them back into the feral colony. By keeping the population under control, residents are able to manage their colonies more efficiently, without incurring the costs of an ever-increasing population.

TNR is the most critical element of TFFF's mission to contain feral populations in a humane manner. It has been shown to be more effective in reducing cat populations than euthanasia. Killing cats merely makes more food available to the survivors who then exploit the surplus by reproducing at a greater rate. Additionally, by helping people manage cats on their premises, we are able to reserve our limited shelter space for cats that are unwanted or suffering abuse.

TNR complements, but does not replace the need for our rescue, shelter, and adoption program. First, TNR is only applicable to true feral cats - we don't feel that a stray cat that's obviously been a companion animal should be converted to a feral cat via TNR. Second, TNR requires the active cooperation of the property-owner. If a property-owner is unwilling to support the colony, or will not consent to our program guidelines, TFFF will not initiate a TNR program. If cats' lives are in immediate jeopardy, we will trap, remove the cats, and take them to our shelter for veterinary care and adoption.

TNR is available free of charge to the public, the only such program in our service area. TFFF also provides free cat food to low-income colony care-givers.

Controlling and preventing feline disease in outdoor cats is an important part of the TNR Program. Outdoor cats are exposed to more pathogens and live under much harsher conditions than indoor cats. The two most common serious feline diseases we encounter are FIV and FELV. FIV (Feline Immunodeficiency Virus) is prevalent throughout Taos County. Like human AIDS, FIV attacks a cat's immune system, making it more susceptible to other diseases. FIV is spread directly from cat to cat by biting, mating, and sharing of infected litter, water or food sources. FELV is a serious viral infection spread mainly from mother to kittens. An effective vaccine for FELV is available and all TFFF shelter cats receive it. However, because the FELV vaccine requires booster shots, it is not practical for TNR cats.

Effective 1/1/2009, TFFF no longer tests TNR cats for FELV/FIV unless, in a veterinarian's opinion, a cat manifests symptoms associated with these infections. No cat at TFFF has or will ever be euthanized based on the results of the FELV/FIV test. However, to prevent the spread of these fatal pathogens to otherwise healthy cats, TFFF does not return demonstrably sick cats testing positive for FELV or FIV to the feral colony. In these cases, depending on the specific facts and upon consultation with the attending veterinarian, TFFF may elect to euthanize or retain the cat in isolation at its shelter. A complete discussion of TFFF's testing policy can be found on the TFFF website.

During 2012, the TNR program achieved a milestone: its 1000'th case. During the year, 198 TNR cases were completed with one TNR-related euthanasia. For 2013, TFFF expects to handle 185 to 215 TNR cases, with the majority relating to the Spay/Neuter Taos program.

Taos Feral Feline Friends

Pays To Help Strays

TFFF's newest initiative, "Pays To Help Strays", commenced as a pilot program in 2008. This program assists people who adopt strays and ferals directly into their homes. Through Pays To Help Strays, we will reimburse the costs of the spay/neuter surgery, FELV/FIV testing, and the recommended vaccinations for anyone directly adopting a stray or "friendly feral" cat into their home. The person must contact us within 60 days, or in advance, of the adoption in order to be eligible for benefits. Cats adopted from other shelters, pet stores, or breeders are ineligible for this program.

This program is a cost-effective way to help homeless cats find permanent homes while simultaneously limiting the reproductive potential of the outdoor population. It also bypasses the TFFF shelter completely, preserving shelter capacity for the neediest animals.

Due to rising veterinary costs and the increasing popularity of this program, TFFF has limited its reimbursement to spay/neuter surgery, FELV/FIV testing, and recommended vaccinations (rabies, FVRCP, and FeLV). Charges for medicine, treatment of illness or injuries and veterinary examination fees, previously reimbursed by TFFF, are now the client's responsibility. This change became effective March 1, 2012.

