

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

FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

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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, 2018 and 2017 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, 2018 and 2017 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

November 13, 2019

Animal Welfare Society of Jefferson County, Inc.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 213,753	\$ 90,610
Investments	657	581
Inventory (at cost)	<u>1,351</u>	<u>1,335</u>
 Total Current Assets	 <u>215,761</u>	 <u>92,526</u>
Noncurrent Assets		
Certificate of deposit	30,281	30,000
Investments	126,090	127,104
Land, building and equipment - net of accumulated depreciation	<u>322,829</u>	<u>343,045</u>
 Total Noncurrent Assets	 <u>479,200</u>	 <u>500,149</u>
 Total Assets	 <u><u>\$ 694,961</u></u>	 <u><u>\$ 592,675</u></u>

LIABILITIES

Current Liabilities		
Accounts payable	\$ 184	\$ 6,845
Accrued payroll & payroll liabilities	<u>3,355</u>	<u>2,285</u>
 Total Current Liabilities	 <u>3,539</u>	 <u>9,130</u>

NET ASSETS

Without donor restrictions	649,296	553,545
With donor restrictions	<u>42,126</u>	<u>30,000</u>
 Total Net Assets	 <u>691,422</u>	 <u>583,545</u>
 Total Liabilities and Net Assets	 <u><u>\$ 694,961</u></u>	 <u><u>\$ 592,675</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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions, Gifts, & Grants			
General	\$ 216,389	\$ -	\$ 216,389
United Way	12,576	-	12,576
Special events	64,264	28,844	93,108
Program revenue	23,186	-	23,186
Investment income	1,211	-	1,211
Net assets released from restrictions	16,718	(16,718)	-
	<u>334,344</u>	<u>12,126</u>	<u>346,470</u>
Total revenues and other support			
EXPENSES			
Program expenses	205,859	-	205,859
General and administrative expenses	14,919	-	14,919
Fundraising expenses	17,815	-	17,815
	<u>238,593</u>	<u>-</u>	<u>238,593</u>
Total expenses			
Changes in net assets	95,751	12,126	107,877
Net assets, beginning of year	553,545	30,000	583,545
Net assets, end of year	<u>\$ 649,296</u>	<u>\$ 42,126</u>	<u>\$ 691,422</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, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions, Gifts, & Grants			
General	\$ 129,748	\$ -	\$ 129,748
United Way	16,721	-	16,721
Special events	44,309	30,610	74,919
Program revenue	19,829	-	19,829
Investment income	13,646	-	13,646
Miscellaneous income	74	-	74
Net assets released from restrictions	30,610	(30,610)	-
	<u>254,937</u>	<u>-</u>	<u>254,937</u>
Total revenues and other support			
EXPENSES			
Program expenses	192,878	-	192,878
General and administrative expenses	11,769	-	11,769
Fundraising expenses	9,010	-	9,010
	<u>213,657</u>	<u>-</u>	<u>213,657</u>
Total expenses			
Changes in net assets	41,280	-	41,280
Net assets, beginning of year	<u>512,265</u>	<u>30,000</u>	<u>542,265</u>
Net assets, end of year	<u>\$ 553,545</u>	<u>\$ 30,000</u>	<u>\$ 583,545</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, 2018

	Animal Health & Welfare	Supporting Services		Total
		Management and General	Fundraising	
Payroll	\$ 95,841	\$ 5,044	\$ -	\$ 100,885
Veterinary	26,561	-	-	26,561
Depreciation	20,216	-	-	20,216
Fundraising	-	-	16,657	16,657
Repairs	16,319	-	-	16,319
Utilities	12,884	-	-	12,884
Shelter	9,715	-	-	9,715
Payroll taxes and insurance	9,220	485	-	9,705
Insurance	7,708	-	-	7,708
Professional fees	-	4,800	-	4,800
Maintenance	4,482	-	-	4,482
Miscellaneous	-	3,190	-	3,190
Printing and reproduction	1,250	1,400	428	3,078
Postage and delivery	731	-	656	1,387
Advertising	932	-	74	1,006
Total expenses	\$ 205,859	\$ 14,919	\$ 17,815	\$ 238,593

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, 2017

	Animal Health & Welfare	Supporting Services		Total
		Management and General	Fundraising	
Payroll	\$ 89,134	\$ 4,691	\$ -	\$ 93,825
Veterinary	36,220	-	-	36,220
Depreciation	20,218	-	-	20,218
Utilities	11,551	-	-	11,551
Fundraising	-	-	8,736	8,736
Payroll taxes and insurance	8,084	425	-	8,509
Insurance	7,900	-	-	7,900
Shelter	6,873	-	-	6,873
Professional fees	-	6,100	-	6,100
Repairs	3,706	-	-	3,706
Postage and delivery	2,550	553	250	3,353
Maintenance	3,180	-	-	3,180
Miscellaneous	2,657	-	-	2,657
Advertising	805	-	24	829
Total expenses	\$ 192,878	\$ 11,769	\$ 9,010	\$ 213,657

