

**ANIMAL SHELTER OF THE  
WOOD RIVER VALLEY**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2015 AND 2014**

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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, 2015 and 2014, 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, 2015 and 2014, 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 CPA LLC*  
Anderson Arritt Robins Waters, CPAs, LLC  
Burley, Idaho

February 22, 2016

## ANIMAL SHELTER OF THE WOOD RIVER VALLEY

### STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2015 AND 2014

|   | <u>2015</u>             | <u>2014</u>             |
|---|-------------------------|-------------------------|
| <b><u>ASSETS</u></b>                            |                         |                         |
| <b>Current Assets</b>                           |                         |                         |
| Cash & Cash Equivalents                         | 1,036,535               | 792,739                 |
| Investments                                     | 2,592,733               | 2,446,302               |
| Pledges/Accounts Receivable - net of discount   | 877,173                 | 1,570                   |
| Prepaid Expenses                                | 26,902                  | 2,627                   |
| Inventory                                       | 42,000                  | 47,250                  |
| Total Current Assets                            | <u>4,575,344</u>        | <u>3,290,488</u>        |
| <b>Property and Equipment</b>                   |                         |                         |
| Land  | 629,641                 | 629,641                 |
| Construction in Progress                        | 191,327                 | 16,754                  |
| Buildings & Improvements                        | 807,380                 | 797,106                 |
| Equipment                                       | 333,579                 | 270,865                 |
| Less Accumulated Depreciation                   | <u>(626,859)</u>        | <u>(565,057)</u>        |
| Net Property and Equipment                      | 1,335,068               | 1,149,308               |
| <b>Non Current Assets</b>                       |                         |                         |
| Investments                                     | 396,361                 | 201,491                 |
| Pledges Receivable - non current portion        | <u>1,988,779</u>        | <u>-</u>                |
| Total Assets                                    | <u><u>8,295,551</u></u> | <u><u>4,641,287</u></u> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>        |                         |                         |
| <b>Current Liabilities</b>                      |                         |                         |
| Accounts Payable                                | 68,506                  | 60,937                  |
| Accrued Payroll Liabilities                     | 65,783                  | 38,782                  |
| Deferred Revenue                                | 2,920                   | 4,030                   |
| Total Current Liabilities                       | <u>137,209</u>          | <u>103,749</u>          |
| Total Liabilities                               | 137,209                 | 103,749                 |
| <b>Net Assets</b>                               |                         |                         |
| Unrestricted                                    |                         |                         |
| Available for program and supporting activities | 2,339,084               | 2,520,743               |
| Net investment in fixed assets                  | <u>1,335,068</u>        | <u>1,149,308</u>        |
| Total Unrestricted                              | 3,674,152               | 3,670,051               |
| Temporarily restricted                          | <u>4,484,190</u>        | <u>867,487</u>          |
| Total Net Assets                                | <u>8,158,342</u>        | <u>4,537,538</u>        |
| Total Liabilities and Net Assets                | <u><u>8,295,551</u></u> | <u><u>4,641,287</u></u> |

See accompanying notes to the financial statements.

