

ANIMAL DEFENSE LEAGUE OF TEXAS

Audited Financial Statements

December 31, 2012

AKIN, DOHERTY, KLEIN & FEUGE, P.C.
Certified Public Accountants

ANIMAL DEFENSE LEAGUE
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December 31, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Animal Defense League of Texas
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Animal Defense League of Texas, which comprise the statements of financial position of as of December 31, 2012 and 2011, and the related statements of activities, functional expenses 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 U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 entity'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 entity'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Animal Defense League of Texas as of December 31, 2012 and 2011, and its activities, functional expenses and cash flows for the years then ended, in conformity with U. S. generally accepted accounting principles.

Akin, Doherty, Klein & Feuge P.C.

Akin, Doherty, Klein & Feuge, P.C.

San Antonio, Texas

July 19, 2013

ANIMAL DEFENSE LEAGUE OF TEXAS
Statements of Financial Position
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 119,610	\$ 129,629
Receivables:		
Animal Defense League Foundation	514,008	469,739
Annuity, current portion	24,823	57,030
Other contributions	3,922	20,000
Inventory	76,627	55,117
Investments, at fair market value	<u>1,581,758</u>	<u>1,425,315</u>
Total current assets	<u>2,320,748</u>	<u>2,156,830</u>
Property and Equipment:		
Land	391,752	391,752
Buildings	2,248,864	2,243,530
Building improvements	1,203,146	1,164,466
Pet park	93,808	93,808
Office furniture and equipment	526,653	507,165
Vehicles	<u>63,829</u>	<u>63,829</u>
Total property and equipment	<u>4,528,052</u>	<u>4,464,550</u>
Less accumulated depreciation	<u>(1,874,061)</u>	<u>(1,743,864)</u>
Net property and equipment	<u>2,653,991</u>	<u>2,720,686</u>
Annuity, long-term portion	<u>-</u>	<u>24,823</u>
Total Assets	<u><u>\$ 4,974,739</u></u>	<u><u>\$ 4,902,339</u></u>

See notes to audited financial statements.

ANIMAL DEFENSE LEAGUE OF TEXAS
Statements of Financial Position
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 126,902	\$ 112,181
Accrued expenses	64,725	59,256
Note payable, current portion	32,712	30,611
Total current liabilities	<u>224,339</u>	<u>202,048</u>
Long-Term Liabilities:		
Note payable, less current portion	103,978	156,265
Net Assets:		
Unrestricted:		
Board designated	682,445	646,546
Undesignated - available for general operations	3,449,969	3,389,480
Total unrestricted	<u>4,132,414</u>	<u>4,036,026</u>
Temporarily restricted	514,008	508,000
Total net assets	<u>4,646,422</u>	<u>4,544,026</u>
Total Liabilities and Net Assets	<u><u>\$ 4,974,739</u></u>	<u><u>\$ 4,902,339</u></u>

See notes to audited financial statements.

ANIMAL DEFENSE LEAGUE OF TEXAS
Statement of Activities
Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support			
Donations:			
Bequests and other	\$ 982,584	\$ -	\$ 982,584
Animal Defense League Foundation	-	514,008	514,008
Direct mail	189,016	-	189,016
Grants	21,560	-	21,560
Medical services, net of expenses of \$156,658	261,446	-	261,446
Other revenues	85,115	-	85,115
Special events, net of expenses of \$30,411	87,737	-	87,737
Transfer and adoption fees	234,330	-	234,330
Realized and unrealized gain			
on investment securities	54,663	-	54,663
Dividends and interest, net of fees	34,213	-	34,213
Oil and gas revenue	87,102	-	87,102
Total revenues and support	<u>2,037,766</u>	<u>514,008</u>	<u>2,551,774</u>
Expenses			
Program:			
Adoption center	453,028	-	453,028
Shelter	704,272	-	704,272
Hospital	831,573	-	831,573
Total program expenses	<u>1,988,873</u>	<u>-</u>	<u>1,988,873</u>
Management and general	282,869	-	282,869
Fundraising	177,636	-	177,636
Total expenses	<u>2,449,378</u>	<u>-</u>	<u>2,449,378</u>
Changes in Net Assets	(411,612)	514,008	102,396
Net assets released from restriction	508,000	(508,000)	-
Net assets at beginning of year	<u>4,036,026</u>	<u>508,000</u>	<u>4,544,026</u>
Net Assets at End of Year	<u>\$ 4,132,414</u>	<u>\$ 514,008</u>	<u>\$ 4,646,422</u>

See notes to audited financial statements.

ANIMAL DEFENSE LEAGUE OF TEXAS
Statement of Activities
Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support			
Donations:			
Bequests and other	\$ 785,412	\$ 70,000	\$ 855,412
Animal Defense League Foundation	-	438,000	438,000
Direct mail	113,259	-	113,259
Grants	64,031	-	64,031
Medical services, net of expenses of \$155,185	469,267	-	469,267
Other revenues	101,714	-	101,714
Special events, net of expenses of \$1,546	43,558	-	43,558
Transfer and adoption fees	222,371	-	222,371
Realized and unrealized (loss)			
on investment securities	(13,943)	-	(13,943)
Dividends and interest, net of fees	20,607	-	20,607
Oil and gas revenue	89,015	-	89,015
Total revenues and support	<u>1,895,291</u>	<u>508,000</u>	<u>2,403,291</u>
Expenses			
Program:			
Adoption center	373,948	-	373,948
Shelter	719,085	-	719,085
Hospital	795,879	-	795,879
Total program expenses	<u>1,888,912</u>	<u>-</u>	<u>1,888,912</u>
Management and general	327,997	-	327,997
Fundraising	117,625	-	117,625
Total expenses	<u>2,334,534</u>	<u>-</u>	<u>2,334,534</u>
Changes in Net Assets	(439,243)	508,000	68,757
Net assets released from restriction	585,345	(585,345)	-
Net assets at beginning of year	<u>3,889,924</u>	<u>585,345</u>	<u>4,475,269</u>
Net Assets at End of Year	<u>\$ 4,036,026</u>	<u>\$ 508,000</u>	<u>\$ 4,544,026</u>

See notes to audited financial statements.

ANIMAL DEFENSE LEAGUE OF TEXAS
Statement of Functional Expenses
Year Ended December 31, 2012

	Adoption Center	Shelter	Hospital	Management and General	Fundraising	2012 Total
Accounting	\$ -	\$ -	\$ -	\$ 3,600	\$ -	\$ 3,600
Advertising	-	-	-	9,944	-	9,944
Autos	6,775	5,346	5,346	-	-	17,467
Bad debt	-	-	-	-	38,000	38,000
Bank fees	-	-	-	32,263	-	32,263
Contract labor	9,729	9,729	190,913	-	-	210,371
Custodial expenses	-	5,164	-	-	-	5,164
Dues/subscriptions and education	-	-	-	800	-	800
Employee meals	6,072	-	-	-	-	6,072
Employee medical	6,885	15,796	12,189	17,093	-	51,963
Equipment rental	1,612	-	-	-	-	1,612
Hospital	-	-	208,791	-	-	208,791
Insurance	8,146	30,546	12,218	-	-	50,910
Interest	-	-	-	18,120	-	18,120
Kennel	-	54,272	-	-	-	54,272
Legal fees	-	-	-	350	-	350
Miscellaneous	10,052	10,000	-	252	4,446	24,750
Newsletter	-	-	-	769	-	769
Office expense	-	-	-	19,140	-	19,140
Payroll service	-	-	-	23,195	-	23,195
Payroll taxes	20,646	33,148	28,263	13,036	6,517	101,610
Pet cremation	-	-	994	-	-	994
Postage and printing	-	-	-	3,114	43,942	47,056
Professional services	-	-	-	20,503	-	20,503
Repairs and maintenance	18,726	37,451	18,726	-	-	74,903
Salaries	310,169	369,947	308,432	120,690	84,731	1,193,969
Security	767	-	767	-	-	1,534
Supplies	6,016	3,008	3,008	-	-	12,032
Taxes and licenses	2,396	-	-	-	-	2,396
Telephone	6,552	3,276	3,275	-	-	13,103
Utilities	23,513	23,513	23,514	-	-	70,540
Veterinary	-	-	2,988	-	-	2,988
Depreciation	14,972	103,076	12,149	-	-	130,197
Total Expenses	\$ 453,028	\$ 704,272	\$ 831,573	\$ 282,869	\$ 177,636	\$ 2,449,378

See notes to audited financial statements.