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, 2018 and 2017

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2018</u>	<u>2017</u>
Changes in net assets	\$ 107,877	\$ 41,280
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	20,216	20,218
Unrealized (gain) loss on investments	733	(6,944)
Increase (decrease) in operating assets and liabilities		
(Increase) decrease in inventory	(16)	660
Increase (decrease) in accounts payable	(6,661)	4,098
Increase (decrease) in accrued payroll & liabilities	1,070	(371)
	<hr/> 123,219	<hr/> 58,941
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	-
Purchase of investments	-	(4,856)
Purchase of land, building, and equipment	-	(55,129)
	<hr/> -	<hr/> (59,985)
Net cash used by investing activities		
Net increase (decrease) in cash and cash equivalents	123,219	(1,044)
Cash and cash equivalents, beginning of year	<hr/> 91,191	<hr/> 92,235
Cash and cash equivalents, end of year	<hr/> \$ 214,410	<hr/> \$ 91,191

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, 2018 and 2017

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.

New FASB Accounting Standards Update

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The ASU amends the current reporting model for not-for-profit organizations and enhances their disclosures. The Society has adopted this ASU as of and for the year ended December 31, 2018 with retrospective application for the financial statements for the year ended December 31, 2017. There was no material impact on the entity's results of operations or financial condition upon adoption of this new standard.

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 two classes of net assets. Net assets, revenues and expenses are classified based on the existence or absence of donor imposed restrictions. Net assets with donor restrictions consist of assets whose use is limited by donor imposed time and/or purpose restrictions, or those contributed with donor stipulations that they may be held in perpetuity with use of income with or without donor restrictions. Net assets without donor restrictions are those currently available for use in the organization's general operations under the direction of the board. Donor restricted contributions whose restrictions are met in the same reporting period are reported as revenue within net assets without donor restrictions.

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements (Continued)
December 31, 2018 and 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 as without donor restrictions.

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 contributions without donor restrictions 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

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Society. Contributions are recorded as net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements (Continued)
December 31, 2018 and 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 returns are subject to examination by that jurisdiction generally for three years after they were filed.

Expenses by Nature and Function

The financial statements of the Society report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, which are allocated on the basis of time and effort studies, as well as printing, postage, and advertising expenses which are allocated on specific identification of purpose and use when possible.

AVAILABILITY OF FINANCIAL ASSETS

At December 31, 2018, the Society had \$370,781 of financial assets which consist of \$244,024 of cash and certificate of deposit and \$126,747 of investments. \$42,126 of those financial assets are subject to donor restrictions which leaves the Society \$328,365 of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures. The Society has set a goal of having financial assets on hand to meet 90 days of normal operating expense, which on an average, around \$73,000. As part of the liquidity management, the Society has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Should an unforeseen liquidity need arise, the Society would request assistance from local and state government agencies and the general public.

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements (Continued)
December 31, 2018 and 2017

INVESTMENTS

Investments at fair value consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Current:		
Money market	\$ <u>657</u>	\$ <u>581</u>
Noncurrent:		
Commonwealth brokerage account securities	86,035	89,343
Frontier	26	74
Verizon	<u>40,029</u>	<u>37,687</u>
Total noncurrent	<u>126,090</u>	<u>127,104</u>
Total investments	<u>\$ 126,747</u>	<u>\$ 127,685</u>
Investment income for 2018 and 2017 consists of:		
Checking, savings and CD interest	\$ 387	\$ 74
Interest and dividends	3,469	2,931
Realized gain on sale	-	3,697
Unrealized gains (loss)	<u>(2,645)</u>	<u>6,944</u>
Total investment income	<u>\$ 1,211</u>	<u>\$ 13,646</u>

LAND, BUILDING AND EQUIPMENT

Land building and equipment consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 454,627	\$ 454,627
Equipment	<u>42,281</u>	<u>42,281</u>
Total	<u>496,908</u>	<u>496,908</u>
Accumulated depreciation	<u>(174,079)</u>	<u>(153,863)</u>
Land, building and equipment - net	<u>\$ 322,829</u>	<u>\$ 343,045</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.

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements (Continued)
 December 31, 2018 and 2017

NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Specific purpose:		
Building renovation and repairs	\$ 12,126	\$ -
Time restriction:		
Investment in perpetuity	<u>30,000</u>	<u>30,000</u>
Land, building and equipment - net	<u>\$ 42,126</u>	<u>\$ 30,000</u>

SUBSEQUENT EVENTS

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through November 13, 2019, the date the financial statements were available to be issued.