

Humane Society of Greenwood

Report on Financial Statements

For the years ended June 30, 2015 and 2014

Humane Society of Greenwood

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Independent Auditor's Report

The Board of Directors
Humane Society of Greenwood
Greenwood, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the Humane Society of Greenwood, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, 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 audits 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 Humane Society of Greenwood as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Elliott Davis Decosimo, LLC

Greenwood, South Carolina
October 14, 2015

Humane Society of Greenwood

Statements of Financial Position

June 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 73,088 | \$ 37,581 |
| Inventory | 2,520 | - |
| Other assets | 22 | - |
| Property and equipment, net | 94,746 | 105,589 |
| Total assets | <u>\$ 170,376</u> | <u>\$ 143,170</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 10,480 | \$ 6,525 |
| Accrued expenses | 6,040 | 12,592 |
| Accrued leave | 3,092 | 1,274 |
| Total liabilities | <u>19,612</u> | <u>20,391</u> |
| Net assets | | |
| Unrestricted: | | |
| Undesignated | 102,200 | 96,638 |
| Designated by Board of Directors | 37,600 | 22,600 |
| Temporarily restricted | 10,964 | 3,541 |
| Total net assets | <u>150,764</u> | <u>122,779</u> |
| Total liabilities and net assets | <u>\$ 170,376</u> | <u>\$ 143,170</u> |

See Notes to Financial Statements

Humane Society of Greenwood
Statements of Activities
For the years ended June 30, 2015 and 2014

| | 2015 | | | 2014 | | |
|---|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Revenue and support | | | | | | |
| Local government support | \$ 403,824 | \$ - | \$ 403,824 | \$ 350,548 | \$ - | \$ 350,548 |
| Adoption revenue | 27,857 | - | 27,857 | 26,471 | - | 26,471 |
| Donations and fundraiser revenue | 181,541 | 21,635 | 203,176 | 207,976 | 18,239 | 226,215 |
| In kind donations | 80,816 | - | 80,816 | 49,265 | - | 49,265 |
| Other income | 38,439 | - | 38,439 | 41,939 | - | 41,939 |
| Net assets released from restrictions | 14,212 | (14,212) | - | 22,329 | (22,329) | - |
| Total revenue and support | <u>746,689</u> | <u>7,423</u> | <u>754,112</u> | <u>698,528</u> | <u>(4,090)</u> | <u>694,438</u> |
| Expenses | | | | | | |
| Program services | 632,748 | - | 632,748 | 577,089 | - | 577,089 |
| Supporting services | | | | | | |
| Management and general | 62,335 | - | 62,335 | 61,947 | - | 61,947 |
| Fundraising | 31,299 | - | 31,299 | 39,102 | - | 39,102 |
| Total expenses | <u>726,382</u> | <u>-</u> | <u>726,382</u> | <u>678,138</u> | <u>-</u> | <u>678,138</u> |
| Revenue and support over (under) expenses | <u>20,307</u> | <u>7,423</u> | <u>27,730</u> | <u>20,390</u> | <u>(4,090)</u> | <u>16,300</u> |
| Other income and expenses | | | | | | |
| Miscellaneous income | 255 | - | 255 | 67 | - | 67 |
| Total other income and expenses | <u>255</u> | <u>-</u> | <u>255</u> | <u>67</u> | <u>-</u> | <u>67</u> |
| Changes in net assets | 20,562 | 7,423 | 27,985 | 20,457 | (4,090) | 16,367 |
| Net assets, beginning of year | <u>119,238</u> | <u>3,541</u> | <u>122,779</u> | <u>98,781</u> | <u>7,631</u> | <u>106,412</u> |
| Net assets, end of year | <u>\$ 139,800</u> | <u>\$ 10,964</u> | <u>\$ 150,764</u> | <u>\$ 119,238</u> | <u>\$ 3,541</u> | <u>\$ 122,779</u> |

