

**United Poultry Concerns,
Inc.**

**Audited
Financial Statements**

**For the Year Ended
December 31, 2010**

United Poultry Concerns, Inc.
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Bradley Wealth Management, LLC

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The Board of Directors
United Poultry Concerns, Inc.
P.O. Box 150
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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of United Poultry Concerns, Inc. (UPC) as of December 31, 2010, and the related statement of changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibilities of the organization's management. My responsibility is to express an opinion on these financial statements based on my 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 of material misstatement. An audit includes consideration of internal control over financial reporting as basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UPC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Poultry Concerns, Inc. as of December 31, 2010, and the changes in its net assets and results of operations, and its cash flows for the period ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.


Bradley Wealth Management, LLC
Kevin G. Bradley, CPA
President

September 12, 2011

**UNITED POULTRY CONCERNS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010**

ASSETS

Current Assets	
Cash (Note 3)	\$ 63,464
Short-term investments (Note 4)	234,018
Contributions receivable (Note 3)	15,774
Inventory (Note 3)	<u>6,829</u>
Total Current Assets	320,085
Property and Equipment (Note 5)	131,055
Less: Accumulated depreciation	<u>(41,535)</u>
Total Property and Equipment	89,520
TOTAL ASSETS	<u>\$ 409,605</u>

LIABILITIES AND EQUITY

Current Liabilities	
Accounts payable	\$ 11,129
Payroll tax liabilities	<u>1,875</u>
Total Current Liabilities	13,004
Total Liabilities	<u>13,004</u>
Equity	
Restricted (Note 3)	7,000
Unrestricted	<u>389,601</u>
Total Equity	396,601
TOTAL LIABILITIES AND EQUITY	<u>\$ 409,605</u>

See independent auditor's report and notes to financial statements

**UNITED POULTRY CONCERNS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

INCREASES IN NET ASSETS	Unrestricted	Restricted	Total
Donations (Note 3)	\$ 189,774		\$ 189,774
Inventory sales (Note 3)	23,456		23,456
Cost of inventory sold	(11,728)		(11,728)
Dividends, realized and unrealized gain (loss)	2,774		2,774
TOTAL INCREASES IN NET ASSETS	204,276		204,276
DECREASES IN NET ASSETS			
Program expenses (Note 2)	169,142		169,142
Operating expenses			
Management and general (Note 2)	10,271		10,271
Fundraising (Note 2)	14,262		14,262
Total operating expenses	24,533		24,533
TOTAL DECREASES IN NET ASSETS	193,675		193,675
Net Increase in Unrestricted Net Assets	10,601	\$ -	10,601
Net Assets at the Beginning of the Year	379,000	7,000	386,000
Net Assets at the End of the Year	<u>\$ 389,601</u>	<u>\$ 7,000</u>	<u>\$ 396,601</u>

See independent auditor's report and notes to financial statements

**UNITED POULTRY CONCERNS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010**

Cash Flows From Operating Activities:	
Decrease in net assets	\$ 10,601
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	3,431
Net unrealized loss on investments	4,695
Changes in assets and liabilities:	
Decrease in inventory	8,382
(Increase) in contributions receivable	(15,774)
(Decrease) in accounts payable	(2,023)
Increase in payroll tax liabilities	82
(Decrease) in sales tax	<u>(252)</u>
Net Cash Used in Operating Activities:	<u>9,142</u>
Increase in Cash	9,142
Cash at the Beginning of the Year	<u>54,322</u>
Cash at the End of the Year	<u><u>\$ 63,464</u></u>
Interest paid during the year	<u><u>\$ -</u></u>
Income taxes paid during the year	<u><u>\$ -</u></u>

See independent auditor's report and notes to financial statements

United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2010

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United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2010

- 1. Organization** – United Poultry Concerns, Inc. (UPC) was incorporated in Maryland in 1990 as a non-profit corporation that addresses the treatment of domestic fowl in food production, science, education, entertainment, and human companionship situations.

UPC seeks to make the public aware of how poultry are treated by our society and elsewhere in the world. UPC assists the public to see how treatment of these birds affects health, education, occupational safety, and the environment. UPC informs people about and actively promotes alternatives. UPC does this through extensive investigation, its chicken sanctuary, public talks, writings, mailings, conferences, information displays, and film presentations using such sources as public interest groups, animal advocacy organizations, poultry trade publications, government agencies, and scientific journals and proceedings.

- 2. Expenditures** – Of the total costs incurred for the year ended December 31, 2010, UPC incurred 87.34% for program services, 5.30% for administrative operations and 7.36% for fundraising.

- 3. Summary of Significant Accounting Policies:**

Basis of Presentation – The accompanying financial statements have been prepared using the accrual basis of accounting.

Advertising – Advertising costs are expensed on the Statement of Activities as incurred.

