

**ROUTT COUNTY HUMANE SOCIETY**

Financial Statements

December 31, 2021

# ROUTT COUNTY HUMANE SOCIETY

## Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6



## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Routt County Humane Society (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Routt County Humane Society as of December 31, 2021, 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 (GAAP).

#### ***Basis for Opinion***

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Report on Summarized Comparative Financial Information**

We have previously audited the Organization's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2021. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Cutler + Company, P.C.*

Steamboat Springs, Colorado  
July 13, 2022

**ROUTT COUNTY HUMANE SOCIETY**  
**Statement of Financial Position**  
**December 31, 2021**  
(w with summarized financial information as of December 31, 2020)

	2021	2020
<b>Assets:</b>		
Cash and cash equivalents	\$ 659,922	\$ 524,400
Accounts receivable	8,080	4,910
Agency assets:		
Cash and cash equivalents	-	79,394
Equipment owned by others	-	35,877
Other assets	1,500	3,292
Security deposit	3,500	3,500
Property and equipment, net of accumulated depreciation	187,517	159,199
<b>Total assets</b>	<b>\$ 860,519</b>	<b>\$ 810,572</b>
<b>Liabilities and net assets:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 15,295	\$ 14,348
Agency liabilities	-	114,290
<b>Total liabilities</b>	<b>15,295</b>	<b>128,638</b>
Net assets:		
Without donor restrictions	684,323	613,312
With donor restrictions	160,901	68,622
<b>Total net assets</b>	<b>845,224</b>	<b>681,934</b>
<b>Total liabilities and net assets</b>	<b>\$ 860,519</b>	<b>\$ 810,572</b>

See accompanying notes to financial statements.

**ROUTT COUNTY HUMANE SOCIETY**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**  
(with summarized financial information for the year ended December 31, 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenues and other support:</b>				
Contributions and grants	\$ 285,037	\$ 171,531	\$ 456,568	\$ 338,066
Contract services	175,138	-	175,138	170,779
Program fees:				
Adoptions	73,323	-	73,323	59,120
Wellness	61,061	-	61,061	14,008
Licenses	9,352	-	9,352	8,268
Boarding	3,255	-	3,255	5,971
Training	3,002	-	3,002	9,664
Cremations	4,165	-	4,165	-
Other	6,595	-	6,595	4,529
Fundraising events, net of direct costs	96,548	-	96,548	49,502
Interest income	578	332	910	2,589
Other	5,158	-	5,158	7,888
Net assets released from restrictions	79,584	(79,584)	-	-
<b>Total revenues and other support</b>	<b>802,796</b>	<b>92,279</b>	<b>895,075</b>	<b>670,384</b>
<b>Operating expenses:</b>				
Program services	540,508	-	540,508	506,571
Supporting services:				
Management and general	144,153	-	144,153	153,090
Fundraising	47,124	-	47,124	13,905
<b>Total operating expenses</b>	<b>731,785</b>	<b>-</b>	<b>731,785</b>	<b>673,566</b>
Change in net assets	71,011	92,279	163,290	(3,182)
Net assets, beginning of year	613,312	68,622	681,934	685,116
Net assets, end of year	<u>\$ 684,323</u>	<u>\$ 160,901</u>	<u>\$ 845,224</u>	<u>\$ 681,934</u>

See accompanying notes to financial statements.

**ROUTT COUNTY HUMANE SOCIETY**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**  
(with summarized financial information for the year ended December 31, 2020)

	2021				2020 Total
	Program Services	Management and General	Fundraising	Total	
<b>Expenses:</b>					
Wages and benefits	\$ 316,311	\$ 102,639	\$ 2,181	\$ 421,131	\$ 372,358
Contract labor	-	-	33,548	33,548	4,843
Occupancy	73,503	-	-	73,503	68,912
Shelter medical	7,690	-	-	7,690	21,219
Shelter spay/neuter	957	-	-	957	820
Veterinary supplies	54,687	200	-	54,887	50,057
Shelter supplies	9,755	-	78	9,833	22,473
Crematorium operations	5,464	-	-	5,464	-
Vehicle operations	2,916	173	-	3,089	988
Professional fees	-	18,254	-	18,254	17,789
Information technology	110	15,844	-	15,954	29,314
Insurance	6,892	-	-	6,892	3,689
Credit card charges	1,438	4,403	57	5,898	4,947
Repairs and maintenance	4,877	-	-	4,877	7,587
Marketing and advertising	10,273	-	476	10,749	13,928
Staff training and development	768	35	-	803	1,060
Dues and subscriptions	3,426	2,286	5,379	11,091	11,730
Depreciation	21,731	-	-	21,731	21,731
Other	19,710	319	5,405	25,434	20,121
<b>Total expenses</b>	<b>\$ 540,508</b>	<b>\$ 144,153</b>	<b>\$ 47,124</b>	<b>\$ 731,785</b>	<b>\$ 673,566</b>

See accompanying notes to financial statements.