83 Pays To Help Strays adoptions were arranged in 2012. Based on our current expectations for grant and donation funding during 2013, TFFF expects to arrange 90 to 100 Pays To Help Strays adoptions with the majority relating to the Spay/Neuter Taos program. However, the demand for this service is very strong, and TFFF could exceed its goal if additional funding becomes available.

Taos Feral Feline Friends

Financial Overview as of 12/31/2012

Introduction

Taos Feral Feline Friends (TFFF) is a 501-c(3) non-profit association, founded in June 2004, providing animal welfare to stray and feral cats throughout Northern New Mexico. The association's headquarters and shelter facility are located in unincorporated Taos County, New Mexico, approximately 8 miles southwest of the town of Taos. The following discussion is a material part of the TFFF financial report. This financial report has not been audited, but is believed by the undersigned to be an accurate representation of the financial condition of the association as of Dec. 31, 2012. Further information concerning the organization's financial condition may be obtained from IRS Form 990. Please contact us in writing if you would like to receive this filing. There is no charge to receive our tax filing.

2012 Income Statement

TFFF prepares its accounting statements on a cash basis with calendar year periods. TFFF had revenues of \$64,588 for CY2012. For this period, revenue consisted of approximately 33% private donations (including adoption fees); 34% special events (a walkathon and a rummage sale); 32% corporate and charitable foundation grants; and 2% founder donations. Revenues increased by 2% in comparison to the \$63,096 recorded in 2011, with private donations increasing by 26% from \$16,792 in 2011 to \$21,178 in 2012, special event revenue increasing by 4% from \$20,809 in 2011 to \$21,700 in 2012. Charitable grants decreased 12% from \$23,000 in 2011 to \$20,360 in 2012. An \$18,950 renewal grant from PetSmart Charities accounted for 93% of the 2012 grant revenue. Founder donations, the smallest revenue component, declined from \$2,495 in 2011 to \$1,350 in 2012. The special event revenue includes a non-cash amount of \$762 from feline FELV/FIV test kits donated by IDEXX Laboratories, Inc.

TFFF had expenses of \$54,220 for CY2012, consisting of 41% for food and litter (vs. 37% during 2011), 43% for veterinary costs, veterinary supplies and medicine, (vs. 52% during 2011), 2% for veterinary expense assistance to low income families (vs. 1% during 2011), 7% for TNR equipment, shelter equipment and supplies (vs. 5% during 2011), and 6% for utilities, advertising, printing, postage, special event expenses, promotional and miscellaneous costs (vs. 4% during 2011). In total, expenses decreased by 15% from \$64,040 in 2011 to \$54,220 in 2012. The decrease in expenses for 2012 vs. 2011 is attributable to an decrease of \$10,300 in veterinary costs and the costs of veterinary supplies and medicine. These costs declined in response to the elimination of certain veterinary expenses from the Pays To Help Strays program taking effect in 2012 and to a decline from the TFFF record level of program activity in 2011 with 368 cats helped in 2012 in comparison to 460 cats helped in 2011.

TFFF had no employee or private contractor costs through during CY2012. Except for \$75 in communication costs from a TFFF cell phone account, all insurance, utility and transportation costs were paid for TFFF as in-kind donations by William and Leanne Mitchell. TFFF leases its shelter facility on a rent-free basis from William and Leanne Mitchell. The payment of certain expenses by William and Leanne Mitchell and rent-free lease are charitable arrangements that can be terminated at any time.

Based on the above revenues and expenses, TFFF reported an operating gain of \$10,368 for 2012 vs. an operating loss of \$944 in 2011. CY2012 was the best financial performance in TFFF's history.

Taos Feral Feline Friends

Financial Overview as of 12/31/2012 (continued)

TFFF maintains a checking account with the Taos, NM branch of Peoples Bank, 13180 Metcalf Ave., Overland Park, KS. As of Dec. 31, 2012, the account balance was \$20,484. The account does not pay interest and incurs no banking fees, other than purchase of blank checks.

