

ANIMAL FRIENDS, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 41,161	\$ 341,425
Add (Deduct) Items Not Affecting Cash:		
Depreciation	244,907	171,088
Capital (Gains) Losses	(96,291)	(135,269)
Asset Write Down	295,175	0
Noncash Trust (Income) Loss	(135,349)	(159,417)
Trust Cash Distributions	72,212	54,628
Bond Issue Costs Amortization	7,000	7,000
Donation of Asset Held in Trust	(40,000)	0
Change in Inventory	(23,222)	0
Change In Prepaid Expenses	31,485	(45,279)
Change In Accounts Payable (Operating)	7,989	18,284
Change In Accrued Expenses	77,470	(32,360)
Donations Restricted to Long Term Use	<u>(227,522)</u>	<u>(682,074)</u>
 <u>NET CASH FLOWS FROM OPERATIONS</u>	 <u>255,015</u>	 <u>(461,974)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Marketable Investments	(863,725)	(78,481)
Sale of Marketable Investments	787,953	495,369
Change in Loan Escrow	(155,570)	994,207
Purchase of Property, Plant and Equipment	(203,052)	(993,845)
Change in Accounts Payable (Construction)	<u>0</u>	<u>(400,000)</u>
 <u>NET CASH FLOWS FROM INVESTING ACTIVITIES</u>	 <u>(434,394)</u>	 <u>17,250</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Donations Restricted to Long Term Use	227,522	682,074
Change In Pledges Receivable	249,160	(253,662)
Draw (Repayment) on Line of Credit	(11,668)	109,870
Proceeds from (Retirement of) Bond Issue	<u>(195,000)</u>	<u>(185,000)</u>
 <u>NET CASH FLOWS FROM FINANCING ACTIVITIES</u>	 <u>270,014</u>	 <u>353,282</u>
 <u>NET CASH FLOWS</u>	 <u>90,635</u>	 <u>(91,442)</u>
 <u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	 <u>359,015</u>	 <u>450,457</u>
 <u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	 <u>\$ 449,650</u>	 <u>\$ 359,015</u>
 <u>SUPPLEMENTAL SCHEDULE OF NONCASH TRANSACTIONS</u>		
Cash paid for interest	<u>\$ 270,130</u>	<u>\$ 242,706</u>

There were no noncash transactions for the years ended December 31, 2007 and 2006.

See Notes to Financial Statements