

**ANIMAL SHELTER OF THE
WOOD RIVER VALLEY**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012**

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Independent Auditor's Report

To the Board of Directors
Animal Shelter of the
Wood River Valley
Hailey, ID 83333

We have audited the accompanying financial statements of Animal Shelter of the Wood River Valley (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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 Animal Shelter of the Wood River Valley as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Anderson Arritt Robins Waters

Anderson Arritt Robins Waters, CPAs
May 7, 2014

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current Assets		
Cash & Cash Equivalents	799,831	689,016
Investments	2,163,233	1,727,466
Accounts Receivable	2,021	501
Prepaid Expenses	3,627	4,025
Inventory	40,500	40,500
Total Current Assets	<u>3,009,211</u>	<u>2,461,508</u>
Property and Equipment		
Land	344,300	344,300
Buildings	730,868	730,868
Equipment & Improvements	228,727	148,662
Less Accumulated Depreciation	(510,489)	(468,943)
Net Property and Equipment	<u>793,405</u>	<u>754,887</u>
Non Current Assets		
Investments	<u>260,408</u>	<u>323,403</u>
Total Assets	<u><u>4,063,024</u></u>	<u><u>3,539,798</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	48,368	22,925
Accrued Payroll Liabilities	43,827	52,209
Total Current Liabilities	<u>92,195</u>	<u>75,134</u>
Total Liabilities	92,195	75,134
Net Assets		
Unrestricted		
Available for program and supporting activities	2,474,996	2,190,186
Net investment in fixed assets	793,405	754,887
Total Unrestricted	3,268,401	2,945,073
Temporarily restricted	<u>702,428</u>	<u>519,590</u>
Total Net Assets	<u>3,970,830</u>	<u>3,464,663</u>
Total Liabilities and Net Assets	<u><u>4,063,024</u></u>	<u><u>3,539,798</u></u>

See accompanying notes to the financial statements.

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			2012		
	Unrestricted	Temp. Restricted	Total	Unrestricted	Temp. Restricted	Total
Revenues						
Monetary Contributions	687,915	54,915	742,830	512,292	92,698	604,990
Contributed Goods and Services	166,515	-	166,515	163,070	-	163,070
Non-Government Grants	14,500	152,200	166,700	6,750	18,056	24,806
Auction Revenue	161,987	-	161,987	203,560	-	203,560
Sales - Thrift Store	317,596	-	317,596	319,371	-	319,371
Program Service Revenue	108,769	-	108,769	117,948	-	117,948
Investment Income	228,849	31,512	260,361	142,184	65,334	207,518
Other Revenue	25,659	-	25,659	-	-	-
Total Revenues	1,711,790	238,627	1,950,417	1,465,176	176,088	1,641,264
Net Asset Restriction Transfers						
Use for restricted purpose	55,789	(55,789)	-	75,096	(75,096)	-
Expenses						
Program Services	875,098	-	875,098	721,093	-	721,093
Supporting Services						
Thrift Store	288,086	-	288,086	289,461	-	289,461
Fund Raising	188,051	-	188,051	195,376	-	195,376
General & Administrative	93,015	-	93,015	80,473	-	80,473
Total Supporting Services	569,152	-	569,152	565,310	-	565,310
Total Expenses	1,444,251	-	1,444,251	1,286,403	-	1,286,403
Total Change in Net Assets	323,328	182,838	506,166	253,869	100,992	354,861
Beginning Net Assets	2,945,073	519,590	3,464,663	2,691,205	418,598	3,109,803
Ending Net Assets	3,268,401	702,428	3,970,830	2,945,073	519,590	3,464,663

See accompanying notes to the financial statements.