During 2012, TFFF opened an account with PayPal to facilitate on-line donations via the TFFF website. As of 12/31/2012, the PayPal account balance was \$665. TFFF had undeposited cash and checks of \$54 as of 12/31/2012. TFFF also has a brokerage account at Fidelity Investments to facilitate charitable donations of securities and its balance was \$0 as of 12/31/2012.

To obtain liquidity, TFFF has borrowed \$30,011 from founders Leanne and William Mitchell through Dec. 31, 2012. A \$35,000 credit line has been committed for TFFF through 12/31/2014 by the founders. The loan bears no interest, can be repaid at any time, and appears on the association's statement of assets and liabilities contained herein. TFFF has no other debt or lease obligations as of Dec. 31, 2012.

TFFF's cumulative deficit (excess of expenses over revenue) was \$8,808 as of 12/31/12. The deficit is equivalent to 2.6% of cumulative revenue.

2012 Expenses By Program

This exhibit was prepared from the expense records of the association. Some expense categories such as Shelter Supplies, Shelter Equipment, TNR Equipment, and TNR Food are directly associated with a specific program. Veterinary Costs were subdivided by program by totaling each animal's vet costs by the corresponding program under which treatment was provided. Medicine and Veterinary Supplies category expenses, primarily the cost of purchasing FELV/FIV test kits, were allocated by program according to the number of cats utilizing the supplies. Food costs relating to providing assistance to TNR colony caregivers were tabulated directly from the original expense records. All other food costs and all litter costs are attributed to the Shelter Program. Miscellaneous expenses are allocated to each program according to the total numbers of animals aided by program during 2012: 198 for the TNR program, 87 for the Shelter program, and 83 for the Pays To Help Strays program.

Program Budgets for 2013

TFFF prepares budgets, i.e., expense projections, relating to each of its three programs for the 2013 calendar year, based upon its 2013 program goals as described herein. The Shelter Program budget for 2013 assumes 35 new shelter intakes and 35 shelter adoptions during 2013. The TNR Program budget assumes 200 new cases in 2013. 95 Pays To Help Strays cases are assumed for 2013.

Calendar year revenue is estimated by source for the organization. For 2013, we are projecting that the grant revenue will be approximately 6% higher than 2012 due to additional grants that TFFF will be eligible to receive in 2013. Private donations are projected to be 17% lower in 2013 due to the elimination of a non-recurring bequeathment received by TFFF in 2012. Special event revenue, estimated as the mean of the 2012 and 2011 results, is assumed to be about 2% lower in 2013 than 2012.

Budgeted revenue of \$61,770 for CY2013, a decrease of 4% from CY2012. The budgeted revenue for CY2013 consists of approximately 28% private donation revenue, 34% special event revenue, 35% grant revenue, and 2% founder donations. No other sources of revenue are expected for 2013.

Taos Feral Feline Friends *Financial Overview as of 12/31/2012 (continued)*

Annual price inflation rates assumed are 5% for food and litter, 0% for veterinary services and 3% for all other expenses. There is no assumed veterinary service expense inflation because we made the budget projections using the 1/1/2013 fee schedule of our primary service provider. Since TFFF purchases most of its food and litter from a single supplier, actual price inflation for this expense category during 2013 may be considerably more or less than the assumption employed herein. Some veterinary expenses for vaccine purchases previously included in veterinary costs have been shifted to medicine and veterinary supplies because TFFF began to order these items directly in 2013. Miscellaneous expenses projected for 2013 are based primarily on 2012 costs, except: 1) extra promotional expenses for T-shirt purchases in 2013 have been included and 2) a provision for advertising Spay/Neuter Taos has been included based upon the allowable advertising costs funded by the PetSmart grant. Utilities and miscellaneous expenses not directly associated with the Shelter Program are allocated to individual programs according to the projected numbers of animals aided.

Since TFFF intends to remain a 100% volunteer organization, no personnel costs are projected for CY2013. Rent, insurance, electricity, heating, internet access and transportation costs expected to be donated to TFFF throughout 2013 by William and Leanne Mitchell appear as zeroes in the budget.

