

DISTRICT COURT, ARAPAHOE COUNTY, COLORADO 7325 S. Potomac Street Centennial, Colorado 80112	
STATE OF COLORADO, ex rel. JOHN W. SUTHERS, ATTORNEY GENERAL, Plaintiff, v. COLORADO HUMANE SOCIETY & S.P.C.A., INC.; MARY C. WARREN, an individual; ROBERT WARREN, an individual; and STEPHENIE L. GARDNER, an individual; Defendants.	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
Waverton Group, LLC as custodian 4101 East Louisiana Avenue, Suite 300 Denver, Colorado 80246 Office: 303-781-9900 Fax: 303-781-4311 Email: rblock@xpn.com	Case Number: 2008-CV-2659 Division: 404
CUSTODIAN’S SEVENTH REPORT	

Waverton Group, LLC, the custodian over Colorado Humane Society & S.P.C.A., Inc. (the “Colorado Humane Society” or the “Corporate Defendant”) and the assets of the Colorado Humane Society (the “Assets”), respectfully makes this Custodian’s Seventh Report (this “Report”).

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I. THE CUSTODIANSHIP ESTATE

1. The State of Colorado filed its Complaint and Petition for Appointment of Custodian or for Dissolution (the "Complaint") and its Motion for Preliminary Injunction, Order Appointing Custodian and for Forthwith Hearing (the "Motion") in the District Court, Arapahoe County, Colorado (the "Arapahoe District Court") on December 10, 2008.

2. The Complaint includes as defendants the Colorado Humane Society & S.P.C.A., Inc. (the "Colorado Humane Society" or the "Corporate Defendant") and Mary C. Warren, Robert Warren, and Stephenie L. Gardner (the "Individual Defendants").

3. A Stipulated Order Appointing Custodian and Issuing Preliminary Injunctive Relief ("Order Appointing Custodian") was entered by the Honorable Cheryl L. Post, Arapahoe District Judge on December 16, 2008.

4. The Custodian, in accordance with Provision 2 of the Order Appointing Custodian, filed an Oath of Custodian with the Arapahoe District Court on December 16, 2008 and thereupon entered into its duties as Custodian.

5. Effective in January, 2009, the Honorable Charles M. Pratt, Arapahoe District Judge assumed control over the Custodianship Action and the Custodianship Estate.

6. Paragraph 6.d. of the Order Appointing Custodian reads as follows:

d. The Custodian is hereby instructed to make calendar monthly report of the condition of the Custodianship Estate as of the twentieth day of each month, within thirty (30) days of the twentieth day of each month, until the Custodian is satisfied that less frequent reporting is necessary. At that time and upon prior notice in the Custodian's Report, the Custodian may report within thirty (30) days of the twentieth day of every other month or every third month, but no less often than quarterly. The Custodian shall not be required to, but as reasonably necessary may, follow generally accepted accounting principles or use auditors or accountants in the preparation of reports to this Court.

7. Pursuant to paragraphs 6.d. of the Order Appointing Custodian the Custodian presents this Report.

II. THE FINANCIAL REPORT

8. Financial Information. As of the date of this Report, the custodian has been unable to locate all of the financial information¹ for the

¹ The custodian segregates the financial information of the Colorado Humane Society into two categories: (a) the financial books and records, and (b) the accounting system. Generally speaking, the financial books and records are the paper records generated at the time of the transaction, and would include receipts, bank statements, cancelled checks, deposit slips, etc. Conversely, the accounting system includes all financial information that is

Colorado Humane Society for 2007 and 2008. The custodian has located the financial books and records for June 30, 2006 and before, and for reasons discussed in the Second Report, the custodian will be using the June 30, 2006 as base-year accounting unless the custodian discovers reasons to operate otherwise.

9. Financial Statements. The custodian typically opens its custodianship books with the closing entries on the balance sheet of the defendant as they appeared on the date the custodian was appointed. In order to conserve time and resources, the custodian has changed its previous decision and will now rely on the information in the accounting system as at June 30, 2007 even though the financial statements prepared by Davis & Co. based on Davis & Co.'s audit of the Colorado Humane Society and dated June 30, 2006 are the most reliable information available to the custodian. If the Internal Revenue Service will not accept this decision, or if the custodianship must remain open indefinitely, the custodian will reconstruct the books and records for the fiscal year ended June 20, 2007 as well.

