

**ANIMAL SHELTER OF THE
WOOD RIVER VALLEY**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Arritt Robins Waters CPAs PLLC

Arritt Robins Waters CPAs PLLC
Burley, Idaho

March 15, 2017

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
Current Assets		
Cash & Cash Equivalents	514,858	1,036,535
Investments	7,975,000	2,592,733
Pledges/Accounts Receivable - net of discount	1,696,310	877,173
Prepaid Expenses	7,213	26,902
Inventory	43,260	42,000
Total Current Assets	10,236,642	4,575,344
Property and Equipment		
Land	404,641	629,641
Construction in Progress	511,193	191,327
Buildings & Improvements	645,008	807,380
Equipment	359,719	333,579
Less Accumulated Depreciation	(646,400)	(626,859)
Net Property and Equipment	1,274,160	1,335,068
Non Current Assets		
Investments	94,780	396,361
Pledges Receivable - non current portion	2,285,586	1,988,779
Total Assets	13,891,168	8,295,551
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	60,677	68,506
Accrued Payroll Liabilities	80,034	65,783
Deferred Revenue	120	2,920
Total Current Liabilities	140,832	137,209
Total Liabilities	140,832	137,209
Net Assets		
Unrestricted		
Available for program and supporting activities	2,523,893	2,339,084
Net investment in fixed assets	1,274,160	1,335,068
Total Unrestricted	3,798,053	3,674,152
Temporarily restricted	9,952,283	4,484,190
Total Net Assets	13,750,337	8,158,342
Total Liabilities and Net Assets	13,891,168	8,295,551

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, 2016 AND 2015

	2016			2015		
	Unrestricted	Temp. Restricted	Total	Unrestricted	Temp. Restricted	Total
Revenues						
Monetary Contributions	469,728	4,450,710	4,920,438	377,266	1,387,282	1,764,548
Contributed Goods and Services	260,554	-	260,554	278,631	-	278,631
Non-Government Grants	3,500	1,684,693	1,688,193	109,310	2,688,747	2,798,057
Auction Revenue (Net of direct costs)	261,842	-	261,842	213,317	-	213,317
Sales - Thrift Store	300,314	-	300,314	280,803	-	280,803
Program Service Revenue	123,168	-	123,168	126,749	-	126,749
Investment Income	46,982	28,935	75,917	56,415	4,223	60,638
Other Revenue	4,226	-	4,226	5,464	-	5,464
Total Revenues	1,470,315	6,164,338	7,634,653	1,447,956	4,080,252	5,528,208
Net Asset Restriction Transfers						
Use for restricted purpose	719,167	(719,167)	-	441,028	(441,028)	-
Expenses						
Program Services	1,308,133	-	1,308,133	1,130,694	-	1,130,694
Supporting Services						
Thrift Store	285,592	-	285,592	270,144	-	270,144
Fund Raising	178,811	-	178,811	139,899	-	139,899
Capital Campaign	215,726	-	215,726	143,904	-	143,904
General & Administrative	192,139	-	192,139	135,786	-	135,786
Total Supporting Services	872,268	-	872,268	689,733	-	689,733
Total Expenses	2,180,401	-	2,180,401	1,820,427	-	1,820,427
Change in Net Assets from Operations	9,081	5,445,171	5,454,252	68,557	3,639,224	3,707,781
Nonoperating Income						
Gains(Losses) on Investments	114,820	22,922	137,742	(64,457)	(22,521)	(86,978)
Total Change in Net Assets	123,901	5,468,093	5,591,994	4,100	3,616,703	3,620,804
Beginning Net Assets	3,674,152	4,484,190	8,158,342	3,670,051	867,487	4,537,538
Ending Net Assets	3,798,053	9,952,283	13,750,336	3,674,152	4,484,190	8,158,342

See accompanying notes to the financial statements.

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

2016						
	Program Services	Supporting Services				Total
	Thrift Store	Fund Raising	Capital Campaign	General & Administrative		
Wages and Benefits	878,574	183,616	109,173	157,215	119,816	1,448,395
Contract Services	6,561	502	453	9,183	15,023	31,722
Marketing & Communications	38,190	4,467	25,865	12,476	1,311	82,309
Nonpersonnel Expenses	51,623	4,226	6,768	2,985	3,622	69,225
Facility & Equipment Expenses	42,851	40,248	9,846	25,877	6,749	125,571
Travel & Meeting	10,545	804	4,662	4,577	2,534	23,122
Other Client Specific Expenses	147,429	-	-	-	-	147,429
Other Expenses	42,246	2,439	3,045	3,413	12,197	63,339
In Kind Goods & Services	40,577	47,307	15,696		19,659	123,240
Depreciation Expense	49,536	1,981	3,302	-	11,228	66,049
Total	1,308,133	285,592	178,811	215,726	192,139	2,180,401
2015						
	Program Services	Supporting Services				Total
	Thrift Store	Fund Raising	Capital Campaign	General & 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

See accompanying notes to the financial statements.

