

ROUTT COUNTY HUMANE SOCIETY

Financial Statements

December 31, 2020

ROUTT COUNTY HUMANE SOCIETY

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Independent Auditor's Report

The Board of Directors
Routt County Humane Society
Steamboat Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the Routt County Humane Society, which comprise the statement of financial position as of December 31, 2020, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 the Routt County Humane Society as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Financial Information

We have previously audited the Routt County Humane Society's December 31, 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2020. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Catterson + Company, P.C.

Steamboat Springs, Colorado
August 2, 2021

ROUTT COUNTY HUMANE SOCIETY
Statement of Financial Position
December 31, 2020
(with summarized financial information as of December 31, 2019)

	2020	2019
Assets:		
Cash and cash equivalents	\$ 524,400	\$ 552,491
Accounts receivable	4,910	11,588
Agency assets:		
Cash and cash equivalents	79,394	57,641
Equipment owned by others	35,877	38,637
Other assets	3,292	5,987
Security deposit	3,500	3,500
Property and equipment, net of accumulated depreciation	159,199	183,399
Total assets	\$ 810,572	\$ 853,243
Liabilities and net assets:		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,348	\$ 10,344
Agency liabilities	114,290	96,277
Capital lease obligation	-	61,506
Total liabilities	128,638	168,127
Net assets:		
Without donor restrictions	613,312	557,032
With donor restrictions	68,622	128,084
Total net assets	681,934	685,116
Total liabilities and net assets	\$ 810,572	\$ 853,243

See accompanying notes to financial statements.

ROUTT COUNTY HUMANE SOCIETY
Statement of Activities
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and other support:				
Contributions and grants	\$ 338,066	\$ -	\$ 338,066	\$ 487,938
Contract services	170,779	-	170,779	126,664
Program fees:				
Adoptions	59,120	-	59,120	48,095
Wellness	14,008	-	14,008	-
Licenses	8,268	-	8,268	11,656
Boarding	5,971	-	5,971	5,703
Training	9,664	-	9,664	9,910
Other	4,529	-	4,529	9,313
Surgical services	2,108	-	2,108	9,203
Fundraising events, net of direct costs	49,502	-	49,502	66,484
Interest income	2,589	-	2,589	5,534
Other	5,780	-	5,780	4,626
Net assets released from restrictions	59,462	(59,462)	-	-
Total revenues and other support	<u>729,846</u>	<u>(59,462)</u>	<u>670,384</u>	<u>785,126</u>
Operating expenses:				
Program services	506,571	-	506,571	482,825
Supporting services:				
Management and general	153,090	-	153,090	155,026
Fundraising	13,905	-	13,905	68,259
Total operating expenses	<u>673,566</u>	<u>-</u>	<u>673,566</u>	<u>706,110</u>
Change in net assets	56,280	(59,462)	(3,182)	79,016
Net assets, beginning of year	557,032	128,084	685,116	606,100
Net assets, end of year	<u>\$ 613,312</u>	<u>\$ 68,622</u>	<u>\$ 681,934</u>	<u>\$ 685,116</u>

See accompanying notes to financial statements.

ROUTT COUNTY HUMANE SOCIETY
Statement of Functional Expenses
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	2020				2019 Total
	Program Services	Management and General	Fundraising	Total	
Expenses:					
Wages and benefits	\$ 281,901	\$ 90,457	\$ -	\$ 372,358	\$ 414,529
Shelter medical	21,219	-	-	21,219	44,723
Shelter spay/neuter	820	-	-	820	9,674
Veterinary supplies	50,057	-	-	50,057	29,192
Shelter supplies	22,354	119	-	22,473	17,291
Financial assistance program	26	-	-	26	8,993
Occupancy	68,912	-	-	68,912	65,088
Professional fees	-	17,789	-	17,789	29,755
Information technology	2,557	26,757	-	29,314	10,831
Insurance	3,689	-	-	3,689	12,309
Contract labor	-	-	4,843	4,843	-
Repairs and maintenance	6,550	1,037	-	7,587	7,825
Marketing and advertising	10,187	2,642	1,099	13,928	5,282
Staff training and development	199	861	-	1,060	3,782
Dues and subscriptions	3,339	3,180	5,211	11,730	7,654
Depreciation	21,731	-	-	21,731	18,548
Other	13,030	10,248	2,752	26,030	20,634
Total expenses	\$ 506,571	\$ 153,090	\$ 13,905	\$ 673,566	\$ 706,110

See accompanying notes to financial statements.

