

**Humane Society of
Elmore County, Inc.**

**Independent Auditors' Report
& Financial Statements
For the Year Ended
December 31, 2014**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Humane Society of Elmore County, Inc.

We have audited the accompanying statements of financial position of the Humane Society of Elmore County, Inc. (a nonprofit organization), as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Humane Society of Elmore County, Inc, as of December 31, 2014, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Oxford, Alabama
February 28, 2016

Vance CPA LLC

Vance CPA LLC

STATEMENT OF FINANCIAL POSITION

HUMANE SOCIETY OF ELMORE COUNTY, INC.

For the Year Ended December 31, 2014

	Unrestricted General Fund
ASSETS	
Current Assets	
Cash and cash equivalents (Note 2 and 3)	\$ 264,237
Inventory of supplies, at cost	<u>1,500</u>
Total current assets	<u>265,737</u>
Property and equipment	
Property and equipment – net (Notes 2 and 4)	<u>229,008</u>
Total Assets	<u>494,745</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	<u>9,542</u>
Total current liabilities	<u>9,542</u>
Net assets:	
Unrestricted	<u>485,203</u>
Total net assets	<u>485,203</u>
Total Liabilities and Net Assets	<u>\$ 494,745</u>

See accountants' audit report
The Accompanying notes are an integral part of these financial statements

STATEMENT OF ACTIVITIES

HUMANE SOCIETY OF ELMORE COUNTY, INC.

For the Year Ended December 31, 2014

	Unrestricted General Fund	Temporarily Restricted	Total
Public Support and Revenue			
Public Support			
Contributions	\$ 195,215	\$ 6,855	\$ 202,070
In-kind donations	85,952	—	85,952
Court assessments	1,698	—	1,698
Government contributions	81,050	—	81,050
Special Events	<u>54,706</u>	<u>—</u>	<u>54,706</u>
Total Public Support	<u>418,621</u>	<u>6,855</u>	<u>425,476</u>
Revenue			
Adoption fees	84,762	—	84,762
Other program service fees	7,570	—	7,570
Merchandise sales	<u>82,746</u>	<u>—</u>	<u>82,746</u>
Total Revenue	<u>175,078</u>	<u>—</u>	<u>175,078</u>
Net Assets Released from Purpose Restrictions	<u>6,855</u>	<u>(6,855)</u>	<u>—</u>
Total Public Support and Revenue	<u>600,554</u>	<u>—</u>	<u>600,554</u>
Expenses			
Program services	435,343	—	435,343
Management and general	66,620	—	66,620
Fund raising	<u>24,429</u>	<u>—</u>	<u>24,429</u>
Total Expenses	<u>526,392</u>	<u>—</u>	<u>526,392</u>
Changes in Net Assets before Investment Income	<u>74,162</u>	<u>—</u>	<u>74,162</u>
Investment Income (Loss)	<u>532</u>	<u>—</u>	<u>532</u>
Total Changes in Net Assets	74,694	—	74,694
NET ASSETS – beginning of year	<u>410,509</u>	<u>—</u>	<u>410,509</u>
NET ASSETS – end of year	<u>\$ 485,203</u>	<u>\$ —</u>	<u>\$ 485,203</u>

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STATEMENT OF FUNCTIONAL EXPENSES

HUMANE SOCIETY OF ELMORE COUNTY, INC.

For the Year Ended December 31, 2014

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Totals</u>
Expenses:				
Salaries and payroll taxes	\$ 158,724	\$ 28,711	\$ 7,178	\$ 194,613
Accounting	1,125	6,625	—	7,750
Advertising and promotion	1,893	—	—	1,893
Auto expense	6,412	—	—	6,412
Bank charges	—	2,805	—	2,805
Depreciation	10,234	2,559	—	12,793
Insurance	10,289	10,663	—	20,952
Kennel supplies	71,956	—	—	71,956
Other expenses	11,460	14,160	17,251	42,871
Repairs and maintenance	10,142	—	—	10,142
Spay/neuter/rabies expense	61,411	—	—	61,411
Travel	1,597	1,097	—	2,694
Utilities	33,234	—	—	33,234
Vet treatment and supplies	56,866	—	—	56,866
Total Expenses	<u>\$ 435,343</u>	<u>\$ 66,620</u>	<u>\$ 24,429</u>	<u>\$ 526,392</u>

See accountants' audit report
The Accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

HUMANE SOCIETY OF ELMORE COUNTY, INC.

