

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

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

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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, 2020 and 2019 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, 2020 and 2019 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 17, 2021

Animal Welfare Society of Jefferson County, Inc.  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2020 and 2019

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 258,483	\$ 289,337
Investments	3,258	743
Inventory (at cost)	<u>613</u>	<u>492</u>
 Total Current Assets	 <u>262,354</u>	 <u>290,572</u>
<b>Noncurrent Assets</b>		
Certificate of deposit	30,798	30,662
Investments	206,796	154,723
Land, building and equipment - net of accumulated depreciation	<u>298,477</u>	<u>317,744</u>
 Total Noncurrent Assets	 <u>536,071</u>	 <u>503,129</u>
 <b>Total Assets</b>	 <u><u>\$ 798,425</u></u>	 <u><u>\$ 793,701</u></u>

**LIABILITIES**

<b>Current Liabilities</b>		
Accounts payable	\$ 8,036	\$ 538
Accrued payroll & payroll liabilities	<u>3,493</u>	<u>2,702</u>
 Total Current Liabilities	 <u>11,529</u>	 <u>3,240</u>

**NET ASSETS**

Without donor restrictions	756,896	760,461
With donor restrictions	<u>30,000</u>	<u>30,000</u>
 Total Net Assets	 <u>786,896</u>	 <u>790,461</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 798,425</u></u>	 <u><u>\$ 793,701</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
<b>Contributions, Gifts, &amp; Grants</b>			
General	\$ 187,432	\$ -	\$ 187,432
United Way	3,963	-	3,963
Special events	43,313	-	43,313
Program revenue	24,835	-	24,835
Investment income	16,702	-	16,702
Miscellaneous	811	-	811
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues and other support	 <u>277,056</u>	 <u>-</u>	 <u>277,056</u>
 <b>EXPENSES</b>			
Program expenses	283,473	-	283,473
General and administrative expenses	15,402	-	15,402
Fundraising expenses	<u>4,828</u>	<u>-</u>	<u>4,828</u>
 Total expenses	 <u>303,703</u>	 <u>-</u>	 <u>303,703</u>
 <b>OTHER INCOME (EXPENSE)</b>			
PPP Loan Forgiveness	<u>23,082</u>	<u>-</u>	<u>23,082</u>
 Changes in net assets	 (3,565)	 -	 (3,565)
Net assets, beginning of year	<u>760,461</u>	<u>30,000</u>	<u>790,461</u>
Net assets, end of year	<u>\$ 756,896</u>	<u>\$ 30,000</u>	<u>\$ 786,896</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions, Gifts, & Grants			
General	\$ 196,454	\$ -	\$ 196,454
United Way	4,672	-	4,672
Special events	102,565	-	102,565
Investment income	31,165	-	31,165
Program revenue	20,836	-	20,836
Loss on disposal of land, building and equipment	(7,901)	-	(7,901)
Net assets released from restrictions	<u>12,126</u>	<u>(12,126)</u>	<u>-</u>
 Total revenues and other support	 <u>359,917</u>	 <u>(12,126)</u>	 <u>347,791</u>
 <b>EXPENSES</b>			
Program expenses	212,883	-	212,883
General and administrative expenses	16,748	-	16,748
Fundraising expenses	<u>19,121</u>	<u>-</u>	<u>19,121</u>
 Total expenses	 <u>248,752</u>	 <u>-</u>	 <u>248,752</u>
 Changes in net assets	 111,165	 (12,126)	 99,039
 Net assets, beginning of year	 <u>649,296</u>	 <u>42,126</u>	 <u>691,422</u>
 Net assets, end of year	 <u>\$ 760,461</u>	 <u>\$ 30,000</u>	 <u>\$ 790,461</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, 2020

	Animal Health & Welfare	Supporting Services		Total
		Management and General	Fundraising	
Payroll	\$ 115,417	\$ 6,075	\$ -	\$ 121,492
Veterinary	89,402	-	-	89,402
Depreciation	19,267	-	-	19,267
Maintenance	13,836	-	-	13,836
Utilities	12,560	-	-	12,560
Shelter	12,439	-	-	12,439
Payroll taxes and insurance	11,415	601	-	12,016
Insurance	5,612	-	-	5,612
Professional fees	-	5,100	-	5,100
Fundraising	-	-	4,791	4,791
Miscellaneous	3,525	-	-	3,525
Printing and reproduction	-	2,146	-	2,146
Advertising	-	917	37	954
Postage and delivery	-	563	-	563
<b>Total expenses</b>	<b>\$ 283,473</b>	<b>\$ 15,402</b>	<b>\$ 4,828</b>	<b>\$ 303,703</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, 2019

	Animal Health & Welfare	Supporting Services		Total
		Management and General	Fundraising	
Payroll	\$ 104,930	\$ 5,523	\$ -	\$ 110,453
Veterinary	38,917	-	-	38,917
Depreciation	20,079	-	-	20,079
Fundraising	-	-	18,677	18,677
Utilities	10,783	-	-	10,783
Payroll taxes and insurance	10,078	511	-	10,589
Shelter	9,998	-	-	9,998
Insurance	7,012	-	-	7,012
Miscellaneous	-	5,518	-	5,518
Maintenance	5,368	-	-	5,368
Professional fees	-	5,100	-	5,100
Advertising	3,474	-	-	3,474
Postage and delivery	2,244	-	444	2,688
Printing and reproduction	-	96	-	96
Total expenses	<u>\$ 212,883</u>	<u>\$ 16,748</u>	<u>\$ 19,121</u>	<u>\$ 248,752</u>