ROUTT COUNTY HUMANE SOCIETY
Statement of Cash Flows
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,182)	\$ 79,016
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,731	18,548
Loss on disposal of equipment	2,469	-
(Increase) decrease in:		
Accounts receivable	6,678	(139)
Agency assets	(18,993)	813
Other assets	2,695	(4,487)
(Decrease) increase in:		
Accounts payable and accrued expenses	4,004	(16,342)
Agency liabilities	18,013	(419)
Net cash provided by operating activities	<u>33,415</u>	<u>76,990</u>
Cash flows from investing activities:		
Payment for acquisition of property and equipment	<u>-</u>	<u>(110,264)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(110,264)</u>
Cash flows from financing activities:		
Proceeds from capital lease obligation	-	65,900
Principal payments on capital lease obligation	<u>(61,506)</u>	<u>(4,393)</u>
Net cash provided (used) by financing activities	<u>(61,506)</u>	<u>61,507</u>
Net change in cash and cash equivalents	(28,091)	28,233
Cash and cash equivalents, beginning of year	<u>552,491</u>	<u>524,258</u>
Cash and cash equivalents, end of year	<u>\$ 524,400</u>	<u>\$ 552,491</u>

See accompanying notes to financial statements.

ROUTT COUNTY HUMANE SOCIETY
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 1: Description of the Organization

Routt County Humane Society (the Organization) was incorporated as a Colorado not-for-profit corporation in 1985 to serve the welfare of animals in Routt County, Colorado. The Organization's mission is to be a community resource dedicated to encouraging respect for the dignity and worth of all animals by providing safe haven, promoting adoption, and decreasing the number of unwanted pets. We believe in second chances and are committed to advocating for animals and the people who love them.

The Organization provides routine and emergency veterinary care for shelter animals and spay/neuter services in the City of Steamboat Springs, Colorado (the City). The Organization is funded primarily by shelter contract services, contributions, grants and fees for services.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Accounts Receivable

Accounts receivable consist primarily of amounts due from contract services and fees for services. The Organization believes that all of its receivables are collectible; therefore, no provision for uncollectible accounts has been recorded as of December 31, 2020 and 2019.

ROUTT COUNTY HUMANE SOCIETY
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 2: Summary of Significant Accounting Policies (continued)

Property and Equipment, Net

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Leasehold improvements	15
Vehicles	5-7
Equipment and fixtures	7-15

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-Kind Support

Many individuals volunteer their time and perform a variety of tasks within the Organization's programs. However, these services do not meet the criteria for recognition as contributed services in accordance with US GAAP.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

Revenue Recognition

Revenues from contract services and fees for services are recognized as earned when the services are provided.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include wages and benefits, repairs and maintenance, and marketing and advertising, which are all allocated on the basis of estimates of time and effort.

Advertising

The Organization expenses the costs of advertising when incurred.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

ROUTT COUNTY HUMANE SOCIETY
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 2: Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal income tax on related income under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in IRC Section 501(c)(3). Further, the Organization has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Organization qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have any material unrelated business income tax liability for the year ended December 31, 2020. The Organization believes that it has taken no significant uncertain tax positions that require recognition or disclosure in the financial statements.

The Organization's tax returns related to the years December 31, 2017 through 2019 remain open for examination by taxing authorities.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 3: Availability and Liquidity

Financial assets available for general expenditure within one year of the statement of financial position date, consist of the following:

Cash and cash equivalents	\$	603,794
Accounts receivable		4,910
		608,704
Less amounts not available to be used:		
Net assets with donor restrictions		(68,622)
Agency cash and cash equivalents		(79,394)
		\$ 460,688

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 4: Property and Equipment, Net

Property and equipment, net consisted of the following as of December 31, 2020 and 2019:

	2020		2019
Leasehold improvements	\$ 26,084	\$	26,084
Vehicles	79,794		79,794
X-Ray equipment	65,900		65,900
Equipment and fixtures	42,784		45,557
	214,562		217,335
Less accumulated depreciation	(55,363)		(33,936)
	\$ 159,199	\$	183,399