## ANIMAL SHELTER OF THE WOOD RIVER VALLEY

### STATEMENT OF ACTIVITIES AND CHANGE IN FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

|   | 2015             |                     |                  | 2014             |                     |                  |
|---|------------------|---------------------|------------------|------------------|---------------------|------------------|
|   | Unrestricted     | Temp.<br>Restricted | Total            | Unrestricted     | Temp.<br>Restricted | Total            |
| <b>Revenues</b>                                 |                  |                     |                  |                  |                     |                  |
| Monetary Contributions                          | 377,266          | 1,387,282           | 1,764,548        | 658,024          | 87,417              | 745,440          |
| Contributed Goods and Services                  | 160,402          | -                   | 160,402          | 156,819          | -                   | 156,819          |
| Non-Government Grants                           | 109,310          | 2,688,747           | 2,798,057        | 16,300           | 571,734             | 588,034          |
| Auction Revenue (Net of direct costs)           | 331,546          | -                   | 331,546          | 94,942           | -                   | 94,942           |
| Sales - Thrift Store                            | 280,803          | -                   | 280,803          | 273,069          | -                   | 273,069          |
| Program Service Revenue                         | 126,749          | -                   | 126,749          | 124,910          | -                   | 124,910          |
| Investment Income                               | 56,415           | 4,223               | 60,638           | 24,653           | 12,669              | 37,322           |
| Other Revenue                                   | 5,464            | -                   | 5,464            | -                | -                   | -                |
| <b>Total Revenues</b>                           | <b>1,447,956</b> | <b>4,080,252</b>    | <b>5,528,208</b> | <b>1,348,716</b> | <b>671,820</b>      | <b>2,020,535</b> |
| <b>Net Asset Restriction Transfers</b>          |                  |                     |                  |                  |                     |                  |
| Use for restricted purpose                      | 441,028          | (441,028)           | -                | 516,197          | (516,197)           | -                |
| <b>Expenses</b>                                 |                  |                     |                  |                  |                     |                  |
| Program Services                                | 1,130,694        | -                   | 1,130,694        | 1,011,592        | -                   | 1,011,592        |
| Supporting Services                             |                  |                     |                  |                  |                     |                  |
| Thrift Store                                    | 270,144          | -                   | 270,144          | 263,258          | -                   | 263,258          |
| Fund Raising                                    | 139,899          | -                   | 139,899          | 128,397          | -                   | 128,397          |
| Capital Campaign                                | 143,904          | -                   | 143,904          | 14,208           | -                   | 14,208           |
| General & Administrative                        | 135,786          | -                   | 135,786          | 100,869          | -                   | 100,869          |
| <b>Total Supporting Services</b>                | <b>689,733</b>   | <b>-</b>            | <b>689,733</b>   | <b>506,732</b>   | <b>-</b>            | <b>506,732</b>   |
| <b>Total Expenses</b>                           | <b>1,820,427</b> | <b>-</b>            | <b>1,820,427</b> | <b>1,518,323</b> | <b>-</b>            | <b>1,518,323</b> |
| <b>Change in Net Assets<br/>from Operations</b> | <b>68,557</b>    | <b>3,639,224</b>    | <b>3,707,781</b> | <b>346,589</b>   | <b>155,623</b>      | <b>502,212</b>   |
| <b>Nonoperating Income</b>                      |                  |                     |                  |                  |                     |                  |
| Gains(Losses)<br>on Investments                 | (64,457)         | (22,521)            | (86,978)         | 55,061           | 9,436               | 64,497           |
| <b>Total Change in Net Assets</b>               | <b>4,100</b>     | <b>3,616,703</b>    | <b>3,620,804</b> | <b>401,650</b>   | <b>165,059</b>      | <b>566,709</b>   |
| <b>Beginning Net Assets</b>                     | <b>3,670,051</b> | <b>867,487</b>      | <b>4,537,538</b> | <b>3,268,401</b> | <b>702,428</b>      | <b>3,970,830</b> |
| <b>Ending Net Assets</b>                        | <b>3,674,152</b> | <b>4,484,190</b>    | <b>8,158,342</b> | <b>3,670,051</b> | <b>867,487</b>      | <b>4,537,538</b> |

See accompanying notes to the financial statements.