Donated Materials and Services – Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated value at the date of receipt. The value of indirect expenses of volunteer services could not be estimated. There were no materials or equipment donated in the year ended December 31, 2010.

Revenues – Revenues from unrestricted contributions are recognized when paid by the donor. Pledges made are not enforceable promises – therefore, they are not accrued unless the contribution was disbursed during the year and actually received in the subsequent period. UPC reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, i.e., when a

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United Poultry Concerns, Inc.
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3. **Summary of Significant Accounting Policies (Continued):** Revenues - 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Revenue from contracts is recognized as the related qualifying expenses are incurred. Revenue is deferred when funds are received but not yet expended for the contractual purpose.

Cash Equivalents – For purposes of the statement of cash flows, cash equivalents include money markets, time deposits, certificates of deposit, and all highly liquid instruments with original maturities of three months or less. Cash and cash equivalents do not include temporary cash held in custodial accounts or restricted investments.

Inventory – Inventories are stated at the lower of cost, determined by first-in, first-out basis, or market and generally consist of books, educational materials for children, t-shirts, stickers and buttons, and other items.

Property and Equipment – Property and equipment are stated at historical cost. The cost of maintenance and repairs is recorded as expense when incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which range from five to 39 years. UPC, Inc.'s policy is to capitalize all property and equipment acquisitions in excess of \$500.

Restricted Funds - In 2009 UPC received \$7,000 in restricted income. Humane Society donated this amount to build a chicken coop. The restricted amount was not spent in 2010 and is included in the financial statements under Restricted Revenue.

Income Taxes – United Poultry Concerns, Inc. is exempt from federal income tax on related income under Section 501(c)(3) of the Internal Revenue Code. The organization is classified as a public charity.

Functional Allocation of Expenses – The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been either directly charged to the programs and supporting services as incurred or allocated based on usage.

See accompanying financial statements and independent auditor's report

United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2010

3. Summary of Significant Accounting Policies (Continued):

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events – The date through which subsequent events were evaluated for disclosure was September 12, 2011.

4. Investments – As of December 31, 2010, the aggregate carrying amount of investments by major type is as follows:

Certificates of deposit	\$232,581
Investment Account	1,051
Mutual funds	<u>386</u>
Total	<u>\$234,018</u>

Realized and unrealized gains and losses are included in the statement of activities as part of investment and other income. For the year ended December 31, 2010, net realized gains and losses were \$0. Net unrealized gain for the year ended December 31, 2010 were \$926.

5. Property and Equipment – Property and equipment at December 31, 2009 consists of the following:

Bulding and improvements	\$83,906
Land	30,000
Machinery and equipment	17,149
Less: Accumulated depreciation	<u>(41,535)</u>
Total	<u>\$89,520</u>

Depreciation expense for the year ended December 31, 2010 totaled \$3,431.

6. Concentration of Credit Risk – United Poultry Concerns, Inc. maintains a bank account at an institution that is insured by Federal Deposit Insurance Corporation

See accompanying financial statements and independent auditor’s report

United Poultry Concerns, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2010

- 6. Concentration of Credit Risk (Continued)** - (FDIC) up to \$250,000. Cash and CD balances at Bank of America exceeded federally insured limits as of December 31, 2010 by \$36,929. United Poultry Concerns, Inc. monitors the risk, does not anticipate any credit losses and has not experienced any credit losses on these balances.

See accompanying financial statements and independent auditor's report

Supplemental Schedules

UNITED POULTRY CONCERNS, INC
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2010

PROGRAM SERVICES EXPENSES

Printing and reproduction	\$ 36,386
Advertising (Note 3)	27,539
Postage and delivery	25,009
Payroll and payroll taxes	24,676
Sanctuary care	8,226
Travel and entertainment	7,300
Utilities	6,414
Office supplies	5,158
Professional fees	5,049
Conference - Exhibit table	3,761
Depreciation expense	3,088
Telephone	3,048
Insurance	2,930
Repairs and maintenance	2,780
Services	2,178
Miscellaneous	2,040
Veterinarian fees	1,619
Taxes	1,272
Books	669

TOTAL PROGRAM SERVICES EXPENSES 169,142

MANAGEMENT AND GENERAL EXPENSES

Other	\$ 3,118
Payroll and payroll taxes	2,923
Postage and delivery	1,630
Professional fees	1,424
Bank service charges	1,176

TOTAL MANAGEMENT AND GENERAL EXPENSES 10,271

FUNDRAISING EXPENSES

Postage and delivery	\$ 5,958
Printing and reproduction	4,036
Other	2,243
Payroll and payroll taxes	1,628
Advertisement	397

TOTAL FUNDRAISING EXPENSES 14,262

TOTAL EXPENSES \$ 193,675

See independent auditor's report and notes to financial statements