As noted above, the ability of TFFF to fund its charitable operations is partially dependent on the attainment of grant funds from sources outside of the local community. Charitable foundation and corporate grants are awarded through a highly competitive process, making TFFF's future awards very difficult to predict. For example, we have assumed in the budget for 2013 that TFFF will obtain renewal grant funding from PetSmart Charities, but there can be no assurance that such funding will be received.

The 2013 budget targets approximately a \$2,500 surplus from operations, about 4% of revenue. However, due to the inherent uncertainty regarding the actual amount of grant funding and private donations that will be obtained during 2013, TFFF may be unable to secure sufficient funding to meet its program objectives for 2013 and achieve the targeted gain. In this event, TFFF may need to temporarily suspend or restrict one or more of its programs during 2013, or may incur additional operating losses. If TFFF's operations during 2013 produce surplus funds, a partial repayment of the outstanding founder loan would be made. If TFFF's operations during 2013 produce a shortfall of funds, as occurred during most years other than 2012, further borrowings from the founder line of credit would be made.

Although the values displayed in the projected budgets are believed to be reasonable estimates of TFFF's 2013 financial activity, all of the amounts should be considered hypothetical values, possibly differing materially from the actual results.

Signature

I hereby represent that the above discussion of the financial condition of Taos Feral Feline Friends as of December 31, 2012 and accompanying schedules are accurate to the best of my knowledge and that the projections discussed herein are based upon assumptions believed to be reasonable as of this date of signature:

Jean R Jacques, signed on 3-13-2013

Jean Jacques, Vice-President and Treasurer of Taos Feral Feline Friends

Taos Feral Feline Friends

2012 Income Statement

| | <u>1/1/12 - 6/30/12</u> | <u>7/1/12 - 12/30/12</u> | <u>1/1/12 - 12/31/12</u> | <u>1/1/11 - 12/31/11</u> |
|--|-------------------------|--------------------------|--------------------------|--------------------------|
| <u>Revenue</u> | | | | |
| Private Donations (incl. Adoption Fees) | \$17,183 | \$3,995 | \$21,178 | \$16,792 |
| Special Events | \$0 | \$21,700 | \$21,700 | \$20,809 |
| Founder Donations | \$100 | \$1,250 | \$1,350 | \$2,495 |
| Grants | \$0 | \$20,360 | \$20,360 | \$23,000 |
| Investment Income | \$0 | \$0 | \$0 | \$0 |
| Total Revenue | \$17,283 | \$47,305 | \$64,588 | \$63,096 |
| <u>Expenses</u> | | | | |
| Salaries: Program Director | \$0 | \$0 | \$0 | \$0 |
| Salaries: All Other | \$0 | \$0 | \$0 | \$0 |
| Employee Payroll Taxes and Benefit Costs | \$0 | \$0 | \$0 | \$0 |
| Contractor and Professional Costs | \$0 | \$0 | \$0 | \$0 |
| Subtotal Personnel Costs | \$0 | \$0 | \$0 | \$0 |
| Food & Litter | \$10,561 | \$11,723 | \$22,284 | \$23,381 |
| Veterinary Costs | \$10,200 | \$10,905 | \$21,105 | \$31,560 |
| Medicine and Veterinary Supplies | \$578 | \$1,552 | \$2,130 | \$1,975 |
| Low Income Veterinary Expense Assistance | \$848 | \$386 | \$1,234 | \$909 |
| Subtotal Animal Costs | \$22,187 | \$24,566 | \$46,753 | \$57,825 |
| Shelter Supplies | \$1,191 | \$1,468 | \$2,659 | \$2,195 |
| Shelter Equipment | \$276 | \$800 | \$1,076 | \$544 |
| TNR Equipment | \$150 | \$130 | \$280 | \$762 |
| Subtotal Equipment & Supplies | \$1,617 | \$2,398 | \$4,015 | \$3,501 |
| Shelter Maintenance/Repair | \$0 | \$0 | \$0 | \$0 |
| Rent: 814 sq.ft 2bd./1ba guesthouse | \$0 | \$0 | \$0 | \$0 |
| Waste Disposal | \$0 | \$0 | \$0 | \$220 |
| Telephone, Electricity, Internet Access | \$32 | \$43 | \$75 | \$0 |
| Heating (Propane) | \$0 | \$0 | \$0 | \$0 |
| Property and Liability Insurance | \$0 | \$0 | \$0 | \$0 |
| Subtotal Insurance/Utilities | \$32 | \$43 | \$75 | \$220 |
| Automobile Expenses | \$0 | \$0 | \$0 | \$0 |
| Advertising, Printing, Postage | \$969 | \$1,431 | \$2,400 | \$1,042 |
| Travel, Dining & Entertainment | \$108 | \$147 | \$255 | \$466 |
| Special Event Expenses | \$100 | \$269 | \$369 | \$931 |
| Promotional Expenses | \$0 | \$237 | \$237 | \$0 |
| Charitable Contributions | \$0 | \$50 | \$50 | \$50 |
| Seminars, Workshops | \$0 | \$0 | \$0 | \$0 |
| Taxes, Licenses, Fees | \$66 | \$0 | \$66 | \$5 |
| Subtotal Misc. Expenses | \$1,243 | \$2,134 | \$3,377 | \$2,494 |
| Total Expenses | \$25,079 | \$29,141 | \$54,220 | \$64,040 |
| <u>Surplus (Deficit) from Operations</u> | (\$7,796) | \$18,164 | \$10,368 | (\$944) |

