

# **Humane Society of Greenwood**

*Report on Financial Statements*

*For the year ended June 30, 2016*

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# 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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 Humane Society of Greenwood as of June 30, 2016, 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.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 11 through 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Manley Garvin, LLC". The signature is written in a cursive style and is positioned above a light gray rectangular box.

Greenwood, South Carolina  
March 14, 2017

# Humane Society of Greenwood

## Statement of Financial Position

June 30, 2016

### Assets

#### Current Assets

Cash and cash equivalents	\$	581,250
Pledges receivable, net		212,939
Total current assets		<u>794,189</u>

#### Non-Current Assets

Pledges receivable, net		1,070,551
Property and equipment, net		87,428
Total non-current assets		<u>1,157,979</u>
Total assets	\$	<u>1,952,168</u>

### Liabilities and Net Assets

#### Liabilities

Accounts payable	\$	10,783
Accrued expenses		3,230
Accrued leave		4,409
Total liabilities		<u>18,422</u>

#### Net assets

Unrestricted:		
Undesignated		117,870
Designated by Board of Directors		34,857
Temporarily restricted		<u>1,781,019</u>
Total net assets		<u>1,933,746</u>
Total liabilities and net assets	\$	<u>1,952,168</u>

See Notes to Financial Statements

# Humane Society of Greenwood

## Statement of Activities

For the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and support</b>			
Local government support	\$ 400,628	\$ -	\$ 400,628
Adoption revenue	29,322	-	29,322
Donations and fundraiser revenue	221,667	1,826,992	2,048,659
In kind donations	104,557	-	104,557
Other income	40,779	-	40,779
Net assets released from restrictions	56,937	(56,937)	-
Total revenue and support	<u>853,890</u>	<u>1,770,055</u>	<u>2,623,945</u>
<b>Expenses</b>			
Program services	742,340	-	742,340
Supporting services			
Management and general	62,119	-	62,119
Fundraising	36,526	-	36,526
Total expenses	<u>840,985</u>	<u>-</u>	<u>840,985</u>
Revenue and support over expenses	<u>12,905</u>	<u>1,770,055</u>	<u>1,782,960</u>
<b>Other income and expenses</b>			
Miscellaneous income	22	-	22
Total other income and expenses	<u>22</u>	<u>-</u>	<u>22</u>
<b>Changes in net assets</b>	12,927	1,770,055	1,782,982
<b>Net assets, beginning of year</b>	139,800	10,964	150,764
<b>Net assets, end of year</b>	<u>\$ 152,727</u>	<u>\$ 1,781,019</u>	<u>\$ 1,933,746</u>

See Notes to Financial Statements

## Humane Society of Greenwood

### Statement of Functional Expenses

For the year ended June 30, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Auto expenses	\$ 2,180	\$ -	\$ -	\$ 2,180
Bank charges	896	-	-	896
Certified mail	273	-	-	273
Credit card fees	2,054	-	-	2,054
Depreciation	9,420	1,109	553	11,082
Dues and subscriptions	1,520	1,902	380	3,802
Education	41	-	-	41
Employee medical expense	387	-	-	387
Employee relations	2,915	-	-	2,915
Euthanasia supplies	4,702	-	-	4,702
Facilities maintenance	2,713	-	-	2,713
Flea prevention	7,901	-	-	7,901
Fundraising	-	-	7,644	7,644
Group insurance	5,961	1,052	-	7,013
HTL (head removal)	520	-	-	520
Insurance	10,959	1,934	-	12,893
Marketing	859	-	-	859
Meals	95	-	-	95
Microchip expense	10,201	-	-	10,201
Miscellaneous	195	11	11	217
Office supplies	2,598	1,199	200	3,997
Other supplies	5,752	302	-	6,054
Payroll expense	386,097	45,423	22,712	454,232
Postage	1,103	2,204	1,103	4,410
Printing	1,394	929	2,324	4,647
Professional fees	16,131	-	-	16,131
Rabies tags	323	-	-	323
Reclaim fees	1,060	-	-	1,060
Released from restriction	56,937	-	-	56,937
Repairs and maintenance	4,551	-	-	4,551
Spay and neuter	25,730	-	-	25,730
Signs and banners	288	-	-	288
Small equipment	2,878	-	-	2,878
Supplies	110,217	-	-	110,217
Taxes and licenses	52	-	-	52
Telephone/internet	1,599	3,198	1,599	6,396
Training	779	-	-	779
Travel	728	-	-	728
Uniforms	2,809	-	-	2,809
Utilities	8,568	2,856	-	11,424
Veterinarians	5,763	-	-	5,763
Volunteer services	43,191	-	-	43,191
Total expenses	<u>\$ 742,340</u>	<u>\$ 62,119</u>	<u>\$ 36,526</u>	<u>\$ 840,985</u>

See Notes to Financial Statements

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## Humane Society of Greenwood