ROUTT COUNTY HUMANE SOCIETY
Notes to Financial Statements
December 31, 2020

(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 5: Animal Shelter Services

The Organization entered into an agreement with the City in October 2019 to operate and manage the City's animal shelter. Terms of the agreement require the City to pay compensation to the Organization up to certain annual limits. The agreement could be extended upon mutual agreement of the Organization and City. The Organization received \$93,197 and \$82,824 from the City for contracted animal shelter services for the years ended December 31, 2020 and 2019, respectively.

The Organization also entered into an agreement for animal shelter services with Routt County, Colorado (the County) in conjunction with the City contract. Terms of the agreement require the County to pay compensation to the Organization upon mutual agreement as part of the County's annual budgeting process. The agreement could be extended upon mutual agreement of the Organization and County. The Organization received \$77,582 and \$43,840 from the County for contracted animal shelter services for the years ended December 31, 2020 and 2019, respectively.

Note 6: Agency Funds

The Organization entered into the Rainbow Bridge Fund (RBF) agreement in April 2015 with the City and the Animal Assistance League of Northwest Colorado (AALNWC). Terms of the agreement require the Organization to manage crematorium operations at the City's building and to deposit any profits from crematorium operations into the RBF, a fund separate from the Organization's operations. A Committee consisting of one member each from the Organization, City and AALNWC administers the distribution of RBF monies.

Changes in the agency liability for the year ended December 31, 2020 were as follows:

	<u>Rainbow Bridge Fund</u>	<u>Equipment Owned by the City</u>	<u>Total</u>
Balance, beginning of year	\$ 57,641	\$ 38,636	\$ 96,277
<u>Additions:</u>			
Net crematorium profit	27,611	-	27,611
<u>Disbursements:</u>			
Minor capital items	(6,838)	-	(6,838)
Depreciation of equipment	-	(2,760)	(2,760)
Balance, end of year	<u>\$ 78,414</u>	<u>\$ 35,876</u>	<u>\$ 114,290</u>

The crematorium's rebuild costs, net of depreciation, of \$35,876 are included as an agency asset and agency liability as of December 31, 2020 as the funds disbursed from the RBF were used to improve the City owned crematorium equipment.

The RBF is comprised of two sub-funds with the following balances as of December 31, 2020:

Current accumulated net funds	\$ 60,340
Replacement fund	<u>18,074</u>
	<u>\$ 78,414</u>

ROUTT COUNTY HUMANE SOCIETY

Notes to Financial Statements

December 31, 2020

(with summarized financial information as of December 31, 2019 and for the year then ended)

Note 7: Net Assets

Net assets with donor restrictions were as follows as of December 31, 2020:

Office space lease	\$	28,664
Animal transport program		18,434
Yellow Dog Project		<u>21,524</u>
	\$	<u>68,622</u>

Net assets released from net assets with donor restrictions during the year ended December 31, 2020 were as follows:

Office rent and flooring	\$	52,538
Animal transport vehicle expenses		1,916
Yellow Dog Project expenses		<u>5,008</u>
	\$	<u>59,462</u>

Note 8: Lease Commitment

The Organization entered into a lease agreement for offices and an additional large room effective September 24, 2018 through September 23, 2023. Terms of the agreement include initial monthly rent of \$3,500 increasing annually by 3%. During the year ended December 31, 2020, the Organization amended the lease to rent additional office space in the same building for \$1,000 per month.

The following is a schedule of future rental payments:

Year ended December 31,

2021	\$	57,003
2022		58,353
2023		<u>39,514</u>
	\$	<u>154,870</u>

Note 9: Employee Retirement Plan

The Organization offers employees the opportunity for participation in a SIMPE IRA retirement plan. The Organization matches a percentage of participating employee wages determined on an annual basis. During the years ended December 31, 2020 and 2019, the Organization made matching contributions of 2% of participating employee wages to the plan totaling \$3,056 and \$6,156, respectively.

Note 10: Subsequent Events

The Organization has evaluated subsequent events through August 2, 2021, which is the date the financial statements were available to be issued.