

GREATER HUNTSVILLE HUMANE  
SOCIETY, INC.  
FINANCIAL STATEMENTS  
December 31, 2020

**Dyer & Smith, LLC**

Certified Public Accountants

112-F South Side Square

Huntsville, Alabama 35801

Phone: 256-536-1020, 256-426-1641

Email: [tom.dyer@dyerandsmith.com](mailto:tom.dyer@dyerandsmith.com)

Fax: 256-536-1030

**GREATER HUNTSVILLE HUMANE SOCIETY, INC.**  
**FINANCIAL STATEMENTS**  
December 31, 2020

## CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-8

# Dyer & Smith, LLC

Certified Public Accountants

112-F South Side Square

Huntsville, Alabama 35801

Phone: 256-536-1020, 256-426-1641

email: tom.dyer@dyerandsmith.com

Fax: 256-536-1030

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Greater Huntsville Humane Society, Inc.  
Huntsville, Alabama

### Report on the Financial Statements

We have audited the accompanying statement of financial position of the Greater Huntsville Humane Society, Inc. (Humane Society), 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 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

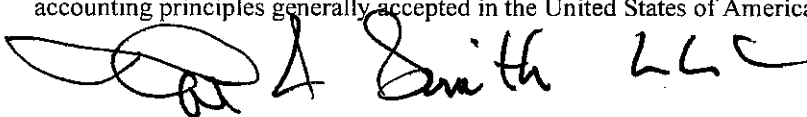
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 evaluation the overall presentation of the financial statements.

We believe that the audit evidence that 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 Humane Society, as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Dyer & Smith, LLC  
Certified Public Accountants  
Huntsville, Alabama  
September 30, 2021

GREATER HUNTSVILLE HUMANE SOCIETY, INC.  
STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

CURRENT ASSETS:

Cash	\$	92,673
Cash - Board Reserved		354,727
Accounts Receivable		-
Thrift Store Inventory		17,629
Prepaid Expenses - Dog Ball 2021		22,574
Prepaid Expenses		<u>5,960</u>

Total Current Assets 493,563

LAND, BUILDINGS AND EQUIPMENT:

Land	\$	282,000
Buildings		1,442,418
Vehicles		56,400
Equipment, Furnishings and Fixtures		<u>212,995</u>
Total		1,993,813
Less: Accumulated Depreciation		<u>(683,177)</u> <u>1,310,636</u>

OTHER ASSETS

Utility Deposit	4,380
Total Other Assets	<u>4,380</u>

TOTAL ASSETS \$ 1,808,579

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$	28,704
Deferred Revenue - Dog Ball 2021		11,036
Accrued Liabilities		<u>7,136</u>

Total Current Liabilities 46,876

NET ASSETS:

Without Restrictions	1,761,703
With Restrictions	<u>-</u> <u>1,761,703</u>

TOTAL LIABILITIES AND  
NET ASSETS \$ 1,808,579

GREATER HUNTSVILLE HUMANE SOCIETY, INC.  
STATEMENT OF ACTIVITIES

For the year Ended December 31, 2020

	Without Restrictions	With Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Support:			
Contributions	\$ 312,821	\$ -	\$ 312,821
In-Kind Contributions	1,980	-	1,980
Shelter Retail Sales	11,240	-	11,240
Animal Services	142,600	-	142,600
Dog Ball 2020	154,316	-	154,316
Pet Photo Contest	13,274	-	13,274
Estate Bequests	719,042	-	719,042
PPP Loan Forgiveness	82,568	-	82,568
Other Fund Raising	29,595	-	29,595
Thrift Store	50,772	-	50,772
Revenues Released from Restrictions	10,000	(10,000)	-
Total Support	1,528,208	(10,000)	1,518,208
Revenue:			
Interest	980	-	980
Rent	2,000	-	2,000
Miscellaneous Income	181	-	181
Total Revenue	3,161	-	3,161
Total Support and Revenue	1,531,369	(10,000)	1,521,369
<b>FUNCTIONAL EXPENSES:</b>			
Program Services	685,927	-	685,927
Support Services	48,076	-	48,076
Fund Raising	113,493	-	113,493
Sub-Total	847,496	-	847,496
CHANGES IN NET ASSETS	683,873	(10,000)	673,873
NET ASSETS - Beginning	1,077,830	10,000	1,087,830
NET ASSETS - Ending	\$ 1,761,703	\$ -	\$ 1,761,703

GREATER HUNTSVILLE HUMANE SOCIETY, INC.  
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020  
(Increase/(Decrease) in Cash)