10. The Balance Sheet for the Custodianship Estate for June 20, 2009 is attached to this Report as Exhibit 1. and the Income Statement for

contained within the computerized accounting system. The importance of the distinction between the two is discussed in the body of this Report.

June 20, 2009 is attached as Exhibit 2. As stated in footnote 4 of the Second Report, the attached Balance Sheet contains references to information that was imported from the old accounting system. Those categories of assets and liabilities contain the phrase "Book Values, Unconfirmed" to designate information that was imported into the custodian's accounting system, but should not be considered reliable until the custodian has finished the task of updating the accounting system for the period between July 1, 2007 and December 16, 2008.

11. The custodian believes that all of the financial information reported by the custodian for the Colorado Humane Society for the period from and after December 16, 2008 is true and correct.

12. In addition, the custodian has been reconstructing the books and records in a new accounting system for the Colorado Humane Society intended to enable the custodian to amend Form 990 for the fiscal year ended June 30, 2007 to be accurate and complete, if necessary, and to file Form 990 for the fiscal year ended June 30, 2008, thereby enabling the custodian to file a Form 990 for the fiscal year that will end June 30, 2009 in a timely fashion. This should enable the custodian to select a Proposer under the Custodian's Request for Proposal under circumstances whereby the selected

Proposer can be assured that there are no assessments made or expected against the Colorado Humane Society.

13. Invoices. Consistent with the Order Appointing Custodian, the custodian closes its invoice on the 20th of every month. Consistent with the Rate Card of Waverton Group, LLC as submitted to this Court, the custodian pays 80% of the custodian's fees when the invoice is presented, and accrues the remaining 20% for payment on the 20th of the following month. The custodian's invoice for June 20, 2009 is attached as Exhibit 3.

14. Internal Revenue Service. Form 990 for the fiscal year ended June 30, 2009 (the Return of Organization Exempt From Income Tax under section 501(c) of the Internal Revenue Code) was missing a Schedule B (Schedule of Contributors) for which the Internal Revenue Service assessed a penalty of \$26,477.12, which includes interest through March 23 2009. Subsequently, following efforts by the custodian to remove the assessment, the custodian advised the Internal Revenue Service that it was required to file a Claim in the Custodianship Estate if it actually intended to pursue collection of the penalty. The custodian recently located the Technical Services department (successor to the Special Procedures department). The custodian is now working with the appropriate representatives of the Internal Revenue Service to resolve this issue.

15. Cash Shortage. The Custodianship Estate continues to experience a cash shortage. Previous Reports have discussed the reasons. The Custodianship Estate collected \$50,000 from the Estate of Helen McKnight, and that allowed the custodian to pay two custodian invoices. May and June have not been paid, and there is no money to pay the attached July invoice.

16. With the sale of the Otero County property and the final distribution from the Estate of Helen McKnight, the custodian believes it can manage the Custodianship Estate through the estimated date for the Confirmation Hearing for the Custodian's Request for Proposal provided revenues and contributions remain stable, the Shelter experiences no unexpected setbacks, and all issues related to the Custodian's Request for Proposal are resolved this month. Any delay in turning the Colorado Humane Society over to private management will probably cause the failure of Colorado Humane Society absent an unexpected windfall.

III. OTHER MATTERS

17. Pinnacol. In reconstructing the books and records of the Colorado Humane Society, the custodian has determined that the Colorado Humane Society paid Pinnacol Assurance \$25,734 for worker's compensation during a one year period. This amount should have been approximately

\$6,000. The custodian has demanded return of approximately \$20,000 to the Custodianship Estate from Pinnacol Assurance. Pinnacol Assurance has yet to respond. The custodian is inclined to file a Motion for Order to Show Cause for turnover of the motion if it files anything. The custodian believes that there is inadequate time left in the custodianship to pursue a plenary complaint.

18. Rocky Ford Property. The custodian is prepared to close the sale of the Rocky Ford Property subject to a few minor issues. The only issue that presents any obstacle at all is a lien in favor of Option One Mortgage against the water tap for one of the parcels being sold. The problems are that the lien cannot be found and Option One Mortgage is no longer in business. The servicing for Option One Mortgage has been assigned to American Home Mortgage, which denies having a lien against the Rocky Ford Property. If the Rocky Ford Property cannot be sold with the lien, the custodian will file the appropriate motion for the Court to remove the lien. If the Rocky Ford Property can be closed without resolving the issue, the custodian will ask the Court to enter an Order Confirming the sale subject to no liens.

