

# **Humane Society of Greenwood**

***Report on Financial Statements***

***For the year ended June 30, 2021***

# 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, 2021, 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, 2021, 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 13 through 16 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 Garwin, LLC". The signature is written in a cursive style and is centered within a light gray rectangular box.

Greenwood, South Carolina  
February 10, 2022

# Humane Society of Greenwood

## Statement of Financial Position

June 30, 2021

### Assets

#### Current Assets

Cash and cash equivalents	\$	152,380
Prepays		150
Pledges receivable, net		4,985
Total current assets		<u>157,515</u>

#### Non-Current Assets

Pledges receivable, net		482,822
Property and equipment, net		1,384,602
Total non-current assets		<u>1,867,424</u>
Total assets	\$	<u>2,024,939</u>

### Liabilities and Net Assets

#### Current Liabilities

Accounts payable	\$	10,823
Accrued expenses		10,090
Accrued leave		4,395
Total current liabilities		<u>25,308</u>

#### Net assets

Without donor restriction		
Undesignated		1,872,855
Designated by Board of Directors		105,634
With donor restriction		21,142
Total net assets		<u>1,999,631</u>
Total liabilities and net assets	\$	<u>2,024,939</u>

See Notes to Financial Statements

# Humane Society of Greenwood

## Statement of Activities

For the year ended June 30, 2021

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restriction</b>	<b>Total</b>
<b>Revenue and support</b>			
Local government support	\$ 400,000	\$ -	\$ 400,000
General contributions	204,090	-	204,090
Adoption	69,418	-	69,418
Rescue revenue	7,948	-	7,948
Reclaim revenue	13,051	-	13,051
Fundraiser revenue	51,333	-	51,333
Donations	-	39,346	39,346
Spay and neuter	62,274	-	62,274
In kind donations	47,061	-	47,061
Paycheck protection program	91,500	-	91,500
Other income	2,378	-	2,378
Net assets released from restrictions	36,688	(36,688)	-
Total revenue and support	<u>985,741</u>	<u>2,658</u>	<u>988,399</u>
<b>Expenses</b>			
Program services	863,477	-	863,477
Supporting services			
Management and general	85,386	-	85,386
Fundraising	50,195	-	50,195
Total expenses	<u>999,058</u>	<u>-</u>	<u>999,058</u>
<b>Changes in net assets</b>	(13,317)	2,658	(10,659)
<b>Net assets, beginning of year</b>	<u>1,991,806</u>	<u>18,484</u>	<u>2,010,290</u>
<b>Net assets, end of year</b>	<u>\$ 1,978,489</u>	<u>\$ 21,142</u>	<u>\$ 1,999,631</u>

See Notes to Financial Statements

## Humane Society of Greenwood

### Statement of Functional Expenses

For the year ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Auto expenses	\$ 5,412	\$ -	\$ -	\$ 5,412
Bank charges	593	-	-	593
Campaign expenses	3,128	-	-	3,128
Certified mail	52	-	-	52
Credit card fees	4,413	-	-	4,413
Depreciation	40,742	4,795	2,394	47,931
Dues and subscriptions	2,293	2,868	573	5,734
Education	28	-	-	28
Employee relations	455	-	-	455
Euthanasia supplies	1,099	-	-	1,099
Facilities maintenance	2,539	-	-	2,539
Flea prevention	13,812	-	-	13,812
Fundraising	-	-	12,838	12,838
Group insurance	9,279	1,638	-	10,917
HTL (head removal)	40	-	-	40
Insurance	19,251	3,397	-	22,648
Marketing	1,930	-	-	1,930
Microchip expense	7,474	-	-	7,474
Miscellaneous	15,162	839	839	16,840
Office supplies	3,336	1,540	257	5,133
Other supplies	10,715	563	-	11,278
Payroll expense	446,819	52,567	26,283	525,669
Postage	735	1,468	735	2,938
Printing	1,746	1,165	2,912	5,823
Professional fees	8,531	-	-	8,531
Rabies tags	270	-	-	270
Reclaim fees	420	-	-	420
Non-recurring grant	19,211	-	-	19,211
Repairs and maintenance	6,000	-	-	6,000
Spay and neuter	55,426	-	-	55,426
Signs and banners	27	-	-	27
Supplies	50,594	-	-	50,594
Taxes and licenses	397	-	-	397
Telephone/internet	3,363	6,724	3,364	13,451
Training	302	-	-	302
Travel	94	-	-	94
Uniforms	246	-	-	246
Utilities	23,466	7,822	-	31,288
Veterinarians	61,114	-	-	61,114
Veterinary supplies	42,791	-	-	42,791
Volunteer programs	172	-	-	172
Total expenses	<u>\$ 863,477</u>	<u>\$ 85,386</u>	<u>\$ 50,195</u>	<u>\$ 999,058</u>