ANIMAL DEFENSE LEAGUE OF TEXAS
Statement of Functional Expenses
Year Ended December 31, 2011

	Adoption Center	Shelter	Hospital	Management and General	Fundraising	2011 Total
Advertising	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 200
Autos	-	-	-	23,119	-	23,119
Bank fees	-	-	-	8,734	-	8,734
Contract labor	8,938	8,938	179,388	20,135	-	217,399
Custodial expenses	-	6,815	-	-	-	6,815
Dues/subscriptions and education	-	-	-	1,599	-	1,599
Employee meals	6,776	-	-	-	-	6,776
Employee medical	4,508	14,136	22,796	20,057	-	61,497
Equipment rental	1,878	-	-	-	-	1,878
Hospital	-	-	206,355	-	-	206,355
Insurance	5,565	20,868	8,347	-	-	34,780
Interest	-	-	-	19,736	-	19,736
Kennel	-	56,677	-	-	-	56,677
Miscellaneous	6,265	-	-	94	2,218	8,577
Newsletter	-	-	-	756	-	756
Office expense	-	-	-	21,271	-	21,271
Payroll service	-	-	-	22,566	-	22,566
Payroll taxes	16,679	36,581	25,623	14,128	6,549	99,560
Pet cremation	-	-	649	-	-	649
Postage and printing	-	-	-	3,732	38,169	41,901
Professional services	-	-	-	19,355	-	19,355
Repairs and maintenance	20,397	40,795	20,397	-	-	81,589
Salaries	238,548	405,165	296,329	152,515	70,689	1,163,246
Security	629	-	628	-	-	1,257
Supplies	4,904	2,453	2,453	-	-	9,810
Taxes and licenses	729	-	-	-	-	729
Telephone	4,862	2,431	2,431	-	-	9,724
Utilities	36,337	18,169	18,169	-	-	72,675
Veterinary	-	-	303	-	-	303
Depreciation	16,933	106,057	12,011	-	-	135,001
Total Expenses	\$ 373,948	\$ 719,085	\$ 795,879	\$ 327,997	\$ 117,625	\$ 2,334,534

See notes to audited financial statements.

ANIMAL DEFENSE LEAGUE OF TEXAS
Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Activities		
Change in net assets	\$ 102,396	\$ 68,757
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	130,197	135,001
Unrealized (gain) loss on investments	(54,663)	13,943
Changes in operating assets and liabilities:		
Accounts receivable from ADL Foundation	(44,269)	89,245
Annuity receivable	57,030	53,608
Other receivables	16,078	91,393
Inventory	(21,510)	(34,881)
Accounts payable and accrued expenses	20,190	73,142
Net cash provided by operating activities	<u>205,449</u>	<u>490,208</u>
Investing Activities		
Net investment activity	(101,780)	(214,500)
Purchases of property and equipment	(63,502)	(189,166)
Net cash provided (used) by investing activities	<u>(165,282)</u>	<u>(403,666)</u>
Financing Activities		
Payments on long-term debt	(50,186)	(63,720)
Net cash (used) by financing activities	<u>(50,186)</u>	<u>(63,720)</u>
Change in cash and cash equivalents	(10,019)	22,822
Cash at beginning of year	<u>129,629</u>	<u>106,807</u>
Cash at End of Year	<u><u>\$ 119,610</u></u>	<u><u>\$ 129,629</u></u>
Supplemental Disclosures		
Interest paid in cash	\$ 18,120	\$ 19,736
Income taxes paid in cash	-	-

See notes to audited financial statements.

ANIMAL DEFENSE LEAGUE OF TEXAS
Notes to Audited Financial Statements
December 31, 2012 and 2011

NOTE A – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Mission: The Animal Defense League of Texas (the League) is incorporated in the State of Texas as a not-for-profit corporation. Its primary mission is finding homes for abandoned animals, preventing cruelty to animals, and promoting humane and kind treatment. The League operates from its facility on Nacogdoches Road in San Antonio, Texas.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations. Assets restricted solely through actions of the Board are reported as designated.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that will be met by actions of the League and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that the assets be maintained permanently by the League. Generally, the donors of these assets permit the League to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2012 and 2011.

