

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

FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS	3-4
FINANCIAL STATEMENTS	
Statements of financial position	5
Statements of activities and changes in net assets	6-7
Statements of functional expenses	8-9
Statements of cash flows	10
Notes to Financial Statements	11-15



INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

Opinion

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, 2021 and 2020 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.

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, 2021 and 2020 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Animal Welfare Society of Jefferson County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Animal Welfare Society of Jefferson County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Animal Welfare Society of Jefferson County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Animal Welfare Society of Jefferson County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Decker & Company PLLC

July 22, 2022

Animal Welfare Society of Jefferson County, Inc.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS		
Current Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 221,958	\$ 258,483
Investments	6,811	3,258
Inventory (at cost)	<u>800</u>	<u>613</u>
Total Current Assets	<u>229,569</u>	<u>262,354</u>
Noncurrent Assets		
Certificate of deposit	30,606	30,798
Investments	272,139	206,796
Land, building and equipment - net of accumulated depreciation	<u>287,244</u>	<u>298,477</u>
Total Noncurrent Assets	<u>589,989</u>	<u>536,071</u>
Total Assets	<u><u>\$ 819,558</u></u>	<u><u>\$ 798,425</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 6,690	\$ 8,036
Accrued payroll & payroll liabilities	<u>4,758</u>	<u>3,493</u>
Total Current Liabilities	<u>11,448</u>	<u>11,529</u>
NET ASSETS		
Without donor restrictions	761,921	756,896
With donor restrictions	<u>46,189</u>	<u>30,000</u>
Total Net Assets	<u>808,110</u>	<u>786,896</u>
Total Liabilities and Net Assets	<u><u>\$ 819,558</u></u>	<u><u>\$ 798,425</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions, Gifts, & Grants			
General	\$ 226,159	\$ 16,189	\$ 242,348
United Way	3,421	-	3,421
Special events	43,853	-	43,853
Investment income	30,699	-	30,699
Program revenue	21,550	-	21,550
Miscellaneous	863	-	863
Net assets released from restrictions	-	-	-
Total revenues and other support	<u>326,545</u>	<u>16,189</u>	<u>342,734</u>
EXPENSES			
Program expenses	291,106	-	291,106
General and administrative expenses	25,206	-	25,206
Fundraising expenses	5,208	-	5,208
Total expenses	<u>321,520</u>	<u>-</u>	<u>321,520</u>
Changes in net assets	5,025	16,189	21,214
Net assets, beginning of year	<u>756,896</u>	<u>30,000</u>	<u>786,896</u>
Net assets, end of year	<u><u>\$ 761,921</u></u>	<u><u>\$ 46,189</u></u>	<u><u>\$ 808,110</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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions, Gifts, & Grants			
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>277,056</u>	<u>-</u>	<u>277,056</u>
Total revenues and other support			
EXPENSES			
Program expenses	274,336	-	274,336
General and administrative expenses	24,539	-	24,539
Fundraising expenses	4,828	-	4,828
	<u>303,703</u>	<u>-</u>	<u>303,703</u>
Total expenses			
OTHER INCOME (EXPENSE)			
PPP Loan Forgiveness	23,082	-	23,082
	<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 FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Animal Health & Welfare	Supporting Services		Total
		Management and General	Fundraising	
Payroll	\$ 133,814	\$ 7,043	\$ -	\$ 140,857
Veterinary	80,450	-	-	80,450
Shelter	22,700	-	-	22,700
Utilities	16,010	-	-	16,010
Payroll taxes and insurance	13,841	729	-	14,570
Maintenance	13,059	-	-	13,059
Depreciation	11,232	-	-	11,232
Professional fees	-	5,847	-	5,847
Fundraising	-	-	5,208	5,208
Insurance	-	4,595	-	4,595
Miscellaneous	-	3,623	-	3,623
Printing and reproduction	-	1,596	-	1,596
Advertising	-	1,027	-	1,027
Postage and delivery	-	746	-	746
Total expenses	\$ 291,106	\$ 25,206	\$ 5,208	\$ 321,520

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
Total expenses	<u>\$ 274,336</u>	<u>\$ 24,539</u>	<u>\$ 4,828</u>	<u>\$ 303,703</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 21,214	\$ (3,565)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	11,233	19,267
Unrealized (gain) loss on investments	(22,598)	(11,415)
Increase (decrease) in operating assets and liabilities		
(Increase) decrease in inventory	(187)	(121)
Increase (decrease) in accounts payable	(1,154)	7,500
Increase (decrease) in accrued payroll & liabilities	<u>1,265</u>	<u>789</u>
Net cash provided by operating activities	<u>9,773</u>	<u>12,455</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	-	(136)
Purchase of investments	<u>(42,745)</u>	<u>(40,658)</u>
Net cash used by investing activities	<u>(42,745)</u>	<u>(40,794)</u>
Net decrease in cash and cash equivalents	<u>(32,972)</u>	<u>(28,339)</u>
Cash and cash equivalents, beginning of year	<u>261,741</u>	<u>290,080</u>
Cash and cash equivalents, end of year	<u><u>\$ 228,769</u></u>	<u><u>\$ 261,741</u></u>

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, 2021 and 2020

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 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.

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.

Animal Welfare Society of Jefferson County, Inc.

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Animal Welfare Society of Jefferson County, Inc.

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021, the Society had \$531,514 of financial assets which consist of \$252,564 of cash and certificate of deposit and \$278,950 of investments. \$46,189 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 average, around \$68,600. 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.

INVESTMENTS

Investments at fair value consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Current:		
Money market	\$ <u>6,811</u>	\$ <u>3,258</u>
Noncurrent:		
United brokerage account securities	235,144	164,966
Verizon	<u>36,996</u>	<u>41,830</u>
Total noncurrent	<u>272,140</u>	<u>206,796</u>
Total investments	<u>\$ 278,951</u>	<u>\$ 210,054</u>

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements (Continued)
December 31, 2021 and 2020

INVESTMENTS (continued)

Investment income for 2021 and 2020 consists of:

Checking, savings and CD interest	\$ 198	\$ 350
Interest and dividends	7,902	4,936
Realized gain on sale	-	3,854
Unrealized gains (loss)	<u>22,599</u>	<u>7,561</u>
Total investment income	<u>\$ 30,699</u>	<u>\$ 16,701</u>

LAND, BUILDING AND EQUIPMENT

Land building and equipment consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</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>(204,042)</u>	<u>(192,809)</u>
Land, building and equipment - net	<u>\$ 287,244</u>	<u>\$ 298,477</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.

NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Purpose restriction:		
Vehicle purchase	\$ <u>16,189</u>	\$ <u>-</u>
Time restriction:		
Investment in perpetuity	\$ <u>30,000</u>	\$ <u>30,000</u>
Net assets with donor restrictions	<u>\$ 46,189</u>	<u>\$ 30,000</u>

Animal Welfare Society of Jefferson County, Inc.
Notes to the Financial Statements (Continued)
December 31, 2021 and 2020

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 July 22, 2022, the date the financial statements were available to be issued.