

**ANIMAL WELFARE SOCIETY OF
JEFFERSON COUNTY, INC.**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS	3
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities and changes in net assets	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to Financial Statements	8-11

DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center • 64 Warm Springs Avenue • Martinsburg, WV 25404

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
Animal Welfare Society of Jefferson County, Inc.
Charles Town, West Virginia

We have audited the accompanying statement of financial position of the Animal Welfare Society of Jefferson County, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our 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 a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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, 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 the Animal Welfare Society of Jefferson County, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Decker & Company PLLC

August 8, 2012

Animal Welfare Society of Jefferson County, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2011

ASSETS

Current Assets

Cash and cash equivalents	\$ 98,363
Investments	5,448
Inventory	<u>693</u>
Total Current Assets	<u>104,504</u>

Noncurrent Assets

Certificate of deposit	30,000
Investments	80,582
Land, building and equipment - net of accumulated depreciation	<u>46,132</u>
Total Noncurrent Assets	<u>156,714</u>

Total Assets

\$ 261,218

LIABILITIES

Current Liabilities

Accounts payable	\$ 6,471
Accrued payroll	2,971
Worker's compensation payable	<u>339</u>
Total Current Liabilities	<u>9,781</u>

NET ASSETS

Unrestricted	
Invested in land, building and equipment	46,132
Undesignated	<u>143,715</u>
	189,847
Temporarily restricted	31,590
Permanently restricted	<u>30,000</u>
Total net assets	<u>251,437</u>
Total Liabilities and Net Assets	<u><u>\$ 261,218</u></u>

The accompanying notes are an integral part of these financial statements.

Animal Welfare Society of Jefferson County, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Unrestricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Contributions				
General	\$ 103,015	\$ 5,285	\$ -	\$ 108,300
United Way	25,851	-	-	25,851
Program revenue	16,233	-	-	16,233
Special events	29,443	13,250	-	42,693
Investment income	6,051	16	-	6,067
Miscellaneous income	1,545	-	-	1,545
	182,138	18,551	-	200,689
EXPENSES				
Program expenses	148,197	-	-	148,197
General and administrative expenses	10,332	-	-	10,332
Fundraising expenses	11,322	-	-	11,322
	169,851	-	-	169,851
Changes in net assets	12,287	18,551	-	30,838
Net assets, beginning of year	177,560	13,039	30,000	220,599
Net assets, end of year	\$ 189,847	\$ 31,590	\$ 30,000	\$ 251,437

The accompanying notes are an integral part of these financial statements.

Animal Welfare Society of Jefferson County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2011

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Payroll	\$ 74,704	\$ 3,932	\$ -	\$ 78,636
Payroll taxes and insurance	8,105	427	-	8,532
Veterinary	27,094	-	-	27,094
Maintenance	7,689	-	-	7,689
Utilities	8,870	-	-	8,870
Shelter	10,907	-	-	10,907
Insurance	4,524	341	-	4,865
Depreciation	3,993	-	-	3,993
Fundraising	-	-	10,587	10,587
Professional fees	-	4,150	-	4,150
Printing and reproduction	2,039	448	-	2,487
Postage and delivery	272	431	-	703
Advertising	-	216	735	951
Miscellaneous	-	387	-	387
Total expenses	\$ 148,197	\$ 10,332	\$ 11,322	\$ 169,851

The accompanying notes are an integral part of these financial statements.

Animal Welfare Society of Jefferson County, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 30,838
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,993
Unrealized (gain) on investments	(2,900)
Increase (decrease) in operating assets and liabilities	
Inventory	(231)
Accounts payable	3,743
Accrued payroll	569
Workers Compensation	339
	<hr/>
Net cash provided by operating activities	36,351

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	<hr/> (1,249)
Net cash used by investing activities	<hr/> (1,249)

Net increase in cash and cash equivalents **35,102**

Cash and cash equivalents, beginning of year

63,261

Cash and cash equivalents, end of year

\$ 98,363

The accompanying notes are an integral part of these financial statements.