Contributions: Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, such assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions. Contributions received with donor restrictions whose restrictions are met in the same reporting period are generally reported as unrestricted support.

Gifts of equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Functional Allocation of Expenses: The costs of providing the services and other activities are summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Special Events: Costs associated with Special Events are netted against the related revenue.

Advertising: Advertising and marketing costs are expensed as incurred and totaled approximately \$10,000 in 2012 and \$23,100 in 2011.

ANIMAL DEFENSE LEAGUE OF TEXAS
Notes to Audited Financial Statements
December 31, 2012 and 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents: Cash and cash equivalents consist of cash-on-hand, demand deposits held by financial institutions and any equivalent securities with a maturity of three months or less.

Contributions Receivable: Legally enforceable pledges and contributions, less an allowance for uncollectible amounts, are recorded as receivables in the year made unless the pledge or contribution is dependent upon the occurrence of a specified future and uncertain event to bind the promisor. Conditional pledges and contributions are recognized when the conditions upon which they depend are substantially met or when the possibility that the condition will not be met is remote. No allowance was deemed necessary for 2012 and 2011.

Inventories: Inventory is valued at the lower of cost or market determined on a specific identification basis.

Investments: Investments are reported at fair market value determined by quoted market prices. Investment interest and dividends are reported net of fees of approximately \$6,600 in 2012 and \$3,700 in 2011.

Property and Equipment: Property and equipment is valued at historical cost or estimated fair value at date of donation. Expenditures for betterments that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related asset (generally three to five years for furniture, equipment and vehicles).

Income Taxes: The League is a not-for-profit organization exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code. In addition, the League has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The League is not subject to the Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

Donated Services and Materials: The League receives donated services and materials from a variety of sources. These services and materials are reported as contribution revenues and other expenses in the Statement of Activities, and were not significant in 2012 and 2011. See Note C.

Employee Benefit Plan: The League has a 403(b) plan that covers substantially all employees. Employees may contribute a percentage of their annual compensation as allowed by the internal revenue code. The League matches a portion of employees' contributions on an annual basis, subject to Board approval. The League did not contribute to the Plan in 2012 and 2011.

Concentrations of Credit Risk: Financial instruments that potentially subject the League to concentrations of credit risk consist principally of cash and investments. The League places its cash and investments in certificates of deposit, Government Securities and high-rated corporate equities, and limits the amount of credit exposure, although it may from time to time have investments in excess of that insured by the FDIC and SIPC. The League periodically accesses the financial condition of the institutions and believes the risk of any loss is minimal. Concentration of credit risk with respect to its investments is reduced as a result of the diversity of the underlying securities.

ANIMAL DEFENSE LEAGUE OF TEXAS
Notes to Audited Financial Statements
December 31, 2012 and 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor’s report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements: Management is not aware of any new accounting pronouncements that have been released, and are not yet effective, which will have a significant impact to its financial position or results of operations in future periods.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain reclassifications have been made to the prior year’s financial statements in order to confirm to the current presentation.

NOTE B – ANNUITY RECEIVABLE

The League is the beneficiary of an annuity gifted to it in 2002 for which it receives \$5,042 per month for 10 years beginning June 30, 2003. The Board has designated these funds to be used for payment on its note payable to Broadway Bank. The annuity receivable is summarized as follows at December 31:

	<u>2012</u>	<u>2011</u>
Receivable in less than one year	\$ 24,823	\$ 57,030
Receivable in one to five years	<u>-</u>	<u>24,823</u>
Total annuity receivable	<u>\$ 24,823</u>	<u>\$ 81,853</u>

NOTE C – DONATED PERSONAL SERVICES

The League benefits from the assistance of many volunteers. In accordance with *generally accepted accounting principles*, the value of contributed services received are recognized if they (a) create or enhance a nonfinancial asset or (b) required specialized skills, provided by individuals possessing those skills, that would be purchased if they were not donated. The League receives a substantial number of volunteers and volunteer hours each year. However, since the volunteer assistance received by the League during 2012 and 2011 does not meet these criteria, the League did not recognize the value of assistance in its financial statements.

