

GREATER HUNTSVILLE HUMANE
SOCIETY, INC.
FINANCIAL STATEMENTS
December 31, 2023

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

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December 31, 2023

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Greater Huntsville Humane Society, Inc. (HUMANE) which comprise the statement of financial position as of December 31, 2023 and the related statements of activities, functional expenses, and cash flows for the year ended, and the related note to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HUMANE, as of December 31, 2023, and the results of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit for the Financial Statements section of our report. We are required to be independent of HUMANE, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have 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 accounting principles generally accepted in the United States of America 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 these financial statