

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

FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

## CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS</b>	3
<b>FINANCIAL STATEMENTS</b>	
Statement of financial position	4
Statement of activities and changes in net assets	5-6
Statement of functional expenses	7-8
Statement of cash flows	9
Notes to Financial Statements	10-13



**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 statements of financial position as of December 31, 2016 and 2015 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 from 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, 2016 and 2015 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*

August 23, 2017

Animal Welfare Society of Jefferson County, Inc.  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2016 and 2015

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 91,720	\$ 68,238
Investments	515	10,454
Inventory	<u>1,995</u>	<u>2,095</u>
 Total Current Assets	 <u>94,230</u>	 <u>80,787</u>
<b>Noncurrent Assets</b>		
Certificate of deposit	30,000	30,000
Investments	115,305	103,193
Land, building and equipment - net of accumulated depreciation	<u>308,133</u>	<u>302,665</u>
 Total Noncurrent Assets	 <u>453,438</u>	 <u>435,858</u>
 <b>Total Assets</b>	 <u><u>\$ 547,668</u></u>	 <u><u>\$ 516,645</u></u>

**LIABILITIES**

<b>Current Liabilities</b>		
Accounts payable	\$ 2,747	\$ 2,696
Accrued payroll & payroll liabilities	<u>2,656</u>	<u>4,331</u>
 Total Current Liabilities	 <u>5,403</u>	 <u>7,027</u>

**NET ASSETS**

Invested in land, building and equipment	308,133	302,665
Undesignated	<u>204,132</u>	<u>153,700</u>
	512,265	456,365
Temporarily restricted	-	23,253
Permanently restricted	<u>30,000</u>	<u>30,000</u>
 Total Net Assets	 <u>542,265</u>	 <u>509,618</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 547,668</u></u>	 <u><u>\$ 516,645</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, 2016

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions, Gifts, & Grants				
General	\$ 156,353	\$ 6,446	\$ -	\$ 162,799
United Way	23,576	-	-	23,576
Special events	55,339	33,211	-	88,550
Program revenue	25,669	-	-	25,669
Investment income	13,929	-	-	13,929
Miscellaneous income	348	-	-	348
Net assets released from restrictions	62,910	(62,910)	-	-
	<b>338,124</b>	<b>(23,253)</b>	<b>-</b>	<b>314,871</b>
<b>EXPENSES</b>				
Program expenses	258,420	-	-	258,420
General and administrative expenses	11,307	-	-	11,307
Fundraising expenses	12,497	-	-	12,497
	<b>282,224</b>	<b>-</b>	<b>-</b>	<b>282,224</b>
<b>Changes in net assets</b>	<b>55,900</b>	<b>(23,253)</b>	<b>-</b>	<b>32,647</b>
<b>Net assets, beginning of year</b>	<b>456,365</b>	<b>23,253</b>	<b>30,000</b>	<b>509,618</b>
<b>Net assets, end of year</b>	<b>\$ 512,265</b>	<b>\$ -</b>	<b>\$ 30,000</b>	<b>\$ 542,265</b>

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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions, Gifts, & Grants				
General	\$ 94,232	\$ 25,795	\$ -	\$ 120,027
United Way	24,852	-	-	24,852
Special events	44,056	34,335	-	78,391
Program revenue	25,969	-	-	25,969
Investment income	1,075	-	-	1,075
Miscellaneous income	836	-	-	836
Net assets released from restrictions	48,552	(48,552)	-	-
<b>Total revenues and other support</b>	<b>239,572</b>	<b>11,578</b>	<b>-</b>	<b>251,150</b>
<b>EXPENSES</b>				
Program expenses	223,164	-	-	223,164
General and administrative expenses	14,746	-	-	14,746
Fundraising expenses	11,949			11,949
<b>Total expenses</b>	<b>249,859</b>	<b>-</b>	<b>-</b>	<b>249,859</b>
<b>Changes in net assets</b>	(10,287)	11,578	-	1,291
<b>Net assets, beginning of year</b>	466,652	11,675	30,000	508,327
<b>Net assets, end of year</b>	<b>\$ 456,365</b>	<b>\$ 23,253</b>	<b>\$ 30,000</b>	<b>\$ 509,618</b>

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, 2016

	<b>Supporting Services</b>			<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	
Payroll	\$ 110,177	\$ 5,799	\$ -	\$ 115,976
Veterinary	42,092	-	-	42,092
Repairs	41,432	-	-	41,432
Depreciation	18,027	-	-	18,027
Utilities	12,921	-	-	12,921
Fundraising	-	-	12,143	12,143
Payroll taxes and insurance	8,978	472	-	9,450
Shelter	9,358	-	-	9,358
Insurance	7,525	-	-	7,525
Professional fees	-	4,500	-	4,500
Maintenance	2,978	-	-	2,978
Miscellaneous	2,153	-	-	2,153
Printing and reproduction	2,027	86	-	2,113
Postage and delivery	500	450	250	1,200
Advertising	252	-	104	356
<b>Total expenses</b>	<b>\$ 258,420</b>	<b>\$ 11,307</b>	<b>\$ 12,497</b>	<b>\$ 282,224</b>