## ANIMAL SHELTER OF THE WOOD RIVER VALLEY

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| 2015                           |                     |                        |                     |                             |         |           |
|--------------------------------|---------------------|------------------------|---------------------|-----------------------------|---------|-----------|
|                                | Program<br>Services | Supporting<br>Services |                     |                             |         | Total     |
|                                | Thrift<br>Store     | Fund<br>Raising        | Capital<br>Campaign | General &<br>Administrative |         |           |
| Wages and Benefits             | 760,221             | 137,617                | 88,224              | 101,166                     | 67,348  | 1,154,575 |
| Contract Services              | 5,461               | 6,141                  | 2,160               | 4,269                       | 38,434  | 56,464    |
| Marketing & Communications     | 45,096              | 3,177                  | 24,999              | 1,474                       | 262     | 75,008    |
| Nonpersonnel Expenses          | 37,254              | 2,407                  | 3,654               | 587                         | 2,790   | 46,692    |
| Facility & Equipment Expenses  | 33,490              | 40,956                 | 5,046               | 12,839                      | 7,970   | 100,302   |
| Travel & Meeting               | 13,959              | 1,440                  | 2,589               | 13,215                      | 2,554   | 33,757    |
| Other Client Specific Expenses | 96,570              | 23                     | -                   | -                           | -       | 96,593    |
| Other Expenses                 | 21,731              | 2,967                  | 588                 | 874                         | 3,422   | 29,582    |
| In Kind Goods & Services       | 70,561              | 73,316                 | 9,550               | 9,480                       | 2,746   | 165,652   |
| Depreciation Expense           | 46,352              | 2,099                  | 3,090               | -                           | 10,261  | 61,802    |
| Total                          | 1,130,694           | 270,144                | 139,899             | 143,904                     | 135,786 | 1,820,427 |
| 2014                           |                     |                        |                     |                             |         |           |
|                                | Program<br>Services | Supporting<br>Services |                     |                             |         | Total     |
|                                | Thrift<br>Store     | Fund<br>Raising        | Capital<br>Campaign | General &<br>Administrative |         |           |
| Wages and Benefits             | 652,942             | 131,146                | 78,132              | 7,742                       | 68,718  | 938,680   |
| Contract Services              | 38,295              | 5,974                  | 3,773               | 3,167                       | 7,005   | 58,215    |
| Marketing & Communications     | 36,050              | 3,763                  | 24,681              | 1,058                       | 320     | 65,872    |
| Nonpersonnel Expenses          | 39,430              | 4,924                  | 3,092               | 214                         | 1,058   | 48,719    |
| Facility & Equipment Expenses  | 35,964              | 39,931                 | 6,379               | 349                         | 5,789   | 88,413    |
| Travel & Meeting               | 9,378               | 2,035                  | 967                 | 909                         | 1,752   | 15,041    |
| Other Client Specific Expenses | 63,244              | 34                     | -                   | -                           | -       | 63,278    |
| Other Expenses                 | 22,623              | 4,776                  | 1,579               | 172                         | 6,319   | 35,469    |
| In Kind Goods & Services       | 72,739              | 68,572                 | 7,065               | 597                         | 1,096   | 150,069   |
| Depreciation Expense           | 40,926              | 2,102                  | 2,728               | -                           | 8,812   | 54,568    |
| Total                          | 1,011,592           | 263,258                | 128,397             | 14,208                      | 100,869 | 1,518,323 |

See accompanying notes to the financial statements.

## ANIMAL SHELTER OF THE WOOD RIVER VALLEY

### STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

|  | <u>2015</u>             | <u>2014</u>           |
|--|-------------------------|-----------------------|
| <b>Cash Flows From Operating Activities</b>  |                         |                       |
| Change in Net Assets   | 3,620,804               | 566,709               |
| Adjustments to reconcile change in net assets to net cash from operating activities: |                         |                       |
| Depreciation   | 61,802                  | 54,568                |
| (Increase) Decrease in accounts receivable   | (2,864,382)             | 451                   |
| (Increase) Decrease in inventory   | 5,250                   | (6,750)               |
| (Increase) Decrease in prepaid expenses  | (24,275)                | 1,000                 |
| Increase (Decrease) in deferred revenue  | (1,110)                 | 4,030                 |
| Increase (Decrease) in accounts payable  | 7,569                   | 12,569                |
| Increase (Decrease) in payroll liabilities   | 27,001                  | (5,044)               |
| Cash Flows Provided (Used) By Operating Activities                                   | <u>832,658</u>          | <u>627,532</u>        |
| <b>Cash Flows From Investing Activities</b>  |                         |                       |
| (Increase) Decrease in Investments   | (341,300)               | (224,152)             |
| Acquisition of fixed assets  | <u>(247,561)</u>        | <u>(410,471)</u>      |
| Cash Flows Provided (Used) By Investing Activities                                   | <u>(588,862)</u>        | <u>(634,623)</u>      |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                          | 243,796                 | (7,092)               |
| <b>Cash and Cash Equivalents at Beginning of Period</b>                              | <u>792,739</u>          | <u>799,831</u>        |
| <b>Cash and Cash Equivalents at Ending of Period</b>                                 | <u><u>1,036,535</u></u> | <u><u>792,739</u></u> |
| <b>Supplemental disclosure</b>   |                         |                       |
| 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, 2015 AND 2014

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### **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 Goods and Services** – Donated goods and specialized services are recorded as in kind revenue and corresponding expense at their estimated 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 2012, 2013, 2014, and 2015.

**Subsequent Events** - Any subsequent events have been evaluated as of February 22, 2016, 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:

|                                | 2015              |                   | 2014              |             |
|--------------------------------|-------------------|-------------------|-------------------|-------------|
|                                | FDIC Insured      | Uninsured         | FDIC Insured      | Uninsured   |
| Wells Fargo Bank               | 111,658           | -                 | 111,584           | -           |
| Zions Bank                     | 162,019           | -                 | 199,219           | -           |
| DL Evans Bank                  | 250,000           | 328,522           | 189,077           | -           |
| Mountain West Bank             | 135,348           | -                 | 235,142           | -           |
| Cash on Hand/Undeposited Funds | 48,988            | -                 | 57,717            | -           |
| Total Cash                     | <u>\$ 708,013</u> | <u>\$ 328,522</u> | <u>\$ 792,739</u> | <u>\$ -</u> |

\$743,773 and \$219,637 of cash & cash equivalents were donor restricted to a specific purpose at 2015 and 2014 year end, respectively. See Note 6.