19. Philadelphia Insurance Companies. Following the Custodian's demand for coverage from the Philadelphia Insurance Companies, the Philadelphia Insurance Companies denied coverage for everyone including

the Custodianship Estate and the Individual Defendants. The custodian intends to appeal the decision and may require the assistance of this Court in compelling coverage.

20. Custodian's Request for Proposal. The custodian has put the Custodian's Request for Proposal into wide, national distribution. Absent an Instruction from this Court to the contrary, the custodian intends to pursue to objectives of the Custodian's Request for Proposal subject to the timelines set forth therein. Progress on the Custodian's Request for Proposal, however, has been impeded as a direct result of the efforts of the Individual Defendants to block the Custodian's Request for Proposal. The custodian believes that if the issues raised by the Individual Defendants in connection with the Custodian's Request for Proposal are not quickly resolved, the Custodian's Request for Proposal may not be successful. As previously reported to the Court, the custodian has extended the deadline for proposals to July 19, 2009 in order to allow the Court time to enter Orders following the July 9, 2009 hearing.

21. New Clinic; Neuter Backlog. As reported previously, the Colorado Humane Society has subleased the veterinary clinic (the "Clinic") at 5182 South Lowell Boulevard, Littleton, Colorado, 80123 from Dr. Jeri Holland, the Colorado Humane Society's Veterinarian of Record. Due to a

lack of operating capital, the custodian has been unable to utilize the Clinic to its full potential. Once operating capital is available, operations at the Clinic will be greatly expanded. This lack of operating capital has made it impossible for the Colorado Humane Society to spay and neuter all animals adopted from it in a timely fashion.

IV. INFORMATIONAL REPORT

22. Informational Report, Generally. The custodian segregates its Reports into two primary segments, the second of which is this segment, the Informational Report. The purpose of this is to allow the custodian to Report litigation matters with conclusions of law and editorial content for the benefit of the Court and beneficiaries of the Custodianship Estate without submitting the Informational Report to the Court for approval. In this way, the custodian is capable of describing the pending litigation in the Custodianship Estate without attracting objections to the descriptions contained therein. Furthermore, the portion of the Custodian's Reports that are above the Informational Section are customarily approved and entered as Orders of the Court upon approval. This is procedurally sound as it simply asks the Court to adopt the findings of fact from the custodian. Conversely, as a matter of custodianship law, the Court is obligated to review the custodian's conclusions of law *de novo*, so the Informational Section often

contains conclusions of law. Accordingly, there is no advantage to approving the custodian's conclusions of law, and every disadvantage in having to resolve the issues involving the custodian's conclusions of law prematurely.

23. Individual Defendants Cross-Claims against the Custodianship Estate. On June 18, 2009 Individual Defendant Mary Warren filed the Defendant Mary Warren's Answer, Cross-Claim, and Jury Demand. The Cross-Claim was against the Colorado Humane Society. On July 6, 2009, Ms. Warren filed her Hearing Brief on Custodian's Pending Motions wherein she states (on page 6) that "To the extent all alleged conduct by Defendants arose during the course and scope of their employment, Defendants have brought cross-claims against CHS for indemnification." In a footnote to that statement, Ms. Warren qualifies the statement to say "Mrs. Warren notes that she has brought a cross-claim against CHS, not the Custodian." The qualification is not accurate—a Cross-Claim against the Colorado Humane Society is a claim against the Custodianship Estate.

24. All claims against the Custodianship Estate should be brought utilizing the Claim Form prepared by the custodian, but there is no fixed procedure set because the Court has not entered the proposed Order to Present and File Claims fixing the procedure. The problem that arises is that in order for a custodianship to work, the claims procedure must be fixed

and abbreviated. Otherwise there is no advantage to using a custodianship, and the disadvantages remain.

25. The Court has granted the custodian's requested extension of the time to answer the Cross-Claim. Depending upon the Court's determination on the Motion for an Order to Present and File Claims, the custodian may elect to default on the Cross-Claim, but if so, the custodian will probably file a Complaint against the Individual Defendants for contribution because they were the management at the time the events in the Cross-Claim arose. It would be simpler, more traditional, and far more expedient to require the Individual Defendants to file a Claim against the Custodianship Estate utilizing the fixed procedure.

WHEREFORE, Waverton Group, LLC, as custodian, requests that this Court enter an Order approving Section I (The Custodianship Estate), Section II, (The Financial Report), and Section III (Other Matters). No request is made for approval of Section IV (Informational Report), which is included in this Report for informational purposes only.

Dated this 8th day of July, 2009

Respectfully submitted,



Waverton Group, LLC, custodian,
Richard A. Block Managing Member

EXHIBIT 1
Colorado Humane Society and S.P.C.A., Inc
Balance Sheet
June 20, 2009

ASSETS

Current Assets

Bank of Denver Checking	\$ 6,547.48	
Petty Cash-Bank of Denver	75.00	
Total Current Assets	<u> </u>	6,622.48

Current Assets-Book Values, Unconfirmed

Wells Fargo Payroll Account	24,692.54	
WF Operating Acct4132	(8,576.71)	
Wells Fargo Tax 8008573	12,834.95	
Wells Fargo So.Co Division	10,111.65	
US Bank Res Grant Acct	757.31	
CoBiz Animal Medical Acct	50.00	
CoBiz Operating Acct	(7,857.80)	
Cash on Hand-Other	(1,690.00)	
Total Current Assets-Book Values, Unconfirmed	<u> </u>	30,321.94

Accounts Receivables

A/R-Cty of Littleton	9,406.22	
A/R-Rier Renner(Sokolof)	3,000.00	
Total Accounts Receivables	<u> </u>	12,406.22

Accounts Receivables-Book Values, Unconfirmed

A/R-Amy Collier	255.00	
A/R-Arapahoe County	8,250.00	
A/R-City of Glendale	300.00	
A/R-City of Littleton	1,160.00	
A/R-City & County Contracts	16,131.00	
Total Accounts Receivables-Book Values,	<u> </u>	26,096.00

Property and Equipment-Book Values, Unconfirmed

Furniture and Fixtures	1,300.00
F&F-Gazabow	200.00
F&F-Gazabow(Pumpkin Patch)	555.02

F&F-Nebulizer	130.17	
Office Equipment	11,930.49	
Automobiles	127,711.39	
Auto-Animal Transport Van	10,625.00	
Auto-Aco Truck Toppers	6,930.00	
Auto-Aco Vehicle-Co Springs	13,679.50	
Kennel Equipment	47,864.54	
Dryers fro Shelter	2,349.22	
Anesthesia Equipment (S&N)	4,457.25	
Autoclaves	2,500.00	
Diagnostic Equipment	125.34	
Infusion Pumps	2,375.12	
Surgery Equipment	9,640.58	
Surgery Table & Lights	2,618.00	
Surgery Spay & Neuter Equipmen	653.00	
A/D- Furnitue & Fixtures	(1,250.00)	
A/D-Office Equipment	(8,188.75)	
A/D- Automobiles	(94,062.80)	
A/D-Kennels	(23,357.30)	
A/D-Anesthesia Equipment	(3,542.90)	
A/D-Autoclaves	(2,500.00)	
A/D-Diagnostic Equipment	(125.34)	
A/D-Infusion Pumps	(1,137.57)	
A/D-Surgery Equipment	(4,444.84)	
A/D-Surgery Table & Lights	(2,618.00)	
Total Property and Equipment-Book Values		104,417.12

Other Assets-Book Values, Unconfirmed

Rent Deposit Lakewood	500.00
Rent Deposit Colo Springs	618.00
Emp Adv-Arms, Stephanie	540.00
Emp Adv-Beachem, Michael	542.54
Emp Adv-Clark, Tony(O)	200.00
Emp Adv-Comley, Jeremy	245.00
Emp Adv-Day, Steve F.	60.00
Emp Adv-Fredinburg, Susan	266.28
Emp Adv-Fredinburg, Susan(O)	(400.00)
Emp Adv-Fritz, Laura	10.00
Emp Adv-Gardner, Stephanie	1,060.00
Emp Adv-Gardner, Stephanie(O)	3,921.62
Emp Adv-Griffin, Rhonda	1,080.00
Emp Adv-Johnson, Neil	20.00

