



CAWS
**Community Animal
Welfare Society**

**Financial Statements
With Independent Auditors' Report
For the Year Ended December 31, 2017**

COMMUNITY ANIMAL WELFARE SOCIETY

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KARREN | HENDRIX | STAGG | ALLEN
COMPANY

Certified Public Accountants

111 East Broadway • Suite 250 • Salt Lake City, Utah 84111
Phone 801.521.7620 • Fax 801.521.7641
Website www.khsa.biz

Rebecca M. Allred, NCG
Robin W. Bastar, CPA
Lois M. Brandriet, PhD
APRN, GCNS-BC, NCG
Stephen R. Capson, CPA
Scott J. Hanni, CPA
Danny L. Hendrix, CPA
B. Joe Merkley, CPA
Tim C. Rees, CPA
Jeffrey N. Ririe, CPA
G. John Runia, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Animal Welfare Society
Salt Lake City, Utah

We have audited the accompanying financial statements of Community Animal Welfare Society (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2017, 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.

Auditors' 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 auditors' 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 Community Animal Welfare Society as of December 31, 2017, 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.

Karen Hendrix, Stagg, Allen & Company

Salt Lake City, Utah
September 9, 2018

COMMUNITY ANIMAL WELFARE SOCIETY

Statement of Financial Position December 31, 2017

ASSETS

CURRENT ASSETS

| | |
|----------------------|----------------|
| Cash | \$ 227,044 |
| Total current assets | <u>227,044</u> |

| | |
|------------------------------|--------------|
| FURNITURE AND EQUIPMENT, NET | <u>6,689</u> |
|------------------------------|--------------|

| | |
|--------------|-------------------|
| Total assets | <u>\$ 233,733</u> |
|--------------|-------------------|

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

| | |
|---------------------------|---------------|
| Accounts payable | \$ 43,009 |
| Total current liabilities | <u>43,009</u> |

| | |
|-------------------|---------------|
| Total liabilities | <u>43,009</u> |
|-------------------|---------------|

FUND BALANCE

| | |
|------------------------|----------------|
| Unrestricted | 173,946 |
| Temporarily restricted | <u>16,778</u> |
| Total fund balance | <u>190,724</u> |

| | |
|------------------------------------|-------------------|
| Total liabilities and fund balance | <u>\$ 233,733</u> |
|------------------------------------|-------------------|

The notes to the financial statements are an integral part of this statement.

COMMUNITY ANIMAL WELFARE SOCIETY

Statement of Activities For the Year Ended December 31, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|-------------------------------------|---------------------|-----------------------------------|-------------------|
| REVENUE | | | |
| Contributions | \$ 214,078 | \$ 14,000 | \$ 228,078 |
| Grants and foundation contributions | 85,355 | - | 85,355 |
| Adoption fees | 130,789 | - | 130,789 |
| Fundraising event income | 5,754 | - | 5,754 |
| Other income | 1,031 | - | 1,031 |
| Assets released from restrictions | 307 | (307) | - |
| Total revenue | <u>437,314</u> | <u>13,693</u> | <u>451,007</u> |
| EXPENSES | | | |
| Program related costs | 298,221 | - | 298,221 |
| Administrative costs | 46,876 | - | 46,876 |
| Fundraising costs | 2,928 | - | 2,928 |
| Total expenses | <u>348,025</u> | <u>-</u> | <u>348,025</u> |
| Change in net assets | 89,289 | 13,693 | 102,982 |
| NET ASSETS, BEGINNING OF YEAR | <u>84,657</u> | <u>3,085</u> | <u>87,742</u> |
| NET ASSETS, END OF YEAR | <u>\$ 173,946</u> | <u>\$ 16,778</u> | <u>\$ 190,724</u> |

The notes to the financial statements are an integral part of this statement.

COMMUNITY ANIMAL WELFARE SOCIETY

Statement of Functional Expenses For the Year Ended December 31, 2017

| | <u>Program</u> | <u>Fund Raising</u> | <u>Administrative</u> | <u>Total</u> |
|-------------------------------------|-------------------|---------------------|-----------------------|-------------------|
| Boarding costs | \$ 19,000 | \$ - | \$ - | \$ 19,000 |
| Food and supplies | 15,444 | - | - | 15,444 |
| Training | 605 | - | - | 605 |
| Veterinary costs | 257,394 | - | - | 257,394 |
| AVID ID chips | 5,607 | - | - | 5,607 |
| Miscellaneous program costs | 155 | - | - | 155 |
| Salaries and wages | - | - | 11,130 | 11,130 |
| Payroll taxes and employee benefits | - | - | 1,378 | 1,378 |
| Advertising | - | - | 3,606 | 3,606 |
| Automobile expenses | - | - | 377 | 377 |
| Bank fees | - | - | 2,602 | 2,602 |
| Depreciation | - | - | 2,007 | 2,007 |
| Dues and subscriptions | - | - | 3,661 | 3,661 |
| Fundraising activities | - | 2,928 | - | 2,928 |
| Insurance | - | - | 2,333 | 2,333 |
| Interest expense | - | - | 158 | 158 |
| Miscellaneous | - | - | 2,169 | 2,169 |
| Office expenses | - | - | 538 | 538 |
| Professional fees | - | - | 11,879 | 11,879 |
| Rent | - | - | 2,678 | 2,678 |
| Supplies | - | - | 2,360 | 2,360 |
| Travel | 16 | - | - | 16 |
| Total expenses | <u>\$ 298,221</u> | <u>\$ 2,928</u> | <u>\$ 46,876</u> | <u>\$ 348,025</u> |

The notes to the financial statements are an integral part of this statement.

