

**ANIMAL WELFARE SOCIETY OF  
JEFFERSON COUNTY, INC.**

**FINANCIAL STATEMENTS**

For the Year Ended December 31, 2008

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**DECKER & COMPANY PLLC**  
CERTIFIED PUBLIC ACCOUNTING

Warms Springs Business Centre • 64 Warm Springs Avenue • Martinsburg, WV 25404

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

To the Board of Directors  
Animal Welfare Society of Jefferson County, Inc.  
Charles Town, West Virginia

We have audited the accompanying statement of financial position of the Animal Welfare Society of Jefferson County, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 Animal Welfare Society of Jefferson County, Inc. as of December 31, 2008, and the 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.

*Decker & Company PLLC*

December 29, 2009

Animal Welfare Society of Jefferson County, Inc.  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2008

**ASSETS**

	<b>2008</b>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 45,597
Investments	4,571
Inventory	463
Total Current Assets	50,631
<b>Noncurrent Assets</b>	
Certificate of deposit	30,000
Investments	61,928
Land, building and equipment - net of accumulated depreciation	58,111
Total Noncurrent Assets	150,039
<b>Total Assets</b>	<b>\$ 200,670</b>

**LIABILITIES**

<b>Current Liabilities</b>	
Accounts payable	\$ 6,450
Accrued payroll	2,227
Total Current Liabilities	8,677

**NET ASSETS**

<b>Unrestricted</b>	
Invested in land, building and equipment	58,111
Undesignated	103,882
	161,993
Permanently restricted	30,000
Total net assets	191,993
<b>Total Liabilities and Net Assets</b>	<b>\$ 200,670</b>

The accompanying notes are an integral part of these financial statements.

Animal Welfare Society of Jefferson County, Inc.  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the year ended December 31, 2008

	<b>2008</b>
<b>REVENUES AND OTHER SUPPORT</b>	
Contributions	
General	\$ 71,275
United Way	27,597
Program revenue	38,799
Special events	14,347
Investment income (loss)	(4,479)
Miscellaneous income	1,776
	<b>149,315</b>
 <b>Total revenues and other support</b>	
 <b>EXPENSES</b>	
Program expenses	141,752
General and administrative expenses	6,139
Fundraising expenses	3,575
	<b>151,466</b>
 <b>Total expenses</b>	
 <b>Changes in unrestricted net assets</b>	
	<b>(2,151)</b>
 <b>Net assets, beginning of year</b>	
	<b>194,144</b>
 <b>Net assets, end of year</b>	
	<b>\$ 191,993</b>

The accompanying notes are an integral part of these financial statements.

Animal Welfare Society of Jefferson County, Inc.  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2008

	2008			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Payroll	\$ 69,093	\$ 3,636	\$ -	\$ 72,729
Payroll taxes	6,840	360	-	7,200
Veterinary	27,665	-	-	27,665
Maintenance	13,514	-	-	13,514
Utilities	10,233	-	-	10,233
Shelter	5,453	-	-	5,453
Insurance	3,770	354	-	4,124
Depreciation	3,993	-	-	3,993
Fundraising	-	-	2,977	2,977
Printing and reproduction	757	932	200	1,889
Postage and delivery	434	395	161	990
Advertising	-	338	237	575
Miscellaneous	-	124	-	124
<b>Total expenses</b>	<b>\$ 141,752</b>	<b>\$ 6,139</b>	<b>\$ 3,575</b>	<b>\$ 151,466</b>

The accompanying notes are an integral part of these financial statements.

Animal Welfare Society of Jefferson County, Inc.

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2008

	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Changes in net assets	\$ (2,151)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,993
Unrealized loss on investments	8,502
Increase in operating liabilities	
Accounts payable	6,450
Accrued payroll	<u>2,227</u>
<b>Net cash provided by operating activities</b>	<u>19,021</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	<u>(1,829)</u>
<b>Net cash used by investing activities</b>	<u>(1,829)</u>
<b>Net increase in cash and cash equivalents</b>	17,192
Cash and cash equivalents, beginning of year	<u>28,405</u>
Cash and cash equivalents, end of year	<u><u>\$ 45,597</u></u>

The accompanying notes are an integral part of these financial statements.