See Notes to Financial Statements

Humane Society of Greenwood

Statements of Functional Expenses

For the years ended June 30, 2015 and 2014

| | 2015 | | | | 2014 | | | |
|----------------------------|-------------------|------------------------|------------------|-------------------|-------------------|------------------------|------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total | Program Services | Management and General | Fundraising | Total |
| Salaries | \$ 319,590 | \$ 37,599 | \$ 18,800 | \$ 375,989 | \$ 304,830 | \$ 35,862 | \$ 17,931 | \$ 358,623 |
| Group insurance | 6,684 | 1,180 | - | 7,864 | 34,538 | 6,095 | - | 40,633 |
| Pet food | 64,224 | - | - | 64,224 | 44,073 | - | - | 44,073 |
| Payroll taxes | 30,104 | 3,541 | 1,771 | 35,416 | 30,596 | 3,599 | 1,800 | 35,995 |
| Veterinary supplies | 32,675 | - | - | 32,675 | 30,803 | - | - | 30,803 |
| Spay and neuter - adoption | 27,146 | - | - | 27,146 | 26,808 | - | - | 26,808 |
| Professional fees | 31,438 | - | - | 31,438 | 12,715 | - | - | 12,715 |
| Insurance | 19,062 | 3,365 | - | 22,427 | 14,789 | 2,611 | - | 17,400 |
| Utilities | 11,434 | 3,811 | - | 15,245 | 9,187 | 3,062 | - | 12,249 |
| Depreciation | 9,217 | 1,085 | 541 | 10,843 | 7,644 | 900 | 449 | 8,993 |
| Office supplies | 4,606 | 2,127 | 355 | 7,088 | 2,204 | 1,018 | 169 | 3,391 |
| General fundraising | - | - | 2,240 | 2,240 | - | - | 12,184 | 12,184 |
| Microchip expense | 8,758 | - | - | 8,758 | 9,869 | - | - | 9,869 |
| Other supplies | 3,429 | 180 | - | 3,609 | 7,551 | 397 | - | 7,948 |
| Telephone/Internet | 1,166 | 2,331 | 1,166 | 4,663 | 1,119 | 2,237 | 1,119 | 4,475 |
| Veterinarians | 7,808 | - | - | 7,808 | 6,077 | - | - | 6,077 |
| Printing | 2,062 | 1,375 | 3,437 | 6,874 | 2,061 | 1,374 | 3,435 | 6,870 |
| Cat litter | 5,685 | - | - | 5,685 | 5,433 | - | - | 5,433 |
| Cleaning supplies | 3,494 | - | - | 3,494 | 3,538 | - | - | 3,538 |
| Dues and subscriptions | 1,534 | 1,918 | 383 | 3,835 | 1,411 | 1,764 | 352 | 3,527 |
| Euthanasia supplies | 3,956 | - | - | 3,956 | 2,885 | - | - | 2,885 |
| Repairs and maintenance | 2,981 | - | - | 2,981 | 828 | - | - | 828 |
| Postage | 1,219 | 2,436 | 1,219 | 4,874 | 1,367 | 2,732 | 1,367 | 5,466 |
| Training | 560 | - | - | 560 | 410 | - | - | 410 |
| Credit card fees | 1,828 | - | - | 1,828 | 1,666 | - | - | 1,666 |
| Auto expense | 4,642 | - | - | 4,642 | 6,554 | - | - | 6,554 |
| Reclaim fees | 964 | - | - | 964 | 1,136 | - | - | 1,136 |
| Trash bags | - | - | - | - | 1,119 | - | - | 1,119 |
| Uniforms | 1,403 | - | - | 1,403 | 524 | - | - | 524 |
| Miscellaneous | 25,079 | 1,387 | 1,387 | 27,853 | 5,354 | 296 | 296 | 5,946 |
| Total expenses | <u>\$ 632,748</u> | <u>\$ 62,335</u> | <u>\$ 31,299</u> | <u>\$ 726,382</u> | <u>\$ 577,089</u> | <u>\$ 61,947</u> | <u>\$ 39,102</u> | <u>\$ 678,138</u> |

See Notes to Financial Statements

Humane Society of Greenwood

Statements of Cash Flows

For the years ended June 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|
| Operating activities | | |
| Change in net assets | \$ 27,985 | \$ 16,367 |
| Adjustments to reconcile change in net assets to cash provided by operating activities: | | |
| Depreciation | 10,843 | 8,993 |
| Change in assets and liabilities | | |
| Inventory | (2,520) | - |
| Other assets | (22) | - |
| Accounts payable | 3,955 | (1,422) |
| Accrued expenses | (6,552) | 4,360 |
| Accrued leave | 1,818 | 141 |
| Net cash provided by operating activities | <u>35,507</u> | <u>28,439</u> |
| Investing activities | | |
| Purchases of property and equipment | <u>-</u> | <u>(22,617)</u> |
| Net cash used for investing activities | <u>-</u> | <u>(22,617)</u> |
| Net increase in cash and cash equivalents | 35,507 | 5,822 |
| Cash and cash equivalents, beginning of year | <u>37,581</u> | <u>31,759</u> |
| Cash and cash equivalents, end of year | <u>\$ 73,088</u> | <u>\$ 37,581</u> |

See Notes to Financial Statements

Humane Society of Greenwood

Notes to Financial Statements

June 30, 2015 and 2014

Note 1. Summary of Significant Accounting Policies

The Humane Society of Greenwood (the "Organization") was established as a non-profit corporation pursuant to the laws and regulations of the State of South Carolina on March 31, 1958, to give sanctuary to abandoned, abused, and neglected animals, provide education to the public on responsible and humane pet ownership, encourage the public to spay and neuter their pets by providing low cost surgery, and encourage adoptions of those animals placed in its care. The Organization also serves the citizens of Greenwood County by upholding the law as it relates to the protection of its people and animals.