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

2013					
	Program Services	Supporting Services			Total
		Thrft Store	Fund Raising	General & Administrative	
Wages and Benefits	577,426	133,261	70,904	56,379	837,970
Cost of Sales	-	98,454	-	-	98,454
Depreciation Expense	31,160	2,099	-	8,288	41,546
Advertising & Promotion	82,391	5,994	31,835	-	120,220
Repairs and Maintenance	10,040	1,228	-	842	12,110
Animal/Vet Expenses	61,289	-	-	-	61,289
Rent	1,677	31,571	-	4,440	37,688
Contract Services	35,199	-	4,263	12,094	51,556
Insurance	14,267	-	-	2,242	16,509
Event Expense	-	-	74,641	-	74,641
Utilities	24,798	6,188	-	101	31,088
Office Expense	22,096	-	-	5,786	27,882
Miscellaneous Expense	14,755	9,290	6,408	2,844	33,297
Total	875,098	288,086	188,051	93,015	1,444,251
2012					
	Program Services	Supporting Services			Total
		Thrft Store	Fund Raising	General & Administrative	
Wages and Benefits	471,192	146,698	59,083	56,147	733,120
Cost of Sales	-	88,780	-	-	88,780
Depreciation Expense	25,497	365	-	8,134	33,996
Advertising & Promotion	58,563	3,600	19,384	-	81,547
Repairs and Maintenance	10,145	3,473	-	161	13,779
Animal/Vet Expenses	69,537	-	-	-	69,537
Rent	2,499	32,718	-	1,750	36,967
Contract Services	8,648	-	15,680	13,485	37,813
Insurance	20,607	-	-	-	20,607
Event Expense	793	-	91,361	-	92,153
Utilities	24,954	7,105	-	236	32,294
Office Expense	18,864	-	8,937	532	28,334
Miscellaneous Expense	9,794	6,723	931	29	17,477
Total	721,093	289,461	195,376	80,473	1,286,403

See accompanying notes to the financial statements.

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Change in Net Assets	506,166	354,861
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	41,546	33,996
(Increase) Decrease in accounts receivable	(1,520)	49
(Increase) Decrease in inventory	-	(23,000)
(Increase) Decrease in prepaid expenses	398	2,358
Increase (Decrease) in deferred revenue	-	-
Increase (Decrease) in accounts payable	25,444	8,488
Increase (Decrease) in payroll liabilities	(8,383)	(10,751)
Cash Flows Provided (Used) By Operating Activities	<u>563,652</u>	<u>366,001</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments	(372,772)	(199,890)
Acquisition of fixed assets	(80,065)	(31,149)
Cash Flows Provided (Used) By Investing Activities	<u>(452,837)</u>	<u>(231,039)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	110,815	134,963
Cash and Cash Equivalents at Beginning of Period	<u>689,016</u>	<u>554,053</u>
Cash and Cash Equivalents at Ending of Period	<u><u>799,831</u></u>	<u><u>689,016</u></u>
Supplemental disclosure		
Interest paid in cash.	\$ -	\$ -

See accompanying notes to the financial statements.

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity – Animal Shelter of the Wood River Valley, located in Hailey, Idaho, is a non-profit organization that provides temporary shelter for homeless pets and adoption to qualified homes. The Organization also promotes animal welfare through community education and spay/neuter services. The Shelter serves as the impound facility for the Blaine County Animal Control Program. The Organization also operates a thrift store (Barkin Basement) in Hailey to raise funds for its shelter operations.

The Shelter is governed by its board of directors, as dictated by its bylaws.

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 – The Organization considers all highly liquid deposits with a maturity of three months or less to be cash and cash equivalents.

Recognition of Donor Restrictions – The Organization 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. Restricted contributions whose restrictions are met in the same reporting period are shown on the financial statements as unrestricted contributions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Donated Services and Supplies – The Organization's policy is that, when supplies or specialized skills are donated (that the Shelter would otherwise have to purchase), these items are recorded as in-kind donations at their fair market value. A number of volunteers have contributed their time to the activities of the Organization without compensation which has not been recorded on the financial statements.

Inventory – Consists of donated goods at the thrift store. Inventory is recorded at estimated market value.

Property and Equipment and Depreciation – Fixed assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of donated assets. Items under the Organization's capitalization threshold are expensed in the period of purchase or donation. Capitalized items are depreciated on a straight-line basis over their estimated useful lives.

Income Taxes - The Organization is a non-profit organization which is not a private foundation. Animal Shelter of the Wood River Valley has obtained exemption from federal and state income taxes under I.R.C. Section 501 (c)(3) and related Idaho State code provisions. Accordingly, no provision for income taxes has been made in the financial statements.

FASB ASC 740-10 requires disclosure of uncertain tax positions and their corresponding estimated values. As of period end, the Company had no reportable uncertain positions. Open tax years are calendar years 2010, 2011, 2012, and 2013.