Emp Adv-Luchenbill, Brooks	17.00	
Emp Adv-Luchenbill, Brooks(O)	146.00	
Emp Adv-Neller, Richard	180.00	
Emp Adv-Riggenbach, Lara	6,523.59	
Emp Adv-Riggenbach, Lara(O)	300.00	
Emp Adv-Silcott, Christy(O)	100.00	
Emp Adv-Warren, Bob(o)	713.58	
Emp Adv-Warren, Mary(O)	14,886.27	
Emp Adv-Warren, Mary	742.88	
Total Other Assets-Book Values, Unconfirmed		<u>32,272.76</u>
Total Assets		<u><u>\$ 212,136.52</u></u>

LIABILITIES AND CAPITAL

Current Liabilities

A/P-Waverton Group	\$ 33,173.87	
A/P-Fairfield & Woods, PC	8,158.92	
Federal W/H Payable	(1,601.18)	
FICA W/H Payable	658.82	
MC Payable	194.16	
State W/H Payable	94.00	
SUTA Payable	15.40	
Garnishments Payable	143.55	
Total Current Liabilities		40,837.54

Current Liabilities-Book Values, Unconfirmed

A/P-A Gift Basket	75.00
A/P-Adams Mark Hotel	22,703.47
A/P-Animal Emergency Care	1,905.83
A/P-Antech	1,900.08
A/P-Barlow	1,490.00
A/P-Beacon Printing	982.00
A/P-Central Vet. Emergency	1,165.45
A/P-Cheyenne Mnt Hospital	2,578.77
A/P-Classic Party Rental	9.28
A/P-Colo Badge & Trophy	93.15
A/P-CSU	283.00
A/P-Custom Dental Inc.	95.00
A/P-Davis & Co.	450.00
A/P-Florial Expressions & Good	152.99
A/P-Freeman	3,762.00
A/P-Ivins Design Group	1,800.00
A/P-MCI	6.85
A/P-MWI Veterinary Supplies	4,132.16
A/P-Pfizer Animal Health	1,088.81
A/P-Public Safety Warehouse	1,746.00
A/P-Public Service of CO	176.93
A/P-SAFECO	27,061.87
A/P-Safeguard	420.84
A/P-Signs Now	399.68
A/P-United Screening Services	140.00
A/P-Other	(6,633.00)

A/P-Foster Care Deposits	(839.25)	
A/P-Defd Inc Co Spring License	21,996.71	
A/P-Payroll Liabilities	18,060.75	
A/P-Spay & Neuter Deposits	400.00	
Total Current Liabilities-Book Values, Un		107,604.37

Payroll Liabilities-Quickbooks

401 K Withholding	(5,857.45)	
Co State Inc Tax Withholding	283.26	
Emp Dental Insurance W/H	(7,231.83)	
Emp Medical Insurance W/H	24,229.38	
Employee Liens & Garnishments	1,105.67	
Federal Income Tax W/H	(1,995.39)	
FICA Tax Withholding	(2,623.36)	
Former Employees Cobra	2,231.06	
Medical Tax Withholding	256.94	
Payroll Liabilities-Other	34,331.62	
Accrued Expenses	190.28	
Payroll Liabilities-Quickbooks		44,920.18

Filed Claims

RC-Marla Dugger	5,000.00
Filed_Bayer Health Care LLC	1,415.77
Filed_Bayer HealthCare-Int.	169.89
Filed_Campbell Pet Company	560.19
Filed_Campbell Pet Co-Int.	42.00
Filed_Capital Marketing Inc.	624.42
Filed_Capital Marketing-Fees	30.00
Filed_Central Vet Emergency	1,049.12
Filed_Central Vet Emerg-Int.	47.97
Filed_Colo Animal/Pet Crematio	350.00
Filed_Front Range Vet Clinic	242.37
Filed_Hwang Corporation	9,172.82
Filed_Integra Telecom Service	949.93
Filed_Integra Telecom-Fees	25.00
Filed_Lindsey, Anna	1,140.00
Filed_Monument Pharmacy	1,465.00
Filed_Philadelphia Insurance	2,500.00
Filed_Pinnacol Assurance	4,942.00
Filed_Pushkin Public Relations	1,000.00
Filed_Shannon, Meghan Dr.	3,443.12