\*Includes in-kind supply donations

# Humane Society of Greenwood

## Statement of Cash Flows

For the year ended June 30, 2021

### Operating activities

Change in net assets	\$	(10,659)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation		47,931
Paycheck Protection Program		(91,500)
Change in assets and liabilities		
Pledges receivable		62,907
Accounts payable		(712)
Accrued expenses		1,872
Accrued leave		975
		<u>975</u>
Net cash provided by operating activities		<u>10,814</u>

### Investing activities

Purchases of property and equipment		<u>(51,111)</u>
Net cash used for investing activities		<u>(51,111)</u>

### Financing activities

Payments on construction line of credit		<u>(106,184)</u>
Net cash used for financing activities		<u>(106,184)</u>
Net decrease in cash and cash equivalents		(146,481)

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

298,861

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

\$ 152,380

See Notes to Financial Statements



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# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2021

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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 statements 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 two classes of net assets as follows:

**Net Assets without Donor Restrictions**—These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

**Net Assets with Donor Restrictions**—These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently. Until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. The Organization had \$21,142 net assets with donor restrictions at June 30, 2021.

#### 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. There was no inventory as of June 30, 2021.

#### 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.

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# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2021

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

#### Contributions:

Contributions received are recorded as donor restricted or without donor restriction 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 donor restricted support that increases the net asset class. When donor restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction 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 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 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. The Organization capitalizes all property and equipment with a cost of \$2,500, if purchased, and a fair value of \$2,500 if received by contribution. Depreciation is computed on the straight-line method over estimated useful lives of five to twenty years.

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# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2021

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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 years ended June 30, 2021. 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 2018.

#### Functional Expense Allocation

The accompanying financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Some expenses, including supplies and materials, are directly identifiable and are charged to programs and supporting services accordingly. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Allocations of significant costs, including compensation and related expenses, dues and subscriptions, utilities, and telephone and internet, are based on estimates of time and effort and other reasonable methods.

#### 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 the date of the independent accountant's report, the date the financial statements were available to be issued.

## Humane Society of Greenwood

### Notes to Financial Statements

June 30, 2021

#### Note 2. Pledges Receivable

Unconditional pledges receivable as of June 30, 2021 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, 2021, and are deemed to be fully collectible by management.

The following schedule summarizes the Organization's pledges receivable at June 30, 2021:

Within one year	\$ 5,000
Less: Discount for time value of money	<u>15</u>
Total short-term	<u>4,985</u>
Due 1-5 years	3,000
Due thereafter	500,000
Less: Discount for time value of money	<u>20,178</u>
Total long-term	<u>482,822</u>
Total pledges receivable	<u>\$ 487,807</u>

#### Note 3. Availability and Liquidity

The majority of the Organization's financial assets are received for adoptions and maintenance of operations and are available to meet ongoing cash needs for general expenditures. The Organization's financial assets available to meet general expenditures within one year includes cash and cash equivalents. At June 30, 2021 these financial assets available to meet general expenditures within one year totaled \$513,561. The Organization's liquidity goal is generally to maintain current financial assets at a minimum of 90 days of operating expenses.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2021:

Cash and cash equivalents	\$ 152,380
Prepaid	150
Pledges receivable	<u>4,985</u>
	157,515
Less amounts unavailable for general expenditure:	
Designated by board of directors	(105,634)
Net assets with donor restrictions	<u>(21,142)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 30,739</u>

As part of the Organization's liquidity management plan, it has a policy to structure assets to be available as its general expenditures, liabilities, and other obligations come due.

# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2021

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### Note 4. Property and Equipment

A summary of property and equipment at June 30, 2021, is as follows:

Buildings and improvements	\$ 1,455,458
Equipment	<u>92,608</u>
Total	1,548,066
Less: Accumulated depreciation	<u>(163,464)</u>
Property and equipment, net	<u>\$ 1,384,602</u>

### Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2021:

Adoption sponsorships	\$ 825
Leath pawsitive prison program	140
Medical fund	4,651
Foster Fund	328
Pet food fund	1,176
Spay and neuter	9,736
TNR program	2,378
Rescue Fund	<u>1,908</u>
Total	<u>\$ 21,142</u>

### Note 6. Concentrations of Credit Risk

Management believes credit risk associated with the Organization's banking relationships is not significant. The book balance of the Organization's deposits was \$152,080 and the bank balance was \$156,856 at June 30, 2021. Petty cash on hand was \$300 at June 30, 2021. The Organization places its temporary cash deposits with high credit quality financial institutions. At times, such deposits may be in excess of FDIC insurance limits.

### Note 7. In-kind Contributions/Donated Services

The Organization received donated supplies including pet food, cleaning supplies, and vet supplies. 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 approximately \$47,000 during the fiscal year 2021. Donated supplies are included in in-kind donations in the statement of activities.

### Note 8. Concentration of Revenues

The Organization received approximately 41% of its revenue from the local County government for the year ended June 30, 2021.

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## **Humane Society of Greenwood**

### ***Notes to Financial Statements***

***June 30, 2021***

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#### **Note 9. Risks, Contingencies and Uncertainties**

The 2019 novel coronavirus (or “COVID-19”) has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the Organization’s and its customers’ costs, demand for the Organization’s products and services, and the U.S. economy. These conditions could adversely affect the Organization’s business, financial condition, and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of the Organization’s operations or other businesses of the Organization’s suppliers, which could significantly disrupt the Organization’s operations. The extent of the adverse impact of the COVID-19 outbreak on the Organization cannot be predicted at this time.

#### **Note 10. Payroll Protection Program (PPP) Loan Payable**

In April 2020, the Organization applied for and received loan proceeds in the amount of \$91,500 under the Paycheck Protection program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The Organization received full forgiveness in the amount of \$91,500 in March 2021.

## Humane Society of Greenwood

### Schedule 1 - Schedule of Classified Revenues

For the year ended June 30, 2021

	HSOG Without Donor Restrictions	HSOG With Donor Restrictions	Shelter	Spay & Neuter Clinic	Adoption	Total
<b>Revenue and support</b>						
Local government support	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ 400,000
General contributions	126,163	-	-	-	77,927	204,090
Paycheck protection program*	16,470	-	47,580	6,405	21,045	91,500
Adoption revenue	-	-	14,072	-	55,346	69,418
Rescue revenue	-	-	3,902	-	4,046	7,948
Reclaim Revenue	-	-	13,051	-	-	13,051
Donations	-	39,346	-	-	-	39,346
Fundraiser revenue	51,333	-	-	-	-	51,333
Spay and neuter	-	-	-	62,274	-	62,274
In kind donations	1,382	-	32,925	-	12,754	47,061
Other income	1,203	-	1,150	25	-	2,378
Net assets released from restrictions	18,051	(36,688)	6,148	6,990	5,499	-
Total revenue and support	<u>\$ 214,602</u>	<u>\$ 2,658</u>	<u>\$ 518,828</u>	<u>\$ 75,694</u>	<u>\$ 176,617</u>	<u>\$ 988,399</u>

\*Received in fiscal year 2020 and revenue recognized in fiscal year 2021, when forgiveness occurred.