**NOTE 3 – INVESTMENTS**

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

|                           | 2015                | 2014                |
|---------------------------|---------------------|---------------------|
| Common stocks and options | -                   | 85,698              |
| Corporate bonds           | 445,856             | 251,376             |
| Mutual funds              | 1,850,058           | -                   |
| Money market and other    | 693,180             | 2,310,720           |
|                           | <u>\$ 2,989,094</u> | <u>\$ 2,647,794</u> |

At year-end 2014, the Organization was in the process of changing investment advisors and corresponding portfolio. Debt and equity securities had been liquidated to money market funds at that time.

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 \$(68,081) and \$3,737 at 2015 and 2014 years end, respectively. Investment income was reported net of \$6,096 and \$17,992 related investment expense, for years 2015 and 2014, respectively.

\$880,270 and \$647,850 of investments was donor restricted to animal medical/surgical care at 2015 and 2014 year end, respectively. See Note 6.

**NOTE 4 – PLEDGES/ACCOUNTS RECEIVABLE**

Receivables at year end were as follows:

|   | 2015             | 2014         |
|---|------------------|--------------|
| Impound contracts receivable                            | 1,450            | 1,570        |
| Pledges Receivables                                     | 2,965,509        | -            |
| less discount for noncurrent amounts @ 1.6% annual rate | (101,007)        | -            |
|   | <u>2,865,952</u> | <u>1,570</u> |

**NOTE 5 – PROPERTY AND EQUIPMENT**

Changes in property and equipment during 2014 and 2015 were as follows:

|                          | <u>Beg Balance</u>      | <u>Additions</u>      | <u>Disposals</u> | <u>End Balance</u>      |
|--------------------------|-------------------------|-----------------------|------------------|-------------------------|
| <b>2014</b>              |                         |                       |                  |                         |
| Land                     | 344,300                 | 285,341               | -                | 629,641                 |
| Construction in Progress | -                       | 16,754                | -                | 16,754                  |
| Buildings/Improvements   | 790,054                 | 7,052                 | -                | 797,106                 |
| Equipment                | 169,540                 | 101,325               | -                | 270,865                 |
| Accumulated Depreciation | <u>(510,489)</u>        | <u>(54,568)</u>       | -                | <u>(565,057)</u>        |
|                          | <u><b>793,405</b></u>   | <u><b>355,904</b></u> | -                | <u><b>1,149,308</b></u> |
| <b>2015</b>              |                         |                       |                  |                         |
| Land                     | 629,641                 | -                     | -                | 629,641                 |
| Construction in Progress | 16,754                  | 174,573               | -                | 191,327                 |
| Buildings/Improvements   | 797,106                 | 10,274                | -                | 807,380                 |
| Equipment                | 270,865                 | 62,714                | -                | 333,579                 |
| Accumulated Depreciation | <u>(565,057)</u>        | <u>(61,802)</u>       | -                | <u>(626,859)</u>        |
|                          | <u><b>1,149,308</b></u> | <u><b>185,759</b></u> | -                | <u><b>1,335,068</b></u> |

**NOTE 6 – RESTRICTED NET ASSETS**

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

|                              | <u>2015</u>                | <u>2014</u>              |
|------------------------------|----------------------------|--------------------------|
| Animal medical/surgical care | \$ 582,045                 | \$ 565,610               |
| Animal feed                  | 26,758                     | 31,684                   |
| Regional outreach            | 56,207                     | -                        |
| Capital - new facility       | 3,806,045                  | 255,678                  |
| Other specific animal needs  | <u>13,135</u>              | <u>14,515</u>            |
|                              | <u><b>\$ 4,484,190</b></u> | <u><b>\$ 867,487</b></u> |

**NOTE 7 - RETIREMENT PLAN**

Effective 1/1/15, the Company sponsors a 403(b) plan under which it contributes 3% of eligible employees' compensation. The company contributed \$25,843 to the plan during 2015.

**NOTE 8 – CAPITAL CAMPAIGN**

The Shelter is in the early phase of a multiyear, multi-million dollar capital campaign to build a new facility in Hailey, Idaho. Campaign contributions and grants are funds restricted to that specific purpose.