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements
December 31, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Animal Welfare Society of Jefferson County, Inc. ("Society") is a private, nonprofit organization dedicated to the health and welfare of animals. The Society's support comes primarily through public support, service revenue, membership dues, and special activities and events. The Society's work includes providing food and shelter for unwanted animals. Additionally, the Society provides spay-neuter, inoculation and adoption services. The Society relies on public sector contributions to fund its operations.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when earned and expenses when incurred.

Basis of Presentation

The financial statement presentation follows the requirements of the Not-for-Profit Entities Presentation of Financial Statements Topic of the FASB Accounting Standards Codification. Under the Standards, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, including unrestricted-designated, temporarily restricted net assets, and permanently restricted net assets. *Unrestricted net assets* are those currently available for use in the Society's general operations under the direction of the board and those resources invested in land, buildings and equipment. *Temporarily restricted net assets* are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment or those not currently available for use until commitments regarding their use have been fulfilled. *Permanently restricted net assets* are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements (Continued)
December 31, 2011

Cash and cash equivalents

The Society considers all short-term investments with an original maturity of three months or less to be cash equivalents. All bank deposits and certificates of deposits are FDIC insured.

Investments

Investments is equity securities with readily determinable fair values and all debt securities are carried at fair value in the statement of financial position with gains and losses included as unrestricted in the statement of activities

Land, building and equipment

The Society's policy is to capitalize land, buildings and equipment over \$1,000. Lesser amounts are expenses in the year incurred. Purchased land, buildings and equipment are stated at cost. Donated assets are recorded at fair market value at the date of contribution. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation on property and equipment is calculated by use of the straight-line method over the estimated useful lives of the assets of 5 - 28 years.

Revenue recognition

The Society recognizes revenue under the Not-for-Profit Entities Revenue Recognition Topic of the FASB Accounting Standards Codification. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a 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.

Donated goods and services

The Society receives donated goods and services from a variety of community donors and unpaid volunteers assisting the Society in its programs. The value of these goods and services are not reflected in these statements since they do not meet the criteria under the Not-for-Profit Entities Revenue Recognition Topic of the FASB Accounting Standards Codification.

Income Tax Status

The Society is a not-for-profit organization and is exempt from federal income taxes under Internal Revenue Code Section 501c(3).

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements (Continued)
December 31, 2011

INVESTMENTS

Investments at fair value consist of the following at December 31, 2011

Current:		
Money market	\$	<u>5,448</u>
Noncurrent:		
Commonwealth brokerage account securities		51,142
Frontier		875
Verizon		<u>28,565</u>
Total noncurrent		<u>80,582</u>
Total investments	\$	<u><u>86,030</u></u>

Investment income for 2011 consists of:

Checking, savings and CD interest	\$	391
Interest and dividends		2,776
Unrealized gains		<u>2,900</u>
Total investment income	\$	<u><u>6,067</u></u>

LAND, BUILDING AND EQUIPMENT

Land building and equipment consists of the following at December 31, 2011:

Building and improvements	\$	117,080
Equipment		<u>11,597</u>
Total		<u>128,677</u>
Accumulated depreciation		<u>(82,545)</u>
Land, building and equipment - net	\$	<u><u>46,132</u></u>

The Society leases land under an operating lease from the Jefferson County Commission and constructed a building on the land in 1985. The lease term is indefinite and cancelable only if the Society relocates. Lease expense for the year ended December 31, 2011, was \$0.

RESTRICTED NET ASSETS

Permanently restricted net assets consists of \$30,000 that was received from a bequest with the restriction that the principal cannot be used but the earnings on the funds can be used by the Society.

Temporarily restricted net assets consists of \$31,590 that was received with the restriction that the funds be used for the construction of a new shelter facility.

CONCENTRATION

During the year ended December 31, 2011, the Society received approximately 13 percent of its total support and revenue through the United Way. A significant reduction in the level of support provided by this entity, if this were to occur, may have a significant impact on the Society's programs and activities.

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements (Continued)
December 31, 2011

SUBSEQUENT EVENTS

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through August 8, 2012, the date the financial statements were available to be issued.