

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

FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

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**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 financial statements of the Animal Welfare Society of Jefferson County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and the related statements of activities and changes in net assets and cash flows for the year 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 accounting principles generally accepted in the United States of America; 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 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 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 risks 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.

**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, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Decker & Company PLLC*

July 28, 2014

Animal Welfare Society of Jefferson County, Inc.  
**STATEMENT OF FINANCIAL POSITION**  
 December 31, 2013

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 133,796
Investments	10,351
Inventory	<u>1,036</u>
 Total Current Assets	 <u>145,183</u>

**Noncurrent Assets**

Certificate of deposit	30,000
Investments	100,810
Construction work in progress	136,210
Land, building and equipment - net of accumulated depreciation	<u>47,268</u>
 Total Noncurrent Assets	 <u>314,288</u>

**Total Assets**

\$ 459,471

**LIABILITIES**

**Current Liabilities**

Accounts payable	\$ 3,013
Accrued payroll	<u>3,675</u>
 Total Current Liabilities	 <u>6,688</u>

**NET ASSETS**

Invested in land, building and equipment	183,478
Undesignated	<u>160,763</u>
	344,241
Temporarily restricted	78,542
Permanently restricted	<u>30,000</u>
 Total net assets	 <u>452,783</u>

**Total Liabilities and Net Assets**

\$ 459,471

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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions, Gifts, & Grants				
General	\$ 124,610	\$ 81,443	\$ -	\$ 206,053
United Way	22,335	-	-	22,335
Program revenue	21,696	-	-	21,696
Special events	44,759	25,034	-	69,793
Investment income	18,572	-	-	18,572
Miscellaneous income	479	-	-	479
Net assets released from restrictions	<u>113,687</u>	<u>(113,687)</u>	<u>-</u>	<u>-</u>
<b>Total revenues and other support</b>	<u>346,138</u>	<u>(7,210)</u>	<u>-</u>	<u>338,928</u>
<b>EXPENSES</b>				
Program expenses	187,179	-	-	187,179
General and administrative expenses	12,453	-	-	12,453
Fundraising expenses	<u>11,867</u>	<u>-</u>	<u>-</u>	<u>11,867</u>
<b>Total expenses</b>	<u>211,499</u>	<u>-</u>	<u>-</u>	<u>211,499</u>
<b>Changes in net assets</b>	<b>134,639</b>	<b>(7,210)</b>	<b>-</b>	<b>127,429</b>
<b>Net assets, beginning of year</b>	<u>209,602</u>	<u>85,752</u>	<u>30,000</u>	<u>325,354</u>
<b>Net assets, end of year</b>	<u>\$ 344,241</u>	<u>\$ 78,542</u>	<u>\$ 30,000</u>	<u>\$ 452,783</u>

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, 2013

	<b>Supporting Services</b>			<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	
Payroll	\$ 94,612	\$ 4,980	\$ -	\$ 99,592
Veterinary	48,550	-	-	48,550
Fundraising	-	-	11,742	11,742
Payroll taxes and insurance	10,378	546	-	10,924
Utilities	10,362	-	-	10,362
Shelter	7,917	-	-	7,917
Maintenance	5,656	-	-	5,656
Depreciation	4,499	-	-	4,499
Professional fees	-	4,400	-	4,400
Insurance	3,142	100	-	3,242
Printing and reproduction	857	1,529	-	2,386
Repairs	1,038	-	-	1,038
Postage and delivery	168	781	-	949
Advertising	-	49	125	174
Miscellaneous	-	68	-	68
<b>Total expenses</b>	<b>\$ 187,179</b>	<b>\$ 12,453</b>	<b>\$ 11,867</b>	<b>\$ 211,499</b>

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, 2013

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net assets	\$ 127,429
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	4,499
Unrealized (gain) on investments	(15,813)
Increase (decrease) in operating assets and liabilities	
Inventory	644
Prepaid expenses	57
Accounts payable	280
Accrued payroll	547
	<hr/>
<b>Net cash provided by operating activities</b>	<b>117,643</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments	(1,125)
Purchase of fixed assets	(113,687)
	<hr/>
<b>Net cash used by investing activities</b>	<b>(114,812)</b>

<b>Net increase in cash and cash equivalents</b>	<b>2,831</b>
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Cash and cash equivalents, beginning of year	<hr/> <b>130,965</b>
Cash and cash equivalents, end of year	<hr/> <b>\$ 133,796</b> <hr/>

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, 2013

## **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, 2013

**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 in 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 expensed 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). The Society files its tax returns in the United States federal jurisdiction. These forms for the years ended December 31, 2010, 2011, and 2012 are subject to examination by that jurisdiction generally for three years after they were filed.

Animal Welfare Society of Jefferson County, Inc.  
**Notes to the Financial Statements (Continued)**  
December 31, 2013

**INVESTMENTS**

Investments at fair value consist of the following at December 31, 2013

Current:		
Money market	\$	<u>10,351</u>
Noncurrent:		
Commonwealth brokerage account securities		65,033
Frontier		790
Verizon		<u>34,987</u>
Total noncurrent		<u>100,810</u>
Total investments	\$	<u><u>111,161</u></u>

Investment income for 2013 consists of:

Checking, savings and CD interest	\$	87
Interest and dividends		2,672
Unrealized gains		<u>15,813</u>
Total investment income	\$	<u><u>18,572</u></u>

**CONSTRUCTION WORK IN PROGRESS**

The Society is in the process of renovating and improving its shelter facility. Renovation and improvement costs incurred through December 31, 2013 totaled \$136,210. Management anticipates incurring approximately another \$80,000 of costs for the renovations and improvements which is estimated to be complete in August 2014. Funding thus far has consisted of certain contributions and fundraising events. In addition, in March 2013 the Society was approved for a \$50,000 line of credit from a local bank to be used to assist in financing the completion of the renovations and improvements. Through December 31, 2013, no draws or payments were made on the line of credit.

**LAND, BUILDING AND EQUIPMENT**

Land building and equipment consists of the following at December 31, 2013:

Building and improvements	\$	127,215
Equipment		<u>11,597</u>
Total		<u>138,812</u>
Accumulated depreciation		<u>(91,544)</u>
Land, building and equipment - net	\$	<u><u>47,268</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, 2013, was \$0 .

Animal Welfare Society of Jefferson County, Inc.  
**Notes to the Financial Statements (Continued)**  
December 31, 2013

**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 \$78,542 that was received with the restriction that the funds be used for the renovation and improvement of its shelter facility.

**CONCENTRATION**

During the year ended December 31, 2013, the Society received approximately 7 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.

**SUBSEQUENT EVENTS**

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through July 28, 2014, the date the financial statements were available to be issued.