

FAYETTE COUNTY HUMANE SOCIETY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019

VANESSA L. BLEVINS, CPA & COMPANY, LLC



FOR ALL YOUR ACCOUNTING NEEDS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors, Members
and Management of
Fayette County Humane Society
Washington Court House, Ohio

We have audited the accompanying financial statements of Fayette County Humane Society (a nonprofit organization), which comprise the statement of financial position as December 31, 2019, 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 Fayette County Family YMCA as of December 31, 2019, 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.

Vanessa L. Blevins, CPA

Washington Courthouse, Ohio
November 14, 2020

**FAYETTE COUNTY HUMANE SOCIETY
STATEMENT OF FINANCIAL POSITION**

December 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 514,850.02
Pledges receivable	162,635.00
TOTAL CURRENT ASSETS	<u>677,485.02</u>

PROPERTY AND EQUIPMENT, net -

OTHER ASSETS

 Investments 322,407.09

TOTAL ASSETS \$ 999,892.11

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 322.18
Compensation and related taxes	-
TOTAL CURRENT LIABILITIES	<u>322.18</u>

TOTAL LONG-TERM LIABILITIES -

TOTAL LIABILITIES 322.18

NET ASSETS

Unrestricted	637,115.49
Donor Restricted	362,454.44
TOTAL NET ASSETS	<u>999,569.93</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 999,892.11</u></u>

See accompanying notes and accountant's report.

FAYETTE COUNTY HUMANE SOCIETY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

Operating Activities:

REVENUES AND OTHER SUPPORT

Donations	\$ 114,446.28
Donations- in-kind	62,120.84
Adoption income	137,288.09
Surgery income	50,140.28
Fundraising and special events income	99,442.05
Grants	87,566.07
Miscellaneous income	11,997.92
Investment Income	5,244.58
Unrealized gains (losses)	48,234.19
Interest income	679.33
TOTAL REVENUES AND OTHER SUPPORT	<u>617,159.63</u>

EXPENSES

Program expenses	272,865.91
Grant expenses	108,517.94
General and management expenses	84,995.93
Fundraising expenses	56,031.40
TOTAL EXPENSES	<u>522,411.18</u>
CHANGE IN NET ASSETS FROM OPERATIONS	94,748.45

NET ASSETS WITH DONOR RESTRICTIONS SUPPORT

Donations	249,007.03
Use of Net Assets - Donor Restricted	<u>(31,265.32)</u>
CHANGE IN DONOR RESTRICTED NET ASSETS	217,741.71

INCREASE IN NET ASSETS 312,490.16

NET ASSETS, beginning of year 687,079.77

Prior period adjustment

NET ASSETS, beginning of year adjusted 687,079.77

NET ASSETS, end of year \$ 999,569.93

See accompanying notes and accountant's report.

FAYETTE COUNTY HUMANE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2019

	<u>Program Services</u>		<u>Support Services</u>		<u>Totals</u>
	<u>Program Services</u>	<u>Grant Services</u>	<u>General & Management</u>	<u>Fundraising</u>	
Salaries and wages	\$ 114,794.03		\$ 38,264.68		\$ 153,058.70
Volunteer Services	40,880.00		10,220.00		51,100.00
Payroll taxes	12,839.40		4,279.80		17,119.20
Pension Expense	6,048.91		2,016.30		8,065.21
Adoption expense		79,220.89			79,220.89
Surgery expense		28,331.05			28,331.05
Veterinary expense	10,640.00	966.00			11,606.00
Continuing education	4,907.01				4,907.01
Uniforms	2,683.67				2,683.67
Miscellaneous expense	3,159.17		95.14		3,254.31
Professional fees			-		-
Website expense			9,853.10		9,853.10
Vehicle expense	1,536.61				1,536.61
Supplies	21,224.15				21,224.15
Office expense	24,407.59		7,342.21		31,749.79
Rent expense	18,375.00		6,125.00		24,500.00
Utilities	5,133.28		1,711.09		6,844.37
Insurance	5,329.49		1,776.50		7,105.98
Bank charges			536.09		536.09
Investment fees			2,608.79		2,608.79
Licenses and fees	907.62		167.24		1,074.86
Fundraising expenses				56,031.40	56,031.40
Depreciation					-
TOTAL EXPENSES	\$ 272,865.91	\$ 108,517.94	\$ 84,995.93	\$ 56,031.40	\$ 522,411.18

See accompanying notes and accountant's report.