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, 2015

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Payroll	\$ 105,985	\$ 5,578	\$ -	\$ 111,563
Veterinary	52,590	-	-	52,590
Depreciation	13,328	-	-	13,328
Utilities	11,925	-	-	11,925
Payroll taxes and insurance	11,127	586	-	11,713
Shelter	11,511	-	-	11,511
Fundraising	-	-	11,270	11,270
Professional fees	-	5,524	-	5,524
Insurance	5,492	-	-	5,492
Repairs	4,882	-	-	4,882
Printing and reproduction	2,070	1,861	347	4,278
Maintenance	3,383	-	-	3,383
Postage and delivery	442	667	156	1,265
Advertising	-	530	176	706
Miscellaneous	429	-	-	429
<b>Total expenses</b>	<b>\$ 223,164</b>	<b>\$ 14,746</b>	<b>\$ 11,949</b>	<b>\$ 249,859</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 years ended December 31, 2016 and 2015

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2016</u>	<u>2015</u>
Changes in net assets	<b>\$ 32,647</b>	\$ 1,291
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	<b>18,027</b>	13,328
Unrealized (gain) on investments	<b>(8,464)</b>	1,823
Increase (decrease) in operating assets and liabilities		
Decrease in inventory	<b>100</b>	628
Increase in accounts payable	<b>51</b>	2,033
Increase (decrease) in accrued payroll & liabilities	<b>(1,675)</b>	791
	<hr/> <b>40,686</b> <hr/>	<hr/> 19,894 <hr/>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	<b>9,939</b>	-
Purchase of investments	<b>(3,648)</b>	(2,436)
Purchase of land, building, and equipment	<b>(23,495)</b>	(48,552)
	<hr/> <b>(17,204)</b> <hr/>	<hr/> (50,988) <hr/>
 <b>Net decrease in cash and cash equivalents</b>	<b>23,482</b>	(31,094)
Cash and cash equivalents, beginning of year	<b>68,238</b>	99,332
Cash and cash equivalents, end of year	<b><u>\$ 91,720</u></b>	<b><u>\$ 68,238</u></b>

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, 2016 and 2015

## **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 homeless 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, 2016 and 2015

**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, 2013, 2014, and 2015 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, 2016 and 2015

**INVESTMENTS**

Investments at fair value consist of the following at December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Current:		
Money market	\$ <u>515</u>	\$ <u>10,454</u>
Noncurrent:		
Commonwealth brokerage account securities	76,723	69,491
Frontier	575	793
Verizon	<u>38,007</u>	<u>32,909</u>
Total noncurrent	<u>115,305</u>	<u>103,193</u>
Total investments	<u>\$ 115,820</u>	<u>\$ 113,647</u>

Investment income for 2016 and 2015 consists of:

Checking, savings and CD interest	\$ 67	\$ 71
Interest and dividends	3,121	2,827
Realized gain on sale	2,277	2,815
Unrealized gains (loss)	<u>8,464</u>	<u>(4,638)</u>
Total investment income	<u>\$ 13,929</u>	<u>\$ 1,075</u>

**LAND, BUILDING AND EQUIPMENT**

Land building and equipment consists of the following at December 31, 2016 and 2015:

Building and improvements	\$ 399,498	\$ 399,498
Equipment	<u>42,281</u>	<u>18,786</u>
Total	<u>441,779</u>	<u>418,284</u>
Accumulated depreciation	<u>(133,646)</u>	<u>(115,619)</u>
Land, building and equipment - net	<u>\$ 308,133</u>	<u>\$ 302,665</u>

The Society was gifted a one acre parcel of land in 1985 from the Jefferson County Commission for the purpose of constructing and operating an animal shelter and related facilities. However, if the Society dissolves or if the parcel ceases to be used as an animal shelter the parcel will revert back to the Jefferson County Commission.

**RESTRICTED NET ASSETS**

Permanently restricted net assets for the years ended December 31, 2016 and 2015 consists of \$30,000 and \$30,000, respectively, 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 for the years ended December 31, 2016 and 2015 consists of \$0 and \$23,253, respectively, that was received with the restriction that the funds be used for the renovation and improvement of its shelter facility.

Animal Welfare Society of Jefferson County, Inc.  
**Notes to the Financial Statements (Continued)**  
December 31, 2016 and 2015

**SUBSEQUENT EVENTS**

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through August 23, 2017, the date the financial statements were available to be issued.