COMMUNITY ANIMAL WELFARE SOCIETY

Statement of Cash Flows For the Year Ended December 31, 2017

| | |
|---|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Total change in net assets | \$ 102,982 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities | |
| Depreciation | 2,007 |
| Accounts receivable | (150) |
| Accounts payable | (3,582) |
| Net cash flows provided by operating activities | <u>101,257</u> |
| NET INCREASE IN CASH | 101,257 |
| CASH, BEGINNING OF YEAR | <u>125,787</u> |
| CASH, END OF YEAR | <u>\$ 227,044</u> |
| Cash paid for interest | <u>\$ 158</u> |

No money was paid for income taxes during the year ended December 31, 2017.

COMMUNITY ANIMAL WELFARE SOCIETY

Notes to Financial Statements For the Year Ended December 31, 2017

1. ACCOUNTING POLICIES

Nature of Organization

Community Animal Welfare Society (the "Organization") is a not-for-profit corporation incorporated under the laws of the State of Utah. The Organization's mission is to work with the community to help animals through rescue, foster, education and adoption programs.

Financial Statement Presentation

The Organization has adopted the Financial Accounting Standards Board (FASB) Codification 958-205-45, under which the Organization is required to report information regarding its financial position and activities according to classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The categories are combined as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Organization's operations.
- Temporarily restricted net assets represent funds that are subject to restrictions on use by the donor.
- Permanently restricted assets are endowment funds.

Restrictions lapse after the completion of a certain event. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Method of Accounting

The accompanying financial statements are stated on the accrual basis, and accordingly, include all material assets and liabilities of the Organization. Financial statement presentation generally follows the recommendations of the AICPA Industry Guide, "Audits of Not-For-Profit Organizations."

Contributions

Under FASB Codification 958-605-25, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Cash and Cash Equivalents

Cash includes short-term investments, including certificates of deposits, with a maturity of three months or less.

Property, Plant, and Equipment

Purchased property, plant, and equipment are recorded at cost. Donated furniture and equipment are recorded at fair market value on the date of contribution. Depreciation is computed by use of the straight-line method using the estimated useful lives of each class of assets. Expenditures for major renovations and betterments, which extend asset useful lives, are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures under \$1,000 are always expensed at the time of purchase.

Revenue

Adoption fees are based on the number of pets that are adopted out each year. Fees are due at the time of placement and are determined based on the type of the animal as well as the age of the animal. Contributions are recorded when promised or when all conditions of the contribution have been met.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is qualified as a tax-exempt organization under the Internal Revenue Service Code 501(c)(3) and accordingly, is exempt from federal and state income taxes. No amounts have been paid or accrued on the financial statements for income taxes. Tax returns for the years ended December 31, 2014, 2015, and 2016 are subject to review by the taxing authorities. The form for December 31, 2017, has not been filed as of the date of the audit report.

Contributed Services

During the year ended December 31, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Fund Raising

The Organization participates in fund-raising activities to provide the needed funds to care for the animals in its care. These costs include veterinary and other costs.

2. FURNITURE AND EQUIPMENT

A summary of furniture and equipment at December 31, 2017, is as follows:

| | | | |
|-------------------------------|---------|----|----------------|
| Vehicle | 5 years | \$ | 10,034 |
| Less accumulated depreciation | | | <u>(3,345)</u> |
| Total | | \$ | <u>6,689</u> |

Total depreciation expense for the year ended December 31, 2017, was \$2,007.

3. LEASE AGREEMENTS

The Organization leases storage space on a month to month basis. Total lease expense for the year ended December 31, 2017, was \$2,678. Future rental payments are expected to be about \$2,700 per year.

4. UNINSURED CASH BALANCES

The Organization maintains cash balances in financial institutions located in Salt Lake City, Utah. The balances are insured by the Federal Deposit Insurance Corporation of up to \$250,000 for each institution. At December 31, 2017, the Organization had no uninsured cash balances.

5. TEMPORARILY RESTRICTED ASSETS

Temporarily restricted assets consist of balances remaining from three grants for the feral cat program. A total of \$21,500 was received during 2016 and 2017, of which \$4,722 has been spent, leaving a balance of \$16,778 at December 31, 2017. These funds are expected to be spent during the next year.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 9, 2018, the date the financial statements were available to be issued.