### Statement of Cash Flows

For the year ended June 30, 2016

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#### **Operating activities**

Change in net assets	\$ 1,782,982
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	11,082
Change in assets and liabilities	
Inventory	2,520
Other assets	22
Pledges receivable	(1,283,490)
Accounts payable	303
Accrued expenses	(2,810)
Accrued leave	1,317
	<hr/>
Net cash provided by operating activities	511,926

#### **Investing activities**

Purchases of property and equipment	(3,764)
Net cash used for investing activities	<hr/> (3,764)
Net increase in cash and cash equivalents	508,162

**Cash and cash equivalents, beginning of year**

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73,088

**Cash and cash equivalents, end of year**

\$ 581,250

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See Notes to Financial Statements



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# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2016

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### 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, 2016.

#### 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.

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# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2016

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### Note 1. Summary of Significant Accounting Policies, Continued

#### Accrued leave:

Employees accumulate vacation earned, in excess of amounts used. 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.

#### Pledges receivable

Pledges receivable due in the next year are reflected as current promises to give and are recorded at their net realizable value. Pledges due in subsequent years are reflected as long-term pledges and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Based on past experience and on analysis of collectability, management believes that no allowance for uncollectible pledges should be recorded; however, it is reasonably possible that some pledges may not be collected.

#### In-kind contributions/donated services:

GAAP requires the Organization to recognize donated services that create or enhance non-financial assets or that require specialized skill, and would typically need to be purchased if not provided by donation. The Organization receives donated volunteer services and other non-cash items. The Organization receives donated services from unpaid volunteers assisting the Organization with administration, animal foster care, veterinary treatment, and assistance with fundraising. Donated services that meet the recognition criteria, donated property, and donated materials are recognized at their cost or estimated fair market values.

#### 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.

# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2016

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### Note 1. Summary of Significant Accounting Policies, Continued

#### 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, 2016. 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 2012.

#### 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.

#### Subsequent events:

These financial statements have been updated for subsequent events through March 14, 2017, which is the date these financial statements were available to be issued.

### Note 2. Pledges Receivable

Unconditional pledges receivable as of June 30, 2016 consist of temporarily restricted pledges for the Capital Campaign. These pledges are to be received by the Humane Society of Greenwood for years subsequent to June 30, 2016, and are deemed to be fully collectible by management.

The following schedule summarizes the Organization's pledges receivable at June 30, 2016:

Within one year	\$ 215,673
Less: Discount for time value of money	<u>(2,734)</u>
Total short-term	212,939
In two to five years	1,133,268
Less: Discount for time value of money	<u>(62,717)</u>
Total long-term	<u>1,070,551</u>
Total pledges receivable	<u>\$ 1,283,490</u>

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## Humane Society of Greenwood

### Notes to Financial Statements

June 30, 2016

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#### Note 3. Property and Equipment

A summary of property and equipment at June 30, 2016 is as follows:

Buildings and improvements	\$ 119,271
Equipment	<u>36,423</u>
Total	155,694
Less: Accumulated depreciation	<u>(68,266)</u>
Property and equipment, net	<u>\$ 87,428</u>

#### Note 4. Line of Credit

The Organization has a \$75,000 unsecured line of credit with a financial institution maturing October 2016 at an interest rate of prime plus 5% (8.25% at June 30, 2016). There was no outstanding balance at June 30, 2016.

#### Note 5. Net Assets Temporarily Restricted

Temporarily restricted net assets consist of the following at June 30, 2016:

Capital Campaign	\$ 1,778,309
Capsugel Gives Back	2,790
Hometown heroes	1,476
Shadow fund	500
Sharp facets	790
Spay and neuter	2,114
SRH rabies pre-exp vaccination	240
Sudler foundation rescue	500
TNR	355
Van purchase/maintenance	482
Woofstock	<u>204</u>
Total	<u>\$ 1,787,760</u>

#### Note 6. In-kind contributions/donated services

The Organization received donated supplies including pet food, cleaning supplies, and cat litter. The value of these donated supplies is based on the cost or estimated fair market value. The contributions are reported in the financial statements as revenue when received and an expense as the supplies are used. The Organization recorded donated goods that totaled \$61,366 during the fiscal year, which is included in in-kind donations in the statement of activities.

The Organization received donated services from unpaid volunteers in the form of administration, animal foster care, veterinary treatment, and assistance with fundraisers. Donated services are recorded at the cost or estimated fair market value of the hours volunteered and days fostered. The Organization recorded donated services that totaled \$43,191 during the fiscal year, which is included in in-kind donations in the statement of activities.