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



Animal Welfare Society of Jefferson County, Inc.  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2020 and 2019

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2020</u>	<u>2019</u>
Changes in net assets	\$ (3,565)	\$ 99,039
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	19,267	20,079
Loss on disposal of land, building, and equipment	-	7,901
Unrealized (gain) loss on investments	(11,415)	(22,194)
Increase (decrease) in operating assets and liabilities		
(Increase) decrease in inventory	(121)	859
Increase (decrease) in accounts payable	7,500	355
Increase (decrease) in accrued payroll & liabilities	789	(653)
	<u>12,455</u>	<u>105,386</u>
<b>Net cash provided by operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificate of deposit	(136)	(381)
Purchase of investments	(40,658)	(6,440)
Purchase of land, building, and equipment	-	(22,895)
	<u>(40,794)</u>	<u>(29,716)</u>
<b>Net cash used by investing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>(28,339)</b>	75,670
Cash and cash equivalents, beginning of year	<u>290,080</u>	<u>214,410</u>
Cash and cash equivalents, end of year	<u><u>\$ 261,741</u></u>	<u><u>\$ 290,080</u></u>

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

**Notes to the Financial Statements**

December 31, 2020 and 2019

**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.

**Adoption of New Accounting Standard**

On January 1, 2020, the Society adopted FASB Accounting Standards Codification 606. Revenue from Contracts with Customers (FASB ASC606), which is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services and satisfaction of performance obligations to a customer in an amount that reflects the consideration expected to be received in exchange for those good or services. See Revenue Recognition policy in this note for the Society's policy. There was not a material impact to revenues as a result of applying FASB ASC 606 for the year ended December 31, 2020, and there have not been significant changes to the Society's business processes, systems, or internal controls as a result of implementing the standard.

**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.

**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, 2020 and 2019

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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. Cash balances in excess of FDIC insurance limits, if any, are uncollateralized. Management considers this to be a normal business risk.

**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.

Separate from contributions, the Society's programs regularly involve entering into contracts for animal adoptions. Revenues from the contracts are recognized at the point in time control is transferred to its customers, in an amount that reflects the consideration the Society expects to be entitled to. Contracts are fixed-price. Incidentals that are immaterial in the context of these contracts are recognized as expense. The payment terms and conditions in customer contracts vary. The Society does not have significant financing components as most payments are received before or at the time control is transferred.

Animal Welfare Society of Jefferson County, Inc.  
**Notes to the Financial Statements (Continued)**  
December 31, 2020 and 2019

**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 postage and delivery expenses which are allocated on specific identification of purpose and use when possible.

**AVAILABILITY OF FINANCIAL ASSETS**

At December 31, 2020, the Society had \$499,335 of financial assets which consist of \$289,281 of cash and certificate of deposit and \$210,054 of investments. \$30,000 of those financial assets are subject to donor restrictions which leaves the Society \$469,335 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 are average, around \$62,400. 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, 2020 and 2019

**INVESTMENTS**

Investments at fair value consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current:		
Money market	\$ <u>3,258</u>	\$ <u>743</u>
Noncurrent:		
Commonwealth brokerage account securities	-	111,007
United brokerage account securities	<u>164,966</u>	-
Verizon	<u>41,830</u>	<u>43,716</u>
Total noncurrent	<u>206,796</u>	<u>154,723</u>
Total investments	<u>\$ 210,054</u>	<u>\$ 155,466</u>

Investment income for 2020 and 2019 consists of:

Checking, savings and CD interest	\$ 350	\$ 579
Interest and dividends	4,936	3,745
Realized gain on sale	3,854	4,647
Unrealized gains (loss)	<u>7,561</u>	<u>22,194</u>
Total investment income	<u>\$ 16,701</u>	<u>\$ 31,165</u>

**LAND, BUILDING AND EQUIPMENT**

Land building and equipment consists of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 460,602	\$ 460,602
Equipment	<u>30,684</u>	<u>30,684</u>
Total	<u>491,286</u>	<u>491,286</u>
Accumulated depreciation	<u>(192,809)</u>	<u>(173,542)</u>
Land, building and equipment - net	<u>\$ 298,477</u>	<u>\$ 317,744</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, 2020 and 2019

**NET ASSETS**

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

	<u>2020</u>	<u>2019</u>
Time restriction:		
Investment in perpetuity	\$ <u>30,000</u>	\$ <u>30,000</u>
Land, building and equipment - net	\$ <u>30,000</u>	\$ <u>30,000</u>

**UNCERTAINTY**

Since early 2020 the local and national economy has been negatively impacted by the effects of the worldwide coronavirus pandemic. The Society is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of these financial statements, the full impact to the Society's financial position is not known and therefore no adjustment has been made to these financial statements.

**SUBSEQUENT EVENTS**

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through June 17, 2021, the date the financial statements were available to be issued.