Taos Feral Feline Friends

Statement of Assets and Liabilities

| <u>Assets</u> | <u>12/31/2012</u> | <u>12/31/2011</u> | <u>12/31/2010</u> |
|--|-------------------|-------------------|-------------------|
| Checking Account (Peoples Bank, Overland Park KS #10635861) | \$20,484 | \$11,905 | \$8,000 |
| PayPal Account (for on-line donations) (Acct ID: U2HJ7CAA84W5S) | \$665 | \$0 | \$0 |
| Brokerage Account (Fidelity Investments, #Z70-165840) | \$0 | \$0 | \$0 |
| Cash and Undeposited Checks | \$54 | \$203 | \$270 |
| Total Assets | \$21,203 | \$12,108 | \$8,270 |
| | | | |
| <u>Liabilities</u> | | | |
| Founder Loans (0% interest) | \$30,011 | \$31,284 | \$26,502 |
| Accumulated Surplus / (Deficit) | (\$8,808) | (\$19,176) | (\$18,232) |
| Total Liabilities | \$21,203 | \$12,108 | \$8,270 |

Taos Feral Feline Friends

2012 Expenses by Program

| | <u>1/1/12 - 12/31/12</u> | <u>1/1/12 - 12/31/12</u> | <u>1/1/12 - 12/31/12</u> | <u>1/1/12 - 12/31/12</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>TNR</u> | <u>Shelter</u> | <u>Pays To Help</u> | <u>Total</u> |
| | | | <u>Strays</u> | |
| <u>Expenses</u> | | | | |
| Salaries: Program Director | \$0 | \$0 | \$0 | \$0 |
| Salaries: All Other | \$0 | \$0 | \$0 | \$0 |
| Employee Payroll Taxes and Benefit Costs | \$0 | \$0 | \$0 | \$0 |
| Contractor and Professional Costs | \$0 | \$0 | \$0 | \$0 |
| Subtotal Personnel Costs | \$0 | \$0 | \$0 | \$0 |
| Food & Litter | \$967 | \$21,317 | \$0 | \$22,284 |
| Veterinary Costs | \$9,109 | \$4,546 | \$7,450 | \$21,105 |
| Medicine and Veterinary Supplies | \$460 | \$398 | \$1,272 | \$2,130 |
| Low Income Veterinary Expense Assistance | \$0 | \$1,234 | \$0 | \$1,234 |
| Subtotal Animal Costs | \$10,536 | \$27,495 | \$8,722 | \$46,753 |
| Supplies | \$0 | \$2,659 | \$0 | \$2,659 |
| Equipment | \$280 | \$1,076 | \$0 | \$1,356 |
| Subtotal Equipment & Supplies | \$280 | \$3,735 | \$0 | \$4,015 |
| Shelter Maintenance/Repair | \$0 | \$0 | \$0 | \$0 |
| Rent: 814 sq.ft 2bd./1ba guesthouse | \$0 | \$0 | \$0 | \$0 |
| Waste Disposal | \$0 | \$0 | \$0 | \$0 |
| Telephone, Electricity, Internet Access | \$40 | \$18 | \$17 | \$75 |
| Heating (Propane) | \$0 | \$0 | \$0 | \$0 |
| Property and Liability Insurance | \$0 | \$0 | \$0 | \$0 |
| Subtotal Insurance/Utilities | \$40 | \$18 | \$17 | \$75 |
| Automobile Expenses | \$0 | \$0 | \$0 | \$0 |
| Advertising, Printing, Postage | \$1,291 | \$567 | \$541 | \$2,400 |
| Travel, Dining & Entertainment | \$137 | \$60 | \$58 | \$255 |
| Special Event Expenses | \$199 | \$87 | \$83 | \$369 |
| Promotional Expenses | \$128 | \$56 | \$53 | \$237 |