**Humane Society of Greenwood**  
**Schedule 1 - Schedule of Classified Revenues**  
**For the year ended June 30, 2016**

	HSOG Unrestricted	HSOG Temporarily Restricted	Shelter	Spay & Neuter Clinic	Trap Neuter & Release	Total
<b>Revenue and support</b>						
Local government support	\$ -	\$ -	\$ 400,000	\$ -	\$ 628	\$ 400,628
Adoption revenue	-	-	29,322	-	-	29,322
Donations and fundraiser revenue	181,874	1,833,733	39,793	-	-	2,055,400
In kind donations	184	-	104,373	-	-	104,557
Other income	5,573	-	35,181	-	25	40,779
Net assets released from restrictions	56,937	(56,937)	-	-	-	-
Total revenue and support	<u>\$ 244,568</u>	<u>\$ 1,776,796</u>	<u>\$ 608,669</u>	<u>\$ -</u>	<u>\$ 653</u>	<u>\$ 2,630,686</u>

**Humane Society of Greenwood****Schedule 2 - Schedule of Classified Expenditures****For the year ended June 30, 2016**

	<u>HSOG</u>	<u>Shelter</u>	<u>Spay &amp; Neuter Clinic</u>	<u>Trap Neuter &amp; Release</u>	<u>Total</u>
Auto expenses	\$ 1,041	\$ 1,139	\$ -	\$ -	\$ 2,180
Bank charges	896	-	-	-	896
Certified mail	-	273	-	-	273
Credit card fees	526	1,528	-	-	2,054
Depreciation	7,497	3,585	-	-	11,082
Dues and subscriptions	3,652	150	-	-	3,802
Education	41	-	-	-	41
Employee medical expense	-	387	-	-	387
Employee relations	2,915	-	-	-	2,915
Euthanasia supplies	-	4,702	-	-	4,702
Facilities maintenance	75	2,638	-	-	2,713
Flea prevention	580	7,321	-	-	7,901
Fundraising	7,644	-	-	-	7,644
Group insurance	115	6,898	-	-	7,013
HTL (head removal)	-	520	-	-	520
Insurance	4,903	7,990	-	-	12,893
Marketing	394	150	315	-	859
Meals	95	-	-	-	95
Microchip expense	773	9,428	-	-	10,201
Miscellaneous	139	78	-	-	217
Office supplies	2,022	1,975	-	-	3,997
Other supplies	535	5,489	-	30	6,054
Payroll expense	102,909	351,323	-	-	454,232
Postage	4,409	1	-	-	4,410
Printing	4,581	66	-	-	4,647
Professional fees	6,245	9,886	-	-	16,131
Rabies tags	-	323	-	-	323
Reclaim fees	-	1,060	-	-	1,060
Released from restriction	56,937	-	-	-	56,937
Repairs and maintenance	205	4,346	-	-	4,551
Spay and neuter	2,075	23,655	-	-	25,730
Signs and banners	-	-	288	-	288
Small equipment	865	250	1,283	480	2,878
Supplies	1,059	109,158	-	-	110,217
Taxes and licenses	52	-	-	-	52
Telephone/internet	3,400	2,996	-	-	6,396
Training	399	380	-	-	779
Travel	728	-	-	-	728
Uniforms	2,697	112	-	-	2,809
Utilities	4,150	7,274	-	-	11,424
Veterinarians	319	5,369	-	75	5,763
Volunteer services	-	43,191	-	-	43,191
Total expenses	<u>\$ 224,873</u>	<u>\$ 613,641</u>	<u>\$ 1,886</u>	<u>\$ 585</u>	<u>\$ 840,985</u>

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**Humane Society of Greenwood**  
*Schedule 3 - Schedule of Shelter Revenues*  
*For the year ended June 30, 2016*

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	<u>Shelter</u>
<b><i>Revenue and support</i></b>	
Local government support	\$ 400,000
Adoption revenue	29,322
Donations and fundraiser revenue	39,793
In kind donations	104,373
Other income	35,181
Total revenue and support	<u>\$ 608,669</u>

# Humane Society of Greenwood

## Schedule 4 - Schedule of Shelter Expenditures

For the year ended June 30, 2016

	<u>Shelter</u>
Auto expenses	\$ 1,139
Certified mail	273
Credit card fees	1,528
Depreciation	3,585
Dues and subscriptions	150
Employee medical expense	387
Euthanasia supplies	4,702
Facilities maintenance	2,638
Flea prevention	7,321
Group insurance	6,898
HTL (head removal)	520
Insurance	7,990
Marketing	150
Microchip expense	9,428
Miscellaneous	78
Office supplies	1,975
Other supplies	5,489
Payroll expense	351,323
Postage	1
Printing	66
Professional fees	9,886
Rabies tags	323
Reclaim fees	1,060
Repairs and maintenance	4,346
Spay and neuter	23,655
Small equipment	250
Supplies	109,158
Telephone/internet	2,996
Training	380
Uniforms	112
Utilities	7,274
Veterinarians	5,369
Volunteer services	43,191
Total expenses	<u>\$ 613,641</u>