CASH FLOWS FROM OPERATING  
ACTIVITIES

Change in Net Assets \$ 673,873

Adjustments to Reconcile Change in Net Assets to  
Net Cash Provided by Operating Activities:

Depreciation	52,820
Change in Accounts Receivable	2,060
Change in Thrift Store Inventory	1,101
Change in Prepaid Dog Ball Expenses	(19,957)
Change in Deposits	(2,388)
Change in Accounts Payable	27,387
Change in Deferred Revenue	(22,842)
Change in Accrued Liabilities	<u>(2,533)</u>
Total Adjustments	<u>35,648</u>

Net Cash Provided By Operating Activities 709,521

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Equipment - net \$ (904,243)

Net Cash (Used by) Investing Activities (904,243)

CASH FLOW FROM FINANCING ACTIVITIES  
ACTIVITIES

Net Cash Provided by Financing Activities -

NET CHANGE IN CASH (194,722)

CASH - Beginning 642,122

CASH - Ending \$ 447,400

SUPPLEMENTAL DISCLOSURE:

Interest Paid During the Year \$ -

GREATER HUNTSVILLE HUMANE SOCIETY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services	Support Services	Fund Raising	Total
EXPENSES:				
	89	9	2	
Personnel	\$ 297,185	\$ 30,052	\$ 6,678	333,916
Payroll Taxes	22,735	2,299	511	25,545
Personnel Benefits	19,404	1,962	436	21,802
Volunteer Recognition	1,554	157	35	1,746
Shelter Care	172,711	-	-	172,711
Fund Raising	-	-	102,809	102,809
Thrift Store - Non-payroll	37,800	-	-	37,800
Occupancy	21,999	2,225	494	24,718
Maintenance & Repairs	22,975	2,323	516	25,815
Depreciation	47,010	4,754	1,056	52,820
Administrative	42,554	4,303	956	47,813
	<u>42,554</u>	<u>4,303</u>	<u>956</u>	<u>47,813</u>
Total	<u>\$ 685,927</u>	<u>\$ 48,076</u>	<u>\$ 113,493</u>	<u>\$ 847,496</u>



GREATER HUNTSVILLE HUMANE SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Greater Huntsville Humane Society, Inc. (Humane Society) have been prepared on the accrual basis of accounting as prescribed by accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader:

Organization and Purpose

The Greater Huntsville Humane Society, Inc. (Humane Society) was incorporated in 1969 and is dedicated to furthering the humane care and treatment of animals and providing adoption, spaying, and neutering services for the unwanted and homeless. Services are provided throughout north Alabama and south central Tennessee. The Humane Society is self supporting and does not benefit from federal, state, county or city funding.

Financial Statement Presentation

“Financial Statements of Not-for-Profit Organization.” Humane Society is required to report information regarding its financial position and activities according to two classes of net assets: net assets without restrictions, and net assets with restrictions. In addition, the Humane Society is required to present a statement of cash flows.

Contributions

“Accounting for Contributions Received and Contributions Made.” All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with restrictions.

Land, Buildings, Furniture and Equipment

Land, buildings, furniture and equipment are stated at cost. Additions, improvements and expenditures for repairs and maintenance that significantly add to the productivity or extend the useful life of the assets are capitalized. Other expenditures for repairs and maintenance are charged to operations when incurred.

Depreciation is calculated using the straight-line method over estimated useful lives of 7 to 31 years. When assets are sold or retired the asset and related accumulated depreciation are removed from their respective accounts and any gain or loss on disposition, if any, is charged or credited to income.

Functional Expenses

Expenses by function have been allocated between program and support services on the basis of estimates made by management.

Accounts Receivable

Accounts receivable arise in the normal course of operations. Current earnings are charged with an allowance for doubtful accounts based upon specific collection experience and on unusual circumstances which may affect the ability of the customer to meet their obligation. Bad debts expense is charged to operations in the period that individual accounts are deemed to be uncollectible.

Cash and Cash Equivalents

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

GREATER HUNTSVILLE HUMANE SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Donated Services, Materials and Equipment

A large number of volunteers donate significant amounts of time to Humane Society's program services and fund raising efforts. Donated services may be recorded in the financial statements at fair market value as contribution support and expenditures when the following conditions are met: 1) The services are a normal part of programs and would otherwise be performed by paid personnel, 2) The Humane Society controls the employment and duties of the donor of services provided, and 3) There is a clearly measurable basis for the amount recorded. Donated materials and equipment may be recorded at fair market value when received when a clearly objective basis is available to measure the value of these donations. Donated services by Thrift Store volunteers are not recorded in the financial statements.

Prepaid Dog Ball Expenses and Deferred Revenue

Prepaid Dog Ball expenses represents costs incurred at December 31, 2020 for the 2021 Dog Ball fundraiser. Deferred Revenue represents advance ticket sales for the 2021 Dog Ball fundraiser.

Credit Risk

The Humane Society relies on the success of two major fund raising events each year and the continued success of its Thrift Store operation.

Estimates

Management uses estimates and assumptions in the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Operating Lease

Humane Society has leased certain premises at 2812 Johnson Road to Hard Knocks Rescue & Training, Inc. for \$500.00 per month, beginning August 2020 on a month to month basis.

NOTE 2 – BOARD RESERVED CASH

Board reserved cash represents reserves for future expansion of facilities and unforeseen operating challenges

NOTE 3 – INVENTORIES

Thrift Store

Humane Society receives all of its Thrift Store inventory without purchasing it. Then, sorts, cleans, maintains and sells Thrift Store inventory items for a nominal fee. The Humane Society has no objective basis to determine the value of Thrift Store inventory received from donors. Inventory value in the statement of financial position is estimated to be one month of average Thrift Store sales. The statement of activity does not reflect receipt of Thrift Store inventory as contribution support or sales of Thrift Store inventory as a cost of goods sold. Humane Society management establishes prices for products available for sale at the Thrift Store and may adjust prices for a particular item at any time. Actual sales of Thrift Store inventory are recorded. Volunteers devote significant amounts of their time sorting, cleaning, pricing and selling Thrift Store inventory. No objective basis is available to measure the value of time donated by volunteers for these tasks and therefore is not reflected in the accompanying financial statements.

GREATER HUNTSVILLE HUMANE SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

NOTE 4 – LIQUIDITY MANAGEMENT

GHHS's financial assets available within one year of the balance sheet date for general expenditures are as follows:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 92,673
Reserved cash available	<u>354,727</u>
Total liquid assets	\$ 447,400

GHHS budget goal for 2021 without estate bequests is \$826,390. Actual revenue, without including estate bequests and PPP loan forgiveness, was \$716,598 and was less than expenses of \$847,495 by \$130,897. Management does not anticipate liquidity issues beyond December 31, 2020. Management and the Board of Directors are closely monitoring revenue streams and program services. Thrift Store sales were down in 2020 by approximately \$172,700 from 2019 and was due to store shutdown. A new Thrift Store location and related renovations was purchased on Pratt Avenue in July 2020 for \$880,770.

NOTE 5 – UNCERTAINTY - IMPACT OF COVID -19

Management is evaluating the recent introduction of the COVID – 19 virus and its impact on GHHS's liquidity management and has concluded that while it is reasonably possible that the virus could have a negative impact on budget and mission objectives, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Subsequent to year end GHHS received a PPP loan in the amount of \$82,568 which has been forgiven and is presented in the accompanying statement of activities as income.

NOTE 6 – ESTATE BEQUESTS

During 2020 Humane Society was the beneficial recipient of a \$687,995 bequest from the Estate of Thomas Rieckhoff. During 2020 Humane Society was also the beneficial recipient of a \$31,047 bequest from the Estate of Babette Maney. Both bequests are unrestricted.

NOTE 7 - TAX RELATED UNCERTAINTIES AND SUBSEQUENT EVENTS

Income Taxes

GHHS has adopted the provisions of ASC topic 740 - 10 (FASB Interpretation 48), "Accounting for Uncertainty in Income Taxes." The standard provides clarification on accounting for uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for the financial statement recognition, measurement and disclosure of a tax position taken or expected to be taken in a tax return. Examples of uncertainties under the standard are: 1) Tax exempt status, 2) Disallowance or redetermination of various positions related to sources of unrelated business taxable income (UBIT), 3) Penalties for failure to provide required disclosure regarding *quid pro quo* contributions over \$75. There are no unrecognized tax benefits reflected in the accompanying financial statements or positions taken in the tax returns that are believed to be uncertain. Tax years open to examination by the taxing authorities are the years ended December 31, 2020, 2019 and 2018.

Subsequent Events

In preparing these financial statements, management evaluated events and transactions for potential recognition or disclosure through the date of the accountants' report, which was the date the financial statements were available and issued. There are no additional subsequent events to be recorded or disclosed in the financial statements for the year ended December 31, 2020.