| Charitable Contribution | \$27 | \$12 | \$11 | \$50 |
| Seminars, Workshops | \$0 | \$0 | \$0 | \$0 |
| Taxes, Licenses, Fees | \$36 | \$16 | \$15 | \$66 |
| Subtotal Misc. Expenses | \$1,817 | \$798 | \$762 | \$3,377 |
| Total Expenses | \$12,673 | \$32,047 | \$9,501 | \$54,220 |

Taos Feral Feline Friends

2013 Program Budgets

| | <u>1/1/13 - 12/31/13</u> | <u>1/1/13 - 12/31/13</u> | <u>1/1/13 - 12/31/13</u> | <u>1/1/13 - 12/31/13</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>TNR</u> | <u>Shelter</u> | <u>Pays To Help</u> | <u>Total</u> |
| | | | <u>Strays</u> | |
| Revenue | | | | |
| Private Donations (incl. Adoption Fees) | | | | \$17,485 |
| Special Events | | | | \$21,255 |
| Founder Donations | | | | \$1,350 |
| Grants | | | | \$21,680 |
| Investment Income | | | | \$0 |
| Total Revenue | | | | \$61,770 |
| Expenses | | | | |
| Salaries | \$0 | \$0 | \$0 | \$0 |
| Employee Payroll Taxes & Benefit Costs | \$0 | \$0 | \$0 | \$0 |
| Contractor and Professional Costs | \$0 | \$0 | \$0 | \$0 |
| Subtotal Personnel Costs | \$0 | \$0 | \$0 | \$0 |
| Food & Litter | \$771 | \$20,812 | \$0 | \$21,583 |
| Veterinary Costs | \$9,610 | \$4,789 | \$7,252 | \$21,651 |
| Medicine and Veterinary Supplies | \$495 | \$1,173 | \$3,185 | \$4,852 |
| Low Income Veterinary Expense Assistance | \$0 | \$1,250 | \$0 | \$1,250 |
| Subtotal Animal Costs | \$10,875 | \$28,024 | \$10,437 | \$49,336 |
| Supplies | \$0 | \$2,547 | \$0 | \$2,547 |
| Equipment | \$548 | \$1,031 | \$0 | \$1,579 |
| Subtotal Equipment & Supplies | \$548 | \$3,577 | \$0 | \$4,125 |
| Shelter Maintenance/Repair | \$0 | \$0 | \$0 | \$0 |
| Rent: 814 sq.ft 2bd./1ba guesthouse | \$0 | \$0 | \$0 | \$0 |
| Waste Disposal | \$0 | \$300 | \$0 | \$300 |
| Telephone, Electricity, Internet Access | \$40 | \$18 | \$19 | \$77 |
| Heating (Propane) | \$0 | \$0 | \$0 | \$0 |
| Property and Liability Insurance | \$0 | \$0 | \$0 | \$0 |
| Subtotal Insurance/Utilities | \$40 | \$318 | \$19 | \$377 |
| Automobile Expenses | \$0 | \$0 | \$0 | \$0 |
| Advertising, Printing, Postage | \$1,838 | \$809 | \$873 | \$3,521 |
| Travel, Dining & Entertainment | \$97 | \$43 | \$46 | \$185 |
| Special Event Expenses | \$465 | \$204 | \$221 | \$890 |
| Promotional Expenses | \$389 | \$171 | \$185 | \$745 |
| Charitable Contribution | \$26 | \$11 | \$12 | \$50 |
| Seminars, Workshops | \$0 | \$0 | \$0 | \$0 |
| Taxes, Licenses, Fees | \$19 | \$8 | \$9 | \$37 |
| Subtotal Misc. Expenses | \$2,834 | \$1,247 | \$1,346 | \$5,427 |
| Total Expenses | \$14,298 | \$33,165 | \$11,802 | \$59,266 |