FAYETTE COUNTY HUMANE SOCIETY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 312,490.16
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Prior period adjustment made in current year	
Depreciation	-
Cash released from restricted use and shown as short term investments	-
(Increase) decrease in operating assets	
Pledges receivable	-
Deposits	-
Increase (decrease) in operating liabilities	
Accounts payable	322.18
Compensation and related taxes	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>312,812.34</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Unrealized gains or (losses) on investments	48,234.19
NET CASH FROM INVESTING ACTIVITIES	<u>48,234.19</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 361,046.53
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>411,681.37</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 772,727.90</u></u>

See accompanying notes and accountant's report.

**FAYETTE COUNTY HUMANE SOCIETY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2019

Note 1 – Description of the Organization

Fayette County Humane Society offers low income spay and neuter assistance programs. They educate the public about humane treatment of domestic animals and facilitate the adoption of homeless animals. Humane officers are available around the clock to respond to abused and neglected animals.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation –The financial statements of Fayette County Humane Society have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Fayette County Humane Society to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Fayette County Humane Society's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Fayette County Humane Society or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

**FAYETTE COUNTY HUMANE SOCIETY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Fayette County Humane Society's ongoing animal services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents – Fayette County Humane Society's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

**FAYETTE COUNTY HUMANE SOCIETY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Concentrations of credit risk – Financial instruments that potentially subject Fayette County Humane Society to concentrations of credit risk consist principally of cash and cash equivalents and investments. Fayette County Humane Society maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Fayette County Humane Society's cash and cash equivalent accounts have been placed with high credit quality financial institutions. Fayette County Humane Society has not experienced, nor does it anticipate, any losses with respect to such accounts. The amount exceeding federally insured limits at December 31, 2019 was \$ 264,850.02.

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**FAYETTE COUNTY HUMANE SOCIETY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Contributed property and equipment are recorded at fair value at the date of donation.

Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind donations – Several volunteers have made significant contributions of their time in furtherance of Fayette County Humane Society's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP. The Executive Director volunteers her time and those services are recorded on the functional expenses at a value of \$ 51,100. The value was determined by a study of not-for-profit executive directors in the area.

Functional expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

**FAYETTE COUNTY HUMANE SOCIETY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

The expenses that are allocated include the following:

<u>Program Services</u>	<u>Support Services</u>
Grants	Time and effort
Salaries and benefits	Time and effort
Occupancy	Square footage
Professional fees	Time and effort

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income taxes –Fayette County Humane Society is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Fayette County Humane Society has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Fayette County Humane Society has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**FAYETTE COUNTY HUMANE SOCIETY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2019

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Fayette County Humane Society has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Pledges Receivable vs. Intentions to Give

Pledges are recorded as a receivable when an amount has been determined in writing and a schedule has been established. Intentions to give are recorded as contributions when paid and not recorded as pledges until made in writing or there is an established schedule of payments. Although not recorded as pledges there has been intentions to give of \$ 241,900 made in 2019.

Note 3 – Availability and Liquidity

The following represents Fayette County Humane Society’s financial assets at December 31, 2019:

Cash and equivalents	\$ 514,850.02
Building funds restricted by donors	<u>199,819.44</u>
Cash available to meet general expenditures	<u>\$ 315,030.58</u>

**FAYETTE COUNTY HUMANE SOCIETY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2019

Donors contributing funds to build a clinic for the Fayette County Humane Society is shown as donor restricted funds.

Note 7 – Net Assets

Net assets with donor restrictions were as follows for the years ended December 31, 2019:

Building Funds	\$ 362,454.44
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Net assets without donor restrictions for the years ended December 31, 2019 are as follows:

Undesignated	\$ 637,115.49
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Note 8 – Employee Benefit Plan

The Fayette County Humane Society has a tax-deferred 401(k) plan covering all employees. The assets are held for each employee in an individual account maintained by an investment firm.

Fayette County Humane Society's match is 5% of each qualified employee's basic contribution.

Plan contribution before non-vesting forfeiture incurred by Fayette County Humane Society during the year ended December 31, 2019 was \$ 8,065.21.

**FAYETTE COUNTY HUMANE SOCIETY
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2019

Note 9 – Subsequent Events

Fayette County Humane Society has evaluated subsequent events through November 12, 2020, which is the date the financial statements were available to be issued. Fayette County Humane Society is not aware of any material subsequent events.