Filed_Waalker, Eric	71.25	
Filed_Wandersee_Aaron	115.50	
Filed_Xcel Energy	2,573.03	
Filed_US Waste	32.03	
Filed_US Waste-NSF Fee	25.00	
Total Filed Claims		<u>36,986.41</u>
Total Liabilities		230,348.50
Capital		
Opening Bal Equity	1,554.38	
Retained Earnings	167,118.12	
Net Income	(186,884.48)	
Total Capital		<u>(18,211.98)</u>
Total Liabilities & Capital		<u><u>\$ 212,136.52</u></u>

Unaudited-For Management Purpose Only

EXHIBIT 2
Colorado Humane Society & S.P.C.A., Inc.
Income Statement
For the Twelve Months Ending June 20, 2009

Revenues	Current Month	Year to Date
Adoption Fee-Dog	10,600.00	159,189.88
Adoption Fee-Cat	1,585.00	5,960.00
Adoption Fee-Senior	900.00	2,325.00
Board Fee	42.00	517.00
Reclaim Fee	1,432.00	10,269.00
Surrender Fee	770.00	9,767.77
Sales-Other	-	15.00
Contributions/Donations	57,823.73	156,468.73
Donations-Don't know who	-	200.00
Dog Spay	-	800.00
Cat Spay	-	535.00
Dog Neuter	120.00	55.00
Cat Neuter	140.00	340.00
Dew Claws	45.00	75.00
Micro Chip	45.00	2,430.00
E-Collar	10.00	425.00
Housing Income_City Englewood	3,869.00	24,762.00
Housing Income_City Littleton	3,621.00	18,686.22
Investment Income	-	141.34
Paypal Income	-	0.24
Miscellaneous Income	-	24,308.11
Other Income	-	1,308.60
Other Income-Need explanation	-	31,584.65
Total Revenues	81,002.73	450,163.54
 Cost of Sales		
Total Cost of Sales	-	-
 Gross Profit	81,002.73	450,163.54

Expenses

Accounting Expense	-	932.96
Accounting-Custodian	4,950.00	29,645.00
Auto Expenses	201.12	2,881.54
Auto(Gas) Expenses-No Receipts	-	240.00
Auto(Gas) Expenses	80.00	1,043.46
Auto-Ford Auto Payment	-	3,657.52
Bank Fees	30.00	422.63
Bank Fees-Credit Card	254.82	2,613.24
Computer Expense	-	185.20
Computer Support	-	259.00
Custodian Fees	15,000.00	93,812.50
Collection Agencies	-	1,378.00
Clinic Expense	50.45	1,204.22
Clinic-Anesthesia	-	470.10
Clinic-Contract Labor	-	762.12
Clinic-Maintenance & Repairs	146.69	2,824.42
Clinic-Medicine/supplies	326.40	12,326.75
Clinic-Oxygen Rental	-	212.60
Clinic-Rent	4,002.69	18,461.09
Clinic-Trash	139.01	1,127.45
Clinic-Utilities	95.63	5,522.38
Clinic-Vets	650.00	4,250.00
Clinic-Vets Services	480.00	9,773.90
Clinic-Water	-	133.65
Dues & Memberships	-	315.00
Legal Fees	2,956.05	13,740.87
Insurance-Auto	-	5,761.02
Insurance-D&O	-	2,426.00
Insurance-General Liability	-	3,456.00
Insurance-Health	(559.12)	3,698.58
Insurance-Property	-	6,364.44
Insurance-Umbrella	-	1,283.71
Insurance-Workers Comp	-	3,986.35
Insurance-Worker Comp-Pinnacol	-	16,014.00
Meals & Entertainment	-	728.69
Office Expense	246.96	1,329.58
Postage and Shipping Expense	64.21	415.26
Reproduction Expense	16.70	626.57
Supplies Expense	-	448.36
Telephone Expense	197.71	2,309.07
Shelter Expenses	2,450.49	7,460.64