Taos Feral Feline Friends

Appendix 1 - Frequently Asked Questions

Who is Taos Feral Feline Friends?

We are a not-for-profit, tax-exempt, animal welfare association dedicated to helping stray and feral cats. Formed in June 2004, we are the only shelter in northern New Mexico that rescues and finds homes for feral cats. We also help the community manage feral cats through Trap, Neuter, and Return. Our non-profit status is certified by both the Internal Revenue Service and the Attorney General of New Mexico. We've helped over 2300 cats as of 12/31/2012.

What are feral cats?

Feral cats are either abandoned or lost domestic cats that have reverted to their 'wild nature' or cats that were born outside to a feral mother. They often form self-reliant social groups known as "colonies" near a source of food and shelter. Most human communities have feral cat colonies, but many people are unaware of their existence since "ferals" avoid human contact.

How are feral cats different from stray cats?

A stray cat is a domesticated animal, a pet that has been recently lost or abandoned. It can be resocialized and placed in an adoptive home. Feral cats do not appreciate human contact and hence cannot usually be made into pets. For this reason, feral cats are shunned by most animal shelters.

Why do feral cats need our help?

Feral cats living in the wrong locations are considered a public nuisance and are often captured, poisoned, or otherwise mistreated. Feral cats brought to local animal pounds are deemed unadoptable and "humanely" euthanized. We do not believe that this treatment of innocent animals is moral. Feral cats have a right to live! There are better solutions.

How can we help feral cats?

If you make a donation to Taos Feral Feline Friends, you will save and improve the lives of feral cats in our community. Also, call us if you want to adopt - we have both ferals and house cats available.

What does Taos Feral Feline Friends actually do?

We operate the only Trap, Neuter & Return Program in Taos. It aids people with outdoor cats by providing free spay/neuter surgeries, vaccinations and vet care.

Our Shelter Program helps concerned people from all over the Taos area rescue cats. The shelter is a 814 sq. ft. cageless facility, perfect for feral cats since they don't do well in cages. All cats brought to our shelter are examined by a licensed veterinarian, lab-tested for serious diseases, vaccinated, and spayed/neutered before adoption. For feral cats, we seek appropriate placement in settings where they will be welcomed and cared for, typically, in rural homes as 'mousers' or 'barn kitties'.

We also will pay for spay/neuter and all vaccinations for people adopting a stray cat directly from the wild. We call this the "Pays To Help Strays" Program.

We've helped over 800 cats find new permanent homes... and a new chance to live!

Taos Feral Feline Friends

Appendix 1 - Frequently Asked Questions (continued)

What is Trap, Neuter, and Return?

