

# **Humane Society of Greenwood**

***Report on Financial Statements***

***For the year ended June 30, 2023***

# Humane Society of Greenwood

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## Independent Auditor's Report

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

### Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Humane Society of Greenwood as of June 30, 2023, 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 Humane Society of Greenwood 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the Humane Society of Greenwood'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 Responsibility 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 the Humane Society of Greenwood'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 the Humane Society of Greenwood'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.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, 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.

*Manley Gawin, LLC*

Greenwood, South Carolina  
March 6, 2024

# Humane Society of Greenwood

## Statement of Financial Position

June 30, 2023

### Assets

#### Current Assets

Cash and cash equivalents	\$ 143,091
Total current assets	<u>143,091</u>

#### Non-Current Assets

Pledges receivable, net	426,060
Property and equipment, net	<u>1,254,713</u>
Total non-current assets	<u>1,680,773</u>
Total assets	<u><u>\$ 1,823,864</u></u>

### Liabilities and Net Assets

#### Current Liabilities

Accounts payable	\$ 12,238
Accrued expenses	6,667
Accrued leave	<u>3,332</u>
Total current liabilities	<u>22,237</u>

#### Net assets

Without donor restrictions	
Undesignated	1,697,029
Designated by Board of Directors	62,683
With donor restrictions	<u>41,915</u>
Total net assets	<u>1,801,627</u>
Total liabilities and net assets	<u><u>\$ 1,823,864</u></u>

See Notes to Financial Statements

# Humane Society of Greenwood

## Statement of Activities

For the year ended June 30, 2023

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and support</b>			
Local government support	\$ 485,000	\$ -	\$ 485,000
General contributions	216,771	-	216,771
Adoption	56,533	-	56,533
Rescue revenue	2,550	-	2,550
Reclaim revenue	10,741	-	10,741
Fundraiser revenue	102,522	-	102,522
Spay and neuter	69,716	-	69,716
In-kind donations	55,158	-	55,158
Other income	3,895	35,827	39,722
Net assets released from restrictions	39,510	(39,510)	-
Total revenue and support	<u>1,042,396</u>	<u>(3,683)</u>	<u>1,038,713</u>
<b>Expenses</b>			
Program services	991,754	-	991,754
Supporting services			
Management and general	93,146	-	93,146
Fundraising	68,513	-	68,513
Total expenses	<u>1,153,413</u>	<u>-</u>	<u>1,153,413</u>
Revenue and support over/(under) expenses	<u>(111,017)</u>	<u>(3,683)</u>	<u>(114,700)</u>
<b>Changes in net assets</b>	<u>(111,017)</u>	<u>(3,683)</u>	<u>(114,700)</u>
<b>Net assets, beginning of year</b>	1,870,729	45,598	1,916,327
<b>Net assets, end of year</b>	<u>\$ 1,759,712</u>	<u>\$ 41,915</u>	<u>\$ 1,801,627</u>

See Notes to Financial Statements

## Humane Society of Greenwood

### Statement of Functional Expenses

For the year ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Auto expenses	\$ 9,463	\$ -	\$ -	\$ 9,463
Bank charges	596	-	-	596
Certified mail	28	-	-	28
Credit card fees	4,815	-	-	4,815
Depreciation	41,468	4,881	2,437	48,786
Dues and subscriptions	3,912	4,893	977	9,782
Employee medical expense	64	-	-	64
Employee relations	2,421	-	-	2,421
Euthanasia supplies	4,590	-	-	4,590
Facilities maintenance	3,091	-	-	3,091
Flea prevention*	15,642	-	-	15,642
Fundraising	-	-	29,418	29,418
Group insurance	10,322	1,822	-	12,144
HTL (head removal)	90	-	-	90
Insurance	16,789	2,963	-	19,752
Marketing	1,724	-	-	1,724
Microchip expense	9,932	-	-	9,932
Discount expense	13,119	726	726	14,571
Office supplies*	3,068	1,416	236	4,720
Other supplies	656	34	-	690
Payroll expense	517,204	60,848	30,424	608,476
Postage	569	1,136	569	2,274
Printing	1,086	724	1,810	3,620
Professional fees	6,346	-	-	6,346
Rabies tags	482	-	-	482
Reclaim fees	34	-	-	34
Non-recurring grant	37,129	-	-	37,129
Repairs and maintenance	8,694	-	-	8,694
Spay and neuter	53,700	-	-	53,700
Signs and banners	364	-	-	364
Supplies (includes pet food)*	74,032	-	-	74,032
Taxes and licenses	1,435	-	-	1,435
Telephone/internet	1,916	3,831	1,916	7,663
Training	1,308	-	-	1,308
Travel	462	-	-	462
Uniforms	1,725	-	-	1,725
Utilities	29,616	9,872	-	39,488
Veterinarians	67,070	-	-	67,070
Veterinary supplies*	46,487	-	-	46,487
Volunteer programs	305	-	-	305
Total expenses	<u>\$ 991,754</u>	<u>\$ 93,146</u>	<u>\$ 68,513</u>	<u>\$ 1,153,413</u>