ANIMAL DEFENSE LEAGUE OF TEXAS
Notes to Audited Financial Statements
December 31, 2012 and 2011

NOTE D – ANIMAL DEFENSE LEAGUE FOUNDATION

The Animal Defense League Foundation (the Foundation) was established to provide support for the League. The Foundation has a separate Board of Trustees (although some members do serve on both Boards) and is a legally separate entity. Under the terms of the estate which created the Foundation, the League is the sole beneficiary of the Foundation. Ordinary income earned by the Foundation during the year is donated to the League in the next year; therefore, under the accrual basis of accounting, the League recognized \$514,008 in 2012, which was earned by the Foundation in 2012 but will be received by the League in 2013. This receivable is reported as temporarily restricted.

NOTE E – NOTE PAYABLE

The League has a note payable to Broadway Bank for the construction of dog kennels. The note matures on April 1, 2019, and is collateralized by property. The note has an adjusted rate of interest based on the Federal Home Loan Bank rates plus 2.75%. The adjusted rate of interest was 6.18% as of December 31, 2012. The principal balance of this note is \$136,690 at December 31, 2012 and \$186,876 at December 31, 2011.

Maturities of principal on long-term debt are as follows:

2013	\$ 32,712
2014	34,903
2015	37,240
2016	<u>31,835</u>
	<u>\$ 136,690</u>

NOTE F – OPERATING LEASES

The League entered into a sixty (60) month operating lease for copiers on September 1, 2010. The minimum monthly payment for the equipment is \$1,097 per month. At December 31, 2012, the minimum rental commitments under operating leases are as follows:

Year Ending December 31,

2013	\$ 13,164
2014	13,164
2015	8,776

The League paid rent expense of approximately \$15,600 in 2012 and \$17,200 in 2011.

ANIMAL DEFENSE LEAGUE OF TEXAS
Notes to Audited Financial Statements
December 31, 2012 and 2011

NOTE G – FAIR VALUE MEASUREMENTS

The Endowment follows the Professional Standards related to “Fair Value Measurements,” which defines fair value, established a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. The Standards established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs that reflect assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs, as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities,
- Level 2: Quoted prices in active markets for similar assets and liabilities that are observable for the asset or liability; or
- Level 3: Unobservable pricing inputs that are generally less observable from objective sources, such as discounted cash flow models or valuations.

The Fair Value Measurement Standard requires financial assets and liabilities to be classified based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels. The following table presents financial assets and liabilities that were accounted for at fair value on a recurring basis by level within the fair value hierarchy:

December 31, 2012	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market	\$ 431,255	\$ -	\$ -	\$ 431,255
Certificate of Deposits	127,516	-	-	127,516
Corporate obligations – bonds	150,228	-	-	150,228
Equity securities:				
Common stock - domestic	747,563	-	-	747,563
Common stock - foreign	75,580	-	-	75,580
Mutual funds:				
Fixed income	18,252	-	-	18,252
Equity	1,918	-	-	1,918
Foreign	29,446	-	-	29,446
Total investments	<u>\$ 1,581,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,581,758</u>

ANIMAL DEFENSE LEAGUE OF TEXAS
Notes to Audited Financial Statements
December 31, 2012 and 2011

NOTE G – FAIR VALUE MEASUREMENTS - continued

December 31, 2011	Fair Value Measurements Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 310,045	\$ -	\$ -	\$ 310,045
Certificate of Deposits	149,916	-	-	149,916
Corporate obligations – bonds	174,267	-	-	174,267
Equity securities:				
Common stock – domestic	694,173	-	-	694,173
Common stock - foreign	51,710	-	-	51,710
Mutual funds:				
Fixed income	17,524	-	-	17,524
Foreign	<u>27,680</u>	<u>-</u>	<u>-</u>	<u>27,680</u>
Total investments	<u>\$ 1,425,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,425,315</u>

NOTE H – CONTINGENCY

The League is involved in various claims from time to time. Management does not expect any such matters in which it is currently involved to result in a significant loss.