For the Year Ended December 31, 2014

Cash Flows from Operating Activities:	
Change in net assets	\$ 74,162
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	12,793
Increase (decrease) in accounts payable	<u>1,162</u>
Net cash provided (used) by Operating activities	<u>88,117</u>
Cash Flows from Investing Activities	
Purchase of property and equipment	(6,251)
Interest income	<u>532</u>
Net cash provided (used) by Investing activities	<u>(5,719)</u>
Net increase (decrease) in cash and cash equivalents	82,398
Cash and cash equivalents at beginning of year	<u>181,839</u>
Cash and cash equivalents at end of year	<u>\$ 264,237</u>

See accountants' audit report
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NOTES TO THE FINANCIAL STATEMENTS

HUMANE SOCIETY OF ELMORE COUNTY, INC.

For the Year Ended December 31, 2014

Note 1 – ORGANIZATION AND PURPOSE

The Humane Society of Elmore County, Inc. (the Society) is a non-profit, non-stock corporation, organized to provide for the treatment, housing and placement of unwanted animals, and to further humane education and responsible pet ownership in the County of Elmore, Alabama. The Society solicits donations to facilitate its purpose. It also provides adoptions for which it charges a fee to individuals. The Society was established in September 1984 and is located at 255 Central Plank Road, Wetumpka, Alabama.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

HUMANE SOCIETY OF ELMORE COUNTY, INC.

For the Year Ended December 31, 2014

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line-method.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Society currently does not have any permanently restricted assets.

The Society reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services

The Society receives a substantial amount of services donated by members of the community and volunteers in carrying out the society's purpose. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

Income Taxes

The Society is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

NOTES TO THE FINANCIAL STATEMENTS

HUMANE SOCIETY OF ELMORE COUNTY, INC.

For the Year Ended December 31, 2014

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Paid Leave

Vacation earned must be used in the calendar year earned.

Note 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposited in checking accounts for operational purposes and funds in highly liquid money market accounts. Cash and Cash equivalents at December 31, 2014 consist of the following:

Cash on hand	\$ 440
Checking	109,274
On deposit with trustee	6,122
Cash in money market accounts	<u>148,401</u>
Total cash and cash equivalents	<u>\$ 264,237</u>

Note 4– PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2014, consists of the following:

Vehicles	\$ 31,016
Equipment	40,077
Facility	<u>242,355</u>
Total property and equipment	313,448
Less: Accumulated depreciation	<u>(84,440)</u>
Property and equipment – Net	<u>\$ 229,008</u>

NOTES TO THE FINANCIAL STATEMENTS

HUMANE SOCIETY OF ELMORE COUNTY, INC.

For the Year Ended December 31, 2014

Note 5– FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on employee time studies.

Note 6 - CONCENTRATIONS

The Society maintains cash accounts at institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2014, \$14,237 of the cash balance was not insured.

Note 7 – FAIR VALUE MEASUREMENTS

In accordance with Statement of Financial Accounting Standard (SFAS) 157, a three-tiered hierarchy of input levels is used for fair value measurements of financial assets and financial liabilities, and for fair value measurements of non-financial items that are recognized and disclosed at fair value in the financial statements on a recurring basis. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities. The Humane Society of Elmore County's Level 1 assets and liabilities include account payables.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets. The Humane Society of Elmore County has no Level 2 assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

HUMANE SOCIETY OF ELMORE COUNTY, INC.

For the Year Ended December 31, 2014

Note 7 – FAIR VALUE MEASUREMENTS (continued)

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation.

These methodologies may result in a significant portion of the fair value being derived from unobservable data. At December 31, 2014, no asset or liability was valued using significant unobservable inputs.

Note 8 – SUBSEQUENT EVENTS

The Humane Society evaluated subsequent events through February 28, 2016, the date which the financial statements were available to be issued. The Humane Society did not have any subsequent events requiring disclosure or recording in these financial statements.