\*Includes in-kind supply donations

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## Humane Society of Greenwood

### Statement of Cash Flows

For the year ended June 30, 2023

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#### **Operating activities**

Change in net assets	\$ (114,700)
Adjustments to reconcile change in net assets to cash used by operating activities:	
Depreciation	48,786
Change in assets and liabilities	
Pledges receivable	37,571
Accounts payable	(1,084)
Accrued expenses	(2,145)
Accrued leave	<u>(2,553)</u>
Net cash used for operating activities	<u>(34,125)</u>
Net decrease in cash and cash equivalents	(34,125)
<b>Cash and cash equivalents, beginning of year</b>	<u>177,216</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 143,091</u></u>

See Notes to Financial Statements



# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2023

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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 \$41,915 net assets with donor restrictions at June 30, 2023.

#### 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, 2023.

#### 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 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 restrictions expire, 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. Contributed property and equipment is recorded at fair value at the date of donation.

# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2023

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

#### 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.

#### 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, 2023. 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 2020.

#### 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.

# Humane Society of Greenwood

## Notes to Financial Statements

June 30, 2023

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

#### 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 auditor's report, the date the financial statements were available to be issued.

### Note 2. Pledges Receivable

Unconditional pledges receivable as of June 30, 2023 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, 2023, and are deemed to be fully collectible by management.

The following schedule summarizes the Organization's pledges receivable at June 30, 2023:

Within one year	\$ -
Due 1-5 years	-
Due thereafter	470,000
Less: Discount for time value of money	<u>43,940</u>
Total long-term	<u>426,060</u>
Total pledges receivable	<u>\$ 426,060</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 include cash and cash equivalents. 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, 2023:

Cash and cash equivalents	\$ 143,091
Less amounts unavailable for general expenditure:	
Designated by board of directors	(62,683)
Net assets with donor restrictions	<u>(41,915)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 38,493</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, 2023

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### Note 4. Property and Equipment

A summary of property and equipment at June 30, 2023, is as follows:

Buildings and improvements	\$ 1,387,953
Equipment	<u>92,078</u>
Total	1,480,031
Less: Accumulated depreciation	<u>(225,318)</u>
Property and equipment, net	<u>\$ 1,254,713</u>

### Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2023:

Vaccine clinic	\$ 457
Leath Pawsitive prison program	140
Foster fund	3,251
Pet food fund	1,163
Medical fund	7,546
Spay and neuter	8,128
TNR program	250
Rescue fund	2,063
Self-family foundation	15,924
SCCA	170
Heartworm Fund	1,950
Intake Diversion	<u>873</u>
Total	<u>\$ 41,915</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 \$142,791 and the bank balance was \$143,020 at June 30, 2023. Petty cash on hand was \$300 at June 30, 2023. 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 \$55,000 during the fiscal year 2023. Donated supplies are included in in-kind donations in the statement of activities.

### Note 8. Concentration of Revenues

The Organization received approximately 47% of its revenue from the local county government for the year ended June 30, 2023.

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## **Humane Society of Greenwood**

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

***June 30, 2023***

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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.

