

**ANIMAL SHELTER OF THE
WOOD RIVER VALLEY**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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 23, 2018

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets		
Cash & Cash Equivalents	374,750	514,858
Investments	7,952,230	7,975,000
Pledges/Accounts Receivable - net of discount	2,379,262	1,696,310
Prepaid Expenses	13,715	7,213
Inventory	44,560	43,260
Total Current Assets	<u>10,764,517</u>	<u>10,236,642</u>
Property and Equipment		
Land	404,641	404,641
Construction in Progress	5,074,164	511,193
Buildings & Improvements	658,023	645,008
Equipment	395,914	359,719
Less Accumulated Depreciation	<u>(713,503)</u>	<u>(646,400)</u>
Net Property and Equipment	5,819,239	1,274,160
Non Current Assets		
Investments	42,035	94,780
Pledges Receivable - non current portion	<u>1,110,974</u>	<u>2,285,586</u>
Total Assets	<u><u>17,736,765</u></u>	<u><u>13,891,168</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	897,757	60,677
Accrued Payroll Liabilities	110,489	80,034
Deferred Revenue	-	120
Total Current Liabilities	<u>1,008,246</u>	<u>140,832</u>
Total Liabilities	1,008,246	140,832
Net Assets		
Unrestricted		
Available for program and supporting activities	2,229,199	2,523,893
Net investment in fixed assets	<u>5,819,239</u>	<u>1,274,160</u>
Total Unrestricted	8,048,438	3,798,053
Temporarily restricted	<u>8,680,081</u>	<u>9,952,283</u>
Total Net Assets	<u>16,728,519</u>	<u>13,750,337</u>
Total Liabilities and Net Assets	<u><u>17,736,765</u></u>	<u><u>13,891,168</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, 2017 AND 2016

	2017			2016		
	Unrestricted	Temp. Restricted	Total	Unrestricted	Temp. Restricted	Total
Revenues						
Monetary Contributions	523,582	2,458,865	2,982,447	469,728	4,450,710	4,920,438
Contributed Goods and Services	332,886	-	332,886	260,554	-	260,554
Non-Government Grants	3,750	1,163,590	1,167,340	3,500	1,684,693	1,688,193
Auction Revenue (Net of direct costs)	213,473	10,115	223,588	261,842	-	261,842
Sales - Thrift Store	321,690	-	321,690	300,314	-	300,314
Program Service Revenue	108,271	-	108,271	123,168	-	123,168
Investment Income	26,799	51,466	78,265	46,982	28,935	75,917
Other Revenue	3,044	-	3,044	4,226	-	4,226
Total Revenues	1,533,496	3,684,037	5,217,533	1,470,315	6,164,338	7,634,653
Net Asset Restriction Transfers						
Use for restricted purpose	5,032,554	(5,032,554)	-	719,167	(719,167)	-
Expenses						
Program Services	1,517,535	-	1,517,535	1,308,133	-	1,308,133
Supporting Services						-
Thrift Store	295,770		295,770	285,592		285,592
Fund Raising	188,904		188,904	178,811		178,811
Capital Campaign	312,512		312,512	215,726		215,726
General & Administrative	209,468		209,468	192,139		192,139
Total Supporting Services	1,006,654	-	1,006,654	872,268	-	872,268
Total Expenses	2,524,188	-	2,524,188	2,180,401	-	2,180,401
Change in Net Assets from Operations	4,041,862	(1,348,517)	2,693,344	9,081	5,445,171	5,454,252
Non-operating Income						
Gains(Losses) on Investments	208,524	76,315	284,839	114,820	22,922	137,742
Total Change in Net Assets	4,250,385	(1,272,203)	2,978,183	123,901	5,468,093	5,591,994
Beginning Net Assets	3,798,053	9,952,283	13,750,336	3,674,152	4,484,190	8,158,342
Ending Net Assets	8,048,438	8,680,081	16,728,519	3,798,053	9,952,283	13,750,336

See accompanying notes to the financial statements.

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

2017						
	Program Services	Supporting Services				Total
		Thrift Store	Fund Raising	Capital Campaign	General & Administrative	
Wages and Benefits	1,068,580	180,925	115,220	219,181	149,978	1,733,885
Contract Services	3,351	1,881	-	1,458	16,984	23,673
Marketing & Communications	27,150	3,207	28,752	13,925	1,849	74,884
Nonpersonnel Expenses	45,158	2,804	11,447	3,199	4,017	66,626
Facility & Equipment Expenses	53,002	42,732	8,565	28,728	7,507	140,534
Travel & Meeting	10,152	684	4,203	3,940	247	19,226
Other Client Specific Expenses	159,613	-	50	25	-	159,688
Other Expenses	22,641	8,112	5,767	8,652	4,744	49,917
In Kind Goods & Services	87,627	46,700	2,149	33,404	18,773	188,654
Depreciation Expense	40,262	8,723	12,750	-	5,368	67,103
Total	<u>1,517,535</u>	<u>295,770</u>	<u>188,904</u>	<u>312,512</u>	<u>209,468</u>	<u>2,524,188</u>
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	<u>1,308,133</u>	<u>285,592</u>	<u>178,811</u>	<u>215,726</u>	<u>192,139</u>	<u>2,180,401</u>

See accompanying notes to the financial statements.