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Change in Net Assets	5,591,994	3,620,804
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	66,049	61,802
(Increase) Decrease in accounts receivable	(1,115,944)	(2,864,382)
(Increase) Decrease in inventory	(1,260)	5,250
(Increase) Decrease in prepaid expenses	19,688	(24,275)
Increase (Decrease) in deferred revenue	(2,800)	(1,110)
Increase (Decrease) in accounts payable	(7,828)	7,569
Increase (Decrease) in payroll liabilities	14,251	27,001
Cash Flows Provided (Used) By Operating Activities	<u>4,564,150</u>	<u>832,658</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments	(5,080,686)	(341,300)
Acquisition/Sale of fixed assets	<u>(5,142)</u>	<u>(247,561)</u>
Cash Flows Provided (Used) By Investing Activities	<u>(5,085,827)</u>	<u>(588,862)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(521,678)	243,796
Cash and Cash Equivalents at Beginning of Period	<u>1,036,535</u>	<u>792,739</u>
Cash and Cash Equivalents at Ending of Period	<u><u>514,858</u></u>	<u><u>1,036,535</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, 2016 AND 2015

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 2013, 2014, 2015, and 2016.

Subsequent Events - Any subsequent events have been evaluated as of March 15, 2017, 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:

	2016		2015	
	FDIC Insured	Uninsured	FDIC Insured	Uninsured
Wells Fargo Bank	-	-	111,658	-
Zions Bank	115,435	-	162,019	-
DL Evans Bank	250,000	11,266	250,000	328,522
Mountain West Bank	135,444	-	135,348	-
Cash on Hand/Undeposited Funds	2,714	-	48,988	-
Total Cash	<u>\$ 503,593</u>	<u>\$ 11,266</u>	<u>\$ 708,013</u>	<u>\$ 328,522</u>

\$138,435 and \$743,773 of cash & cash equivalents were donor restricted to a specific purpose at 2016 and 2015 year end, respectively. See Note 6.

NOTE 3 – INVESTMENTS

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

	2016	2015
Cash equivalents	4,781,254	167,742
Common stocks and options	353,123	-
Corporate bonds	500,483	445,856
Mutual funds	2,187,392	1,850,058
Other investments	247,528	525,438
	<u>\$ 8,069,780</u>	<u>\$ 2,989,094</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 \$297,443 and \$(68,081) at 2016 and 2015 years' end, respectively. Investment income was reported net of \$6,668 and \$6,096 related investment expense, for years 2016 and 2015, respectively.

\$5,838,622 and \$880,270 of investments was donor restricted to a specific purpose at 2016 and 2015 year end, respectively. See Note 6.

NOTE 4 – PLEDGES/ACCOUNTS RECEIVABLE

Receivables at year end were as follows:

	2016	2015
Impound contracts receivable	6,670	1,450
Pledges Receivables	4,077,852	2,965,509
less discount for noncurrent amounts @ 1.6% annual rate	(102,626)	(101,007)
	<u>3,981,896</u>	<u>2,865,952</u>

The pledges receivable are restricted to capital costs of the new facility.

NOTE 5 – PROPERTY AND EQUIPMENT

Changes in property and equipment during 2015 and 2016 were as follows:

	<u>Beg Bal</u>	<u>Additions</u>	<u>Disposals</u>	<u>End Bal</u>
2015				
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>-</u>	<u>(626,859)</u>
	1,149,309	185,759	-	1,335,068
2016				
Land	629,641	-	(225,000)	404,641
Construction In Progress	191,327	319,866	-	511,193
Buildings/Improvements	807,380	-	(162,372)	645,008
Equipment	333,579	26,140	-	359,719
Accumulated Depreciation	<u>(626,859)</u>	<u>(66,049)</u>	<u>46,508</u>	<u>(646,400)</u>
	1,335,068	279,957	(340,864)	1,274,160

NOTE 6 – RESTRICTED NET ASSETS

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

	2016	2015
Animal medical/surgical care	\$ 712,102	\$ 582,045
Animal feed	21,274	26,758
Regional outreach	77,030	56,207
Capital - new facility	9,126,746	3,806,045
Other specific animal needs	15,131	13,135
	<u>\$ 9,952,283</u>	<u>\$ 4,484,190</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 \$29,775 and \$25,843 to the plan during 2016 and 2015, respectively.

NOTE 8 – CAPITAL CAMPAIGN

The Shelter is in 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.