Animal Welfare Society of Jefferson County, Inc.  
**Notes to the Financial Statements**  
December 31, 2008

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Nature of Operations**

The Animal Welfare Society of Jefferson County, Inc. ("Society") is a private, nonprofit organization dedicated to the health and welfare of animals. The Society's support comes primarily through public support, service revenue, membership dues, and special activities and events. The Society's work includes providing food and shelter for unwanted animals. Additionally, the Society provides spay-neuter, inoculation and adoption services. The Society relies on public sector contributions to fund its operations.

### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when earned and expenses when incurred.

### **Basis of Presentation**

The 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 Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, including unrestricted-designated, temporarily restricted net assets, and permanently restricted net assets. *Unrestricted net assets* are those currently available for use in the Society's general operations under the direction of the board and those resources invested in land, buildings and equipment. *Temporarily restricted net assets* are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment or those not currently available for use until commitments regarding their use have been fulfilled. *Permanently restricted net assets* are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes. There were no temporarily restricted net assets at December 31, 2008.

### **Functional Allocation of Expenses**

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

### **Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Animal Welfare Society of Jefferson County, Inc.  
**Notes to the Financial Statements**  
December 31, 2008

**Cash and cash equivalents**

The Society considers all short-term investments with an original maturity of three months or less to be cash equivalents. All bank deposits and certificates of deposits are FDIC insured.

**Investments**

Investments is equity securities with readily determinable fair values and all debt securities are carried at fair value in the statement of financial position with gains and losses included as unrestricted in the statement of activities

**Land, building and equipment**

The Society's policy is to capitalize land, buildings and equipment over \$1000. Lesser amounts are expenses in the year incurred. Purchased land, buildings and equipment are stated at cost. Donated assets are recorded at fair market value at the date of contribution. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation on property and equipment is calculated by use of the straight-line method over the estimated useful lives of the assets.

**Revenue recognition**

The Society has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

**Donated services**

The Society receives donated services from a variety of unpaid volunteers assisting the Society in its programs. No amounts have been recognized in the accompanying statement of activities as the criteria for recognition of such volunteer efforts under SFAS No. 116 have not been satisfied.

**Income Tax Status**

The Society is a not-for-profit organization and is exempt from federal income taxes under Internal Revenue Code Section 501c(3).

Animal Welfare Society of Jefferson County, Inc.  
**Notes to the Financial Statements**  
December 31, 2008

**INVESTMENTS**

Investments at fair value consist of the following at December 31, 2008:

Current:		
Money market	\$	<u>4,571</u>
Noncurrent:		
Commonwealth brokerage account securities		37,834
Verizon		<u>24,094</u>
Total noncurrent		<u>61,928</u>
Total investments	\$	<u><u>66,499</u></u>
Investment income for 2008 consists of:		
Checking, savings and CD interest	\$	926
Interest and dividends		2,758
Realized gains		339
Unrealized losses		<u>(8,502)</u>
Total investment income	\$	<u><u>(4,479)</u></u>

**LAND, BUILDING AND EQUIPMENT**

Land building and equipment consists of the following at December 31, 2008:

Building and improvements	\$	117,080
Equipment		<u>11,597</u>
Total		<u>128,677</u>
Accumulated depreciation		<u>(70,566)</u>
Land, building and equipment - net	\$	<u><u>58,111</u></u>

The Society leases land under an operating lease from the Jefferson County Commission and constructed a building on the land in 1985. The lease term is indefinite and cancelable only if the Society relocates. Lease expense for the year ended December 31, 2008, was \$0.

**PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consists of \$30,000 that was received from a bequest with the restriction that the principal cannot be used but the earnings on the funds can be used by the Society.

**CONCENTRATION**

During the year ended December 31, 2008, the Society received approximately 18 percent of its total support and revenue through the United Way. A significant reduction in the level of support provided by this entity, if this were to occur, may have a significant impact on the Society's programs and activities.

Animal Welfare Society of Jefferson County, Inc.  
**Notes to the Financial Statements**  
December 31, 2008

**RECLASSIFICATIONS**

The Society's \$30,000 certificate of deposit was reclassified from cash equivalents and a corresponding amount was reclassified from unrestricted net assets to permanently restricted net assets as of January 1, 2008 to properly reflect the Society's accounting policies following generally accepted accounting principles. There was no effect on income or expenses as a result of this reclassification.