Shelter-Contract Labor	-	150.00
Shelter-Cremations	572.00	2,680.00
Shelter-Medicine	-	2,522.61
Shelter-Storage Shed	173.98	260.98
Shelter-Telephone	-	3,445.50
Shelter-Trash	-	788.69
Shelter-Utilities	426.63	3,652.56
Shelter-Utilities(Rocky Ford)	21.35	128.03
Health Insurance	(464.02)	2,700.16
Health Insurance-Cobra	-	(765.25)
Penalties & Interest	414.17	414.17
Postage	-	169.30
Professional Fees	2,440.00	13,745.00
Interest Expense	-	12.36
Claims-Shelter/Clinic	-	6,293.12
Claims-Shelter/Clinic-Lease	-	9,172.82
Claims-Shelter/Clinic-Medicine	-	3,652.85
Claims-Shelter/Clinic-Utilitie	-	3,604.99
Claims-Professional Fees	-	3,550.71
Claims-Wages	-	769.92
Claims-Workers Comp Ins.	-	4,942.00
Salary & Wage Expense	26,394.20	184,330.25
Salary-Gardner, Stephanie	-	18,895.82
Salary-Warren, Bob	-	46,268.39
Salary-Warren, Mary	-	24,480.83
FICA Expense	1,636.44	16,721.57
Medicare Expense	382.74	3,970.77
SUTA Tax Expense	846.27	6,001.95
FUTA Tax Expense	-	357.09
Travel-Hotel	-	61.70
NO IDEA	-	9,046.26
Gain/Loss on Sale of Assets	-	519.00
Total Expenses	64,623.57	637,048.02
Net Income	16,379.16	(186,884.48)

Unaudited-For Management Purpose Only

EXHIBIT 3



INVOICE June 20, 2009
Client: Colorado Humane Society & S.P.C.A., Inc.
For: Professional Services and Expenses
By: Waverion Group, LLC
From: May 21, 2009
To: June 20, 2009

Date:	Services:	Hours Billed:
24-May-09	Prepared Custodian's Sixth Report.	3.75
26-May-09		4.00
	Prepared final Custodian's Request for Proposal.	
27-May-09		5.00
	Prepared final Custodian's Request for Proposal.	
28-May-09	Prepared final Custodian's Request for Proposal; worked on Motion for Order to Present and File Claims.	5.50
29-May-09	Worked on Motion for Order to Present and File Claims; worked on Estate of McNight.	3.25
30-May-09	Prepared claim against D&O policy with Philadelphia Insurance Companies; prepared Sixth Report.	3.00
31-May-09	Prepared claim against D&O policy with Philadelphia Insurance Companies.	2.50
1-Jun-09	Worked on Response to Objection by M. Warren to Fourth and Fifth Report; worked on issues related to the Estate of McNight; prepared claim against D&O policy with Philadelphia Insurance Companies..	5.25
2-Jun-09	Worked on Reply to the Objection to the 4th and 5th Report; prepared letter to Pinnacol making demand for the return of premiums; worked on 6th Report; worked on package for PetsMart adoptions.	5.00

INVOICE

June 20, 2009

Client:

Colorado Humane Society & S.P.C.A., Inc.

Page 2.

Date:	Services:	Hours Billed:
3-Jun-09	Worked with S. Fredinburg and K. Fenimore to prepare estimated costs of sheltering animal control animals from Littleto and Englewood.	3.50
4-Jun-09	Prepared for and attended hearing re Motion for Order to Show Cause; prepared for and attended meeting with representatives of Littleton, Centennial, Englewood, and Attorney General.	8.00
5-Jun-09	Worked on Errata pleading; worked on contract for Rocky Ford property.	2.00
7-Jun-09	Worked on contract for Rocky Ford property.	1.50
8-Jun-09	Prepared 6th Report.	4.75
9-Jun-09	Worked on Rocky Ford property sale, appraisal.	1.00
10-Jun-09	Reviewed documents produced by M. Duncan and N. Miller.	2.00
11-Jun-09	Worked on animal control costs and issues; prepared letter and invoice to Littleton, Centennial; worked on IRS Intent to Levy.	3.25
12-Jun-09	Reviewed documents produced by M. Duncan and N. Miller; prepared letter to AG's office to transmit documents; worked on Option One Mortgage issue on water tap for Rocky Ford property; met with Proposer.	3.50
15-Jun-09	Worked on the Estate of McKnight and Estate of Kearney; worked on Custodian's Request for Proposal.	4.00
16-Jun-09	Worked on Reply in Support of Order to Show Cause; worked on Custodian's Request for Proposal; met with Proposer at the Shelter.	4.75
18-Jun-09	Worked on Custodian's Request for Proposal; reviewed documents and posted them to the Internet at the request of Proposers; worked on Englewood feral cat issue.	5.00

INVOICE 20-Jun-09
Client: Colorado Humane Society & S.P.C.A., Inc.
Page 3.