## Humane Society of Greenwood

### Schedule 1 - Schedule of Classified Revenues

For the year ended June 30, 2023

	Humane Society of Greenwood With Donor Restrictions	Shelter	Spay & Neuter Clinic	Humane Society of Greenwood	Total
<b>Revenue and support</b>					
Local government support	\$ -	\$ 485,000	\$ -	\$ -	\$ 485,000
General contributions	-	-	-	216,771	216,771
Adoption revenue	-	-	-	56,533	56,533
Rescue revenue	-	-	-	2,550	2,550
Reclaim Revenue	-	8,683	2,058	-	10,741
Fundraiser revenue	-	-	-	102,522	102,522
Spay and neuter	-	-	69,716	-	69,716
In-kind donations	-	37,127	6,552	11,479	55,158
Other income	35,827	2,375	75	1,445	39,722
Net assets released from restrictions	(39,510)	3,460	30,726	5,324	-
Total revenue and support	<u>\$ (3,683)</u>	<u>\$ 536,645</u>	<u>\$ 109,127</u>	<u>\$ 396,624</u>	<u>\$ 1,038,713</u>

**Humane Society of Greenwood****Schedule 2 - Schedule of Classified Expenditures****For the year ended June 30, 2023**

	<u>Humane Society of Greenwood</u>	<u>Shelter</u>	<u>Spay &amp; Neuter Clinic</u>	<u>Total</u>
Auto expenses	\$ 4,059	\$ 1,652	\$ 3,753	\$ 9,464
Bank charges	596	-	-	596
Certified mail	-	28	-	28
Credit card fees	4,500	315	-	4,815
Depreciation	47,971	-	-	47,971
Dues and subscriptions	8,019	1,762	-	9,781
Employee medical expense	33	32	-	65
Employee relations	2,421	-	-	2,421
Euthanasia supplies	187	4,403	-	4,590
Facilities maintenance	1,444	1,140	507	3,091
Flea prevention	212	15,430	-	15,642
Fundraising	29,418	-	-	29,418
Group insurance	5,657	6,915	-	12,572
HTL (head removal)	-	90	-	90
Insurance	10,325	9,426	-	19,751
Marketing	1,724	-	-	1,724
Microchip expense	6,336	2,837	759	9,932
Miscellaneous	13,119	726	726	14,571
Non-recurring grants	2,309	3,459	31,360	37,128
Office supplies	2,329	2,129	264	4,722
Payroll expense	251,255	316,205	41,419	608,879
Postage	2,213	60	-	2,273
Printing	3,733	-	251	3,984
Professional fees	4,269	2,077	-	6,346
Rabies tags	313	169	-	482
Reclaim fees	-	34	-	34
Repairs and maintenance	1,066	6,585	1,043	8,694
Spay and neuter	19,185	34,515	-	53,700
Supplies	21,513	52,304	888	74,705
Taxes and licenses	239	1,013	183	1,435
Telephone/internet	2,963	4,701	-	7,664
Training	558	750	-	1,308
Travel	462	-	-	462
Uniforms	1,725	-	-	1,725
Utilities	13,984	25,504	-	39,488
Veterinarians	7,839	10,327	48,904	67,070
Veterinary supplies	980	40,660	4,847	46,487
Volunteer program	305	-	-	305
Total expenses	<u>\$ 473,261</u>	<u>\$ 545,248</u>	<u>\$ 134,904</u>	<u>\$ 1,153,413</u>

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## Humane Society of Greenwood

### *Schedule 3 - Schedule of Shelter Revenues*

*For the year ended June 30, 2023*

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#### **Revenue and support**

Local government support	\$ 485,000
Reclaim Revenue	8,683
In-kind donations	37,127
Other income	2,375
Net assets released from restrictions	3,460
Total revenue and support	<u>\$ 536,645</u>



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## Humane Society of Greenwood

### Schedule 4 - Schedule of Shelter Expenditures

For the year ended June 30, 2023

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Auto expenses	\$	1,652
Certified mail		28
Credit card fees		315
Dues and subscriptions		1,762
Employee medical expense		32
Euthanasia supplies		4,403
Facilities maintenance		1,140
Flea prevention		15,430
Group insurance		6,915
HTL (head removal)		90
Insurance		9,426
Microchip expense		2,837
Miscellaneous		726
Non-recurring grants		3,459
Office supplies		2,129
Payroll expense		316,205
Postage		60
Professional fees		2,077
Rabies tags		169
Reclaim fees		34
Repairs and maintenance		6,585
Spay and neuter		34,515
Supplies		52,304
Taxes and licenses		1,013
Telephone/internet		4,701
Training		750
Utilities		25,504
Veterinarians		10,327
Veterinary supplies		40,660
		<hr/>
Total expenses	\$	<u>545,248</u>