Subsequent Events - Any subsequent events have been evaluated as of May 7, 2014, the date the audited financial statements were available to be issued.

NOTE 2 - CASH

Cash and cash equivalents at years end are summarized as follows:

	2013		2012	
	FDIC Insured	Uninsured	FDIC Insured	Uninsured
Wells Fargo Bank	111,474	-	111,339	-
Zions Bank	250,000	15,220	250,000	91,616
DL Evans Bank	150,000	-	-	-
Mountain West Bank	234,792	-	234,426	-
Cash on Hand	38,344	-	-	1,636
Total Cash	<u>\$ 784,611</u>	<u>\$ 15,220</u>	<u>\$ 595,765</u>	<u>\$ 93,251</u>

\$69,535 and \$38,409 of cash & cash equivalents were donor restricted to a specific purpose at 2013 and 2012 year end, respectively. See Note 6.

NOTE 3 – INVESTMENTS

Fair values, based on quoted market prices, of investments at years end were as follows:

	2013	2012
Common stocks and options	952,232	538,117
Corporate bonds	313,916	377,731
Mutual funds	792,818	981,887
Money market and other	364,676	153,134
	<u>\$ 2,423,641</u>	<u>\$ 2,050,869</u>

Corporate bonds with maturities of greater than one year are classified as non-current.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the statement of financial position. However, the diversification of the Organization's invested assets, as dictated by its written investment policy, should mitigate the impact of any dramatic change in market values.

Investment income includes interest, dividends and net gains and losses from sales of securities. The amount of net unrealized gains(losses) included in the value of investments was \$165,492 and \$51,421 at 2013 and 2012 years end, respectively. Investment income was reported net of \$18,336 and \$13,709 related investment expense, for years 2013 and 2012, respectively.

\$632,893 and \$481,181 of investments was donor restricted to animal medical/surgical care at 2013 and 2012 year end, respectively. See Note 6.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of impound contracts booked, but not yet received in cash, at year end. The Organization has not accrued an allowance for doubtful accounts as it deems such allowance to be immaterial. Receivables will be written off as they are deemed uncollectible.

NOTE 5 – PROPERTY AND EQUIPMENT

Changes in property and equipment during 2012 and 2013 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
2012				
Land	340,329			
BLM land acquisition		3,971		
	<u>340,329</u>	<u>3,971</u>	<u>-</u>	<u>344,300</u>
Buildings	683,482			
reclassify assets		36,439		
barkin basement remodel		10,947		
	<u>683,482</u>	<u>47,386</u>	<u>-</u>	<u>730,868</u>
Equipment & Improvements	168,870			
reclassify assets		-	(36,439)	
pulverizer		2,968		
paving		8,208		
equipment		5,055		
	<u>168,870</u>	<u>16,231</u>	<u>(36,439)</u>	<u>148,662</u>
Accumulated Depreciation	(434,947)			
2012 Depreciation		(33,996)		
	<u>(434,947)</u>	<u>(33,996)</u>	<u>-</u>	<u>(468,943)</u>
At December 31, 2012	<u>757,734</u>	<u>33,592</u>	<u>(36,439)</u>	<u>754,887</u>
2013				
Land	344,300			
	<u>344,300</u>	<u>-</u>	<u>-</u>	<u>344,300</u>
Buildings	730,868			
	<u>730,868</u>	<u>-</u>	<u>-</u>	<u>730,868</u>
Equipment & Improvements	148,662			
improvements - land		24,770	-	
improvements - rented office		23,239		
computer equipment		19,780		
marketing/software/website		12,275		
	<u>148,662</u>	<u>80,064</u>	<u>-</u>	<u>228,726</u>
Accumulated Depreciation	(468,943)			
2013 Depreciation		(41,546)		
	<u>(468,943)</u>	<u>(41,546)</u>	<u>-</u>	<u>(510,489)</u>
At December 31, 2013	<u>754,887</u>	<u>38,518</u>	<u>-</u>	<u>793,405</u>

NOTE 6 – RESTRICTED NET ASSETS

Temporarily restricted net assets have been restricted by donors as follows:

Animal medical/surgical care	\$ 557,016
Animal behavior	\$ 37,150
Animal feed	28,264
Adoption/Outreach	45,000
Other specific animal needs	34,998
	<u>\$ 702,428</u>