Date:	Services:	Hours Billed:
19-Jun-09	Prepared email to Philadelphia Insurance Company; worked on Custodian's Reply in Support of (1) Motion for Order to Present and File Claims and (2) Motion to Sever and Bifurcate Custodianship from Other Issues.	6.75
20-Jun-09	Worked on Custodian's Request for Proposal; posted documents to the Internet for Custodian's Request for Proposal.	3.00
	Total hours worked	<hr/> 90.25
	Hourly rate	<hr/> 250.00
	Subtotal	<hr/> 22,562.50
	Reduction for Cap	<hr/> (7,562.50)
		<hr/> 15,000.00
	Less retainage	<hr/> (3,000.00)
		<hr/> 12,000.00
	Plus retainage from April and May, 2009	5,100.00
	Expenses from following page	\$ 7,673.87
	This Invoice (please pay).	<hr/> 24,773.87

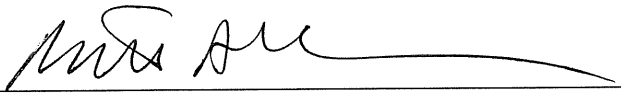
Colorado Humane Society Expense Report
Waverton Group
May 21- June 20, 2009

Date	Description	Amount Incurred	Amount Billed
Office Expense			
20/Jun/09	postage	\$ 20.21	\$ 20.21
30/Jun/09	Software	\$ 246.96	\$ 246.96
20/Jun/09	Copies	\$ 16.70	\$ 16.70
		<u>\$ 283.87</u>	<u>\$ 283.87</u>
Professional Fees			
20/Jun/09	Block, Jordan	\$ 480.00	\$ 480.00
20/Jun/09	Block, Justin	\$ 1,800.00	\$ 1,800.00
20/Jun/09	Mendoza, Arturo	\$ 160.00	\$ 160.00
20/Jun/09	Fenimore, Kim	\$ 4,950.00	\$ 4,950.00
		<u>\$ 7,390.00</u>	<u>\$ 7,390.00</u>
	Subtotal (do not pay)	<u>\$ 7,673.87</u>	
	Total (on previous page)		<u>\$ 7,673.87</u>
	Subtotal (do not pay)	<u>\$ 7,673.87</u>	
	Total (on previous page)		<u>\$ 7,673.87</u>

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

I, Richard A. Block, being duly sworn upon oath, solemnly affirm as follows: I am the Managing Member of Waverton Group, LLC, ("Waverton"); (b) Waverton is the custodian in Civil Action No. 2008-CV-2659 in District Court, Arapahoe County, Colorado, the Honorable Charles M. Pratt, Arapahoe District Judge, presiding; (c) I prepared the Custodian's Seventh Report dated the 8th day of July, 2009 on behalf of Waverton; and (d) the information contained therein is true and accurate to the best of my knowledge and belief.



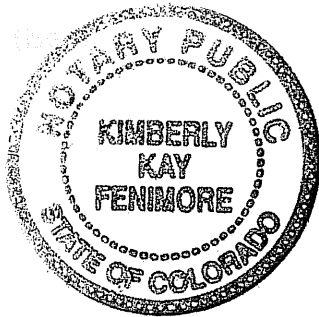
Waverton Group, LLC,
as Custodian
by Richard A. Block, Managing Member

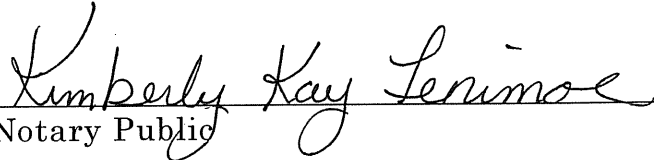
STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

Subscribed and sworn to before me by Richard A. Block as the Managing Member of Waverton Group, LLC as custodian on the _____ day of July, 2009.

Witness my hand and official seal.

My commission expires: 1/7/2013





Notary Public