Financial statement presentation:

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets - the part of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. This class of net assets accounts for all resources over which the Board of Directors has discretionary control to use in carrying on the operations of the Organization in accordance with its charter and bylaws. It also accounts for the Organization's net investment in fixed assets. In addition, it includes self-imposed limits such as voluntary resolutions by the Board of Directors.

Temporarily Restricted Net Assets - the part of net assets of the Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets - the part of the net assets of the Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations. The Organization had no permanently restricted net assets at June 30, 2015.

Cash and cash equivalents:

Cash and cash equivalents consist of cash held in checking, savings and money market accounts with original maturities of less than 90 days.

Inventory:

Inventory is stated at the lower of cost or market which is determined on the first-in, first-out basis.

Humane Society of Greenwood

Notes to Financial Statements

June 30, 2015 and 2014

Note 1. Summary of Significant Accounting Policies, Continued

Accrued leave:

Employees accumulate earned but unused vacation. This liability of the Organization is computed based on rates of pay in effect at year end.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributed property and equipment is recorded at fair value at the date of donation.

Revenue recognition:

Revenue consists primarily of local government support and donations from citizens. Revenue is recorded as earned.

Property and equipment:

Property and equipment is stated at cost, except for donated property and equipment which is recorded at fair market value at the time of the donation. Depreciation is computed on the straight-line method over estimated useful lives of five to twenty years.

Income taxes:

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes.

Management evaluates any uncertain tax positions or unrecognized tax benefits or liabilities that may exist. Management does not believe that any material uncertain tax positions or unrecognized tax benefits or liabilities exist for the year ended June 30, 2015. The Organization's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2011.

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 amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Humane Society of Greenwood

Notes to Financial Statements

June 30, 2015 and 2014

Note 1. Summary of Significant Accounting Policies, Continued

Subsequent events:

These financial statements have been updated for subsequent events through October 14, 2015, which is the date these financial statements were available to be issued.

Note 2. Property and Equipment

A summary of property and equipment at June 30, 2015 and 2014 is as follows:

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|------------------|-------------------|
| Buildings and improvements | \$ 119,271 | \$ 119,271 |
| Equipment | <u>33,395</u> | <u>33,395</u> |
| Total | 152,666 | 152,666 |
| Less: Accumulated depreciation | <u>(57,920)</u> | <u>(47,077)</u> |
| Property and equipment, net | <u>\$ 94,746</u> | <u>\$ 105,589</u> |

Note 3. Line of Credit

The Organization has a \$75,000 unsecured line of credit with a financial institution maturing October 2015 at an interest rate of prime plus 5% (8.25% at June 30, 2015). There was no outstanding balance at June 30, 2015 and 2014.

Note 4. Net Assets Temporarily Restricted

Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|------------------|-----------------|
| Spay and neuter | \$ 899 | \$ 99 |
| Capital campaign | 1,000 | - |
| Capsugel gives back program | 2,750 | - |
| Hometown heroes program | 448 | - |
| Shadow fund | 500 | - |
| Sharp facets program | 740 | - |
| SRH vaccination program | 1,440 | - |
| Sudler foundation rescue program | 485 | - |
| Woofstock event | 232 | - |
| TNR program | 120 | 30 |
| Van purchase/maintenance | <u>2,350</u> | <u>3,412</u> |
| Total | <u>\$ 10,964</u> | <u>\$ 3,541</u> |

Humane Society of Greenwood

Notes to Financial Statements

June 30, 2015 and 2014

Note 5. Donations-in-Kind

The Organization received donated supplies including pet food, cleaning supplies and cat litter. The value of these donated supplies is based on the estimated retail market price of each item. The contributions are reported in the financial statements as revenue when received and as an expense as the supplies are used.

Note 6. Concentration of Revenues

The Organization received approximately 54% and 51% of its revenue from the local County government for the years ended June 30, 2015 and 2014, respectively.