ANIMAL SHELTER OF THE WOOD RIVER VALLEY

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Change in Net Assets	2,978,183	5,591,994
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	67,103	66,049
(Increase) Decrease in accounts receivable	491,660	(1,115,944)
(Increase) Decrease in inventory	(1,300)	(1,260)
(Increase) Decrease in prepaid expenses	(6,502)	19,688
Increase (Decrease) in deferred revenue	(120)	(2,800)
Increase (Decrease) in accounts payable	837,080	(7,828)
Increase (Decrease) in payroll liabilities	30,455	14,251
Cash Flows Provided (Used) By Operating Activities	<u>4,396,558</u>	<u>4,564,150</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments	75,515	(5,080,686)
Acquisition/Sale of fixed assets	<u>(4,612,182)</u>	<u>(5,142)</u>
Cash Flows Provided (Used) By Investing Activities	<u>(4,536,666)</u>	<u>(5,085,827)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(140,108)	(521,678)
Cash and Cash Equivalents at Beginning of Period	<u>514,858</u>	<u>1,036,535</u>
Cash and Cash Equivalents at Ending of Period	<u><u>374,750</u></u>	<u><u>514,858</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, 2017 AND 2016

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 2014, 2015, 2016, and 2017.

Subsequent Events - Any subsequent events have been evaluated as of March 23, 2018, 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:

	2017		2016	
	FDIC Insured	Uninsured	FDIC Insured	Uninsured
Zions Bank	232,322	-	115,435	-
DL Evans Bank	136,006	-	250,000	11,266
Mountain West Bank	-	-	135,444	-
Cash on Hand/Undeposited Funds	-	6,422	-	2,714
Total Cash	<u>\$ 368,329</u>	<u>\$ 6,422</u>	<u>\$ 500,879</u>	<u>\$ 13,980</u>

\$220,265 and \$138,435 of cash & cash equivalents were donor restricted to a specific purpose at 2017 and 2016 year end, respectively. See Note 7.

NOTE 3 – INVESTMENTS

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

	2017	2016
Cash equivalents	4,907,452	4,781,254
Common stocks and options	1,026,796	353,123
Corporate bonds	91,140	500,483
Mutual funds	1,715,530	2,187,392
Other investments	253,347	247,528
	<u>\$ 7,994,265</u>	<u>\$ 8,069,780</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 investment income was \$284,839 and \$137,742 for 2017 and 2016, respectively. Investment income was reported net of \$13,004 and \$6,668 related investment expense, for years 2017 and 2016, respectively.

\$5,855,171 and \$5,838,622 of investments was donor restricted to a specific purpose at 2017 and 2016 year end, respectively. See Note 7.

NOTE 4 – PLEDGES/ACCOUNTS RECEIVABLE

Receivables at year end were as follows:

	2017	2016
Contracts/other receivables	7,370	6,670
Pledges Receivables	3,524,538	4,077,852
less discount for noncurrent amounts @ 1.6% annual rate	(41,672)	(102,626)
	<u>3,490,236</u>	<u>3,981,896</u>

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

NOTE 5 – PROPERTY AND EQUIPMENT

Changes in property and equipment during 2016 and 2017 were as follows:

	<u>Beg Bal</u>	<u>Additions</u>	<u>Disposals</u>	<u>End Bal</u>
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	(626,859)	(66,049)	46,508	(646,400)
	1,335,068	279,957	(340,864)	1,274,160
2017				
Land	404,641	-	-	404,641
Construction In Progress	511,193	4,562,971	-	5,074,163
Buildings/Improvements	645,008	13,016	-	658,023
Equipment	359,719	36,195	-	395,914
Accumulated Depreciation	(646,400)	(67,103)	-	(713,503)
	1,274,160	4,545,078	-	5,819,239

NOTE 6 – RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Animal medical/surgical care	\$ 479,894	\$ 712,102
Animal nutrition	12,314	21,274
Regional outreach	54,913	77,030
Capital - new facility	8,115,928	9,126,746
Other specific animal needs	17,032	15,131
	<u>\$ 8,680,081</u>	<u>\$ 9,952,283</u>

NOTE 7 - RETIREMENT PLAN

The Company sponsors a 403(b) plan under which it contributes 3% of eligible employees' compensation. The company contributed \$37,823, \$29,775, and \$25,843 to the plan during 2017, 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. The new facility is expected to be completed by the end of 2018. The budget is projected to increase as operations move to the new facility which will necessitate increased fundraising and other income growth.