**ROUTT COUNTY HUMANE SOCIETY**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**  
(with summarized financial information for the year ended December 31, 2020)

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 163,290	\$ (3,182)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,731	21,731
Loss on disposal of equipment	-	2,469
(Increase) decrease in:		
Accounts receivable	(3,170)	6,678
Agency assets	115,271	(18,993)
Other assets	1,792	2,695
(Decrease) increase in:		
Accounts payable and accrued expenses	948	4,004
Agency liabilities	(114,290)	18,013
	185,572	33,415
<b>Cash flows from investing activities:</b>		
Payment for acquisition of property and equipment	(50,050)	-
	(50,050)	-
<b>Cash flows from financing activities:</b>		
Principal payments on capital lease obligation	-	(61,506)
	-	(61,506)
Net change in cash and cash equivalents	135,522	(28,091)
Cash and cash equivalents, beginning of year	524,400	552,491
Cash and cash equivalents, end of year	\$ 659,922	\$ 524,400

See accompanying notes to financial statements.

**ROUTT COUNTY HUMANE SOCIETY**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized financial information as of December 31, 2020 and for the year then ended)

**Note 1: Description of the Organization**

The 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 that helps animals in need through sheltering, adoption, education, veterinary services and community outreach.

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 program 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 (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 program 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, 2021 and 2020.

**ROUTT COUNTY HUMANE SOCIETY**  
**Notes to Financial Statements**  
**December 31, 2021**  
(with summarized financial information as of December 31, 2020 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 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 program fees for services are recognized as earned when the services are provided.

*Functional Allocation of Expenses*

The financial statements report certain categories of expenses that are attributable to more than one program or support function. The expenses include wages and benefits which are allocated on the basis of estimates of time and effort. All other expenses are classified in each functional category based on the underlying purpose of each transaction.

*Use of Estimates*

The preparation of financial statements in conformity with 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, 2021**

(with summarized financial information as of December 31, 2020 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, 2021. 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, 2018 through 2020 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 GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2020, 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	\$	659,922
Accounts receivable		<u>8,080</u>
		668,002
Less amounts not available to be used:		
Net assets with donor restrictions		<u>(160,901)</u>
	\$	<u>507,101</u>

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 26,084	\$ 26,084
Vehicles	129,843	79,794
X-Ray equipment	65,900	65,900
Equipment and fixtures	<u>42,784</u>	<u>42,784</u>
	264,611	214,562
Less accumulated depreciation	<u>(77,094)</u>	<u>(55,363)</u>
	<u>\$ 187,517</u>	<u>\$ 159,199</u>

**ROUTT COUNTY HUMANE SOCIETY**

**Notes to Financial Statements**

**December 31, 2021**

(with summarized financial information as of December 31, 2020 and for the year then ended)

**Note 5: Animal Shelter Services**

The Organization entered into an agreement with the City in October 2019, as amended in November 2020, to operate and manage the City's animal shelter. Terms of the agreement require the City to pay compensation to the Organization with 5% maximum annual Consumer Price Index (CPI) increase. The term of the agreement is through December 31, 2020 and City has the option to extend. The Organization received \$92,503 and \$93,197 from the City for contracted animal shelter services for the years ended December 31, 2021 and 2020, 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 \$82,635 and \$77,582 from the County for contracted animal shelter services for the years ended December 31, 2021 and 2020, 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 required 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. The Rainbow Bridge Committee consisting of one member each from the Organization, City and AALNWC administered the distribution of RBF monies.

In October 2021, the Organization, City and AALNWC mutually agreed to dissolve Rainbow Bridge Committee and add the crematorium operations into the animal shelter services with the City. The Organization has recognized the RBF assets of \$78,414 as a restricted contribution during the year ended December 31, 2021.

**Note 7: Net Assets With Donor Restrictions**

Net assets with donor restrictions were as follows as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Crematorium operations	\$ 78,746	\$ -
Spay/Neuter vet trailer	43,067	-
Animal transport program	18,434	18,434
Yellow Dog Project	20,654	21,524
Office space lease	-	28,664
	<u>\$ 160,901</u>	<u>\$ 68,622</u>

Net assets released from net assets with donor restrictions during the year ended December 31, 2021 were as follows:

Office rent	\$ 28,664
Deposit on spay/neuter vet trailer	50,050
Yellow Dog Project expenses	870
	<u>\$ 79,584</u>

**ROUTT COUNTY HUMANE SOCIETY**

**Notes to Financial Statements**

**December 31, 2021**

(with summarized financial information as of December 31, 2020 and for the year then ended)

**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,

2022	\$	58,353
2023		<u>39,514</u>
	\$	<u><u>97,867</u></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, 2021 and 2020, the Organization made matching contributions of 2% of participating employee wages to the plan totaling \$5,606 and \$3,056, respectively.

**Note 10: Subsequent Events**

The Organization has evaluated subsequent events through July 13, 2022, which is the date the financial statements were available to be issued.