Trap, Neuter, and Return (TNR) is a free community outreach program for managing feral cats without retaining them at the shelter. Quite simply, with the help of our volunteer caregivers, ferals are trapped, spayed or neutered, vaccinated and then released back into their familiar territory. TFFF offers Trap, Neuter and Return to reduce over-population, homelessness, and disease amongst feral cats.

Why does Taos Feral Feline Friends need our help?

We receive no compensation from local animal shelters, city or county government. Since ferals are not adopted as pets, we find that charging standard adoption fees is impractical and restricts our ability to find acceptable homes. Thus, we rely almost entirely on grants and charitable donations from the community to support our operations. All donations made to us are acknowledged with a written receipt and are tax-deductible as a charitable contribution.

How will my donation be used?

Your donation will pay for medicine, veterinary care, food, litter and shelter expenses. It might be used for adoption advertising or to buy equipment (for example, traps). However, TFFF has no personnel costs: all of our workers and association officers are unpaid volunteers so your entire donation directly benefits our cats.

Does Taos Feral Feline Friends help regular (non-feral) cats?

Yes, we help all cats at the shelter, space permitting, and usually have 10-20 house cats or kittens ready for adoption as pets. Our companion cats have their own areas separate from the ferals where they receive the extra human contact that they appreciate.

Does Taos Feral Feline Friends ever euthanize cats?

Our shelter follows a strict 'no-kill' philosophy. We will permit a licensed veterinarian to euthanize a cat only if it is suffering from a fatal disease or injury. Historically, only about 2% of our cats have been euthanized. In fact, many of our residents are 'special needs' cats that would typically be euthanized at community animal facilities.

How can I make a contribution, adopt a cat, or get more information?

Please call or E-mail Leanne Mitchell at (575) 737-9208, catmomoftaos@hotmail.com or visit our website at <http://taosferalfelinefriends.tripod.com/> The TFFF website welcomes on-line donations made via all major credit cards or PayPal.

Taos Feral Feline Friends

Appendix2 – Association Officers, Quick Facts, and Contact Information

ASSOCIATION OFFICERS (2012/13)

Leanne Mitchell, President and Founder (2004)
Pamela Matas, Vice-President / Secretary (2010)
Jean Jacquez, Vice-President / Treasurer (2010)
Patrick Finn, Vice-President (2010)

QUICK FACTS

MISSION

Prevent the inhumane treatment of stray and feral cats in Northern New Mexico, stop unnecessary euthanasia of stray and feral cats, and reduce the population of stray and feral cats.

HISTORY

Taos Feral Feline Friends (TFFF) is a 501c-3 charitable association promoting animal welfare throughout Northern New Mexico. TFFF was founded in June 2004 by Leanne Mitchell. Ms. Mitchell has over 25 years experience working with animal welfare organizations in Illinois and New Mexico.

TFFF is unique: it is a 100% volunteer organization and operates the only facility in Northern New Mexico that rescues, shelters, and relocates feral cats. In 2005, it initiated the area's only Trap, Neuter, and Return program to spay/neuter feral cats and assist outdoor cat caregivers.

FACILITY & AREA OF OPERATION

TFFF operates an 814 sq. ft. cage-less shelter facility in Ranchos De Taos, New Mexico in unincorporated Taos County, approximately eight miles southwest of the town of Taos. The organization exclusively serves Taos County and the Enchanted Circle area of Colfax County, New Mexico..

STANDARDS OF PRACTICE

TFFF operates under a strict no-kill mandate. Euthanasia is used only if, in the judgment of a veterinarian, an animal is terminally ill or injured. TFFF veterinary care standards are established and reviewed by Drs. Susanne Felser and Patricia Albin, veterinarians licensed by the state of New Mexico, and are consistent with the recommendations of the American Association of Feline Practitioners.

CONTACT INFORMATION

Phone and Fax: (575) 737-9208
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PO Box 1926
Ranchos De Taos, NM 87557-1926
Email: catmomoftaos@hotmail.com
Federal EIN: 77-0635095
Website: <http://taosferalfelinefriends.tripod.com/>