## Humane Society of Greenwood

### Schedule 2 - Schedule of Classified Expenditures

For the year ended June 30, 2021

	HSOG	Shelter	Spay & Neuter Clinic	Adoption	Total
Auto expenses	\$ 1,113	\$ 3,036	\$ -	\$ 1,263	\$ 5,412
Bank charges	593	-	-	-	593
Capital campaign	3,128	-	-	-	3,128
Cat litter	-	1,729	-	851	2,580
Certified mail	-	52	-	-	52
Cleaning supplies	763	2,565	48	817	4,193
Credit card fees	3,638	775	-	-	4,413
Depreciation	47,931	-	-	-	47,931
Dues and subscriptions	4,446	1,048	240	-	5,734
Employee relations	387	68	-	-	455
Euthanasia supplies	-	1,099	-	-	1,099
Facilities maintenance	395	1,573	182	388	2,538
Flea prevention	169	10,099	-	-	10,268
Fundraising	12,838	-	-	-	12,838
Group insurance	4,953	5,963	-	-	10,916
HTL (head removal)	-	40	-	-	40
Insurance	10,555	12,093	-	-	22,648
In-kind expense	1,421	32,886	-	12,754	47,061
Marketing	1,880	50	-	-	1,930
Microchip expense	-	3,737	-	3,737	7,474
Miscellaneous	16,944	314	320	75	17,653
Office supplies	1,737	3,213	98	85	5,133
Payroll expense	95,411	298,200	29,010	103,051	525,672
Personnel	80	124	-	-	204
Pet food	648	2,440	-	746	3,834
Postage	2,773	165	-	-	2,938
Printing	5,753	69	-	-	5,823
Professional fees	5,721	2,606	-	-	8,327
Rabies tags	-	135	-	135	270
Reclaim fees	-	420	-	-	420
Repairs and maintenance	765	4,830	-	85	5,680
Spay and neuter	-	16,391	6,991	39,035	62,417
Signs and banners	27	-	-	-	27
Supplies	904	8,786	419	2,001	12,110
Taxes and licenses	272	125	-	-	397
Telephone/internet	4,442	9,009	-	-	13,451
Training	-	302	-	-	302
Travel	-	94	-	-	94
Uniforms	246	-	-	-	246
Utilities	10,329	20,959	-	-	31,288
Veterinarians	1,360	19,519	33,052	7,182	61,113
Veterinary supplies	66	44,105	1,602	4,411	50,184
Volunteer program	172	-	-	-	172
<b>Total expenses</b>	<b>\$ 241,860</b>	<b>\$ 508,619</b>	<b>\$ 71,962</b>	<b>\$ 176,616</b>	<b>\$ 999,058</b>



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## Humane Society of Greenwood

### Schedule 3 - Schedule of Shelter Revenues

For the year ended June 30, 2021

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#### Revenue and support

Local government support	\$ 400,000
Adoption revenue	14,072
Rescue revenue	3,902
Reclaim Revenue	13,051
In kind donations	32,925
Paycheck protection program*	47,580
Other income	1,150
Net assets released from restrictions	6,148
Total revenue and support	<u>\$ 518,828</u>

\*Received in fiscal year 2020 and revenue recognized in fiscal year 2021, when forgiveness occurred.

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## Humane Society of Greenwood

### Schedule 4 - Schedule of Shelter Expenditures

For the year ended June 30, 2021

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Auto expenses	\$	3,036
Cat litter		1,729
Certified mail		52
Cleaning supplies		2,565
Credit card fees		775
Dues and subscriptions		1,048
Employee relations		68
Euthanasia supplies		1,099
Facilities maintenance		1,573
Flea prevention		10,099
Group insurance		5,963
HTL (head removal)		40
Insurance		12,093
In-kind expense		32,886
Marketing		50
Microchip expense		3,737
Miscellaneous		314
Office supplies		3,213
Payroll expense		298,200
Personnel		124
Pet food		2,440
Postage		165
Printing		69
Professional fees		2,606
Rabies tags		135
Reclaim fees		420
Repairs and maintenance		4,830
Spay and neuter		16,391
Supplies		8,786
Taxes and licenses		125
Telephone/internet		9,009
Training		302
Travel		94
Utilities		20,959
Veterinarians		19,519
Veterinary supplies		44,105
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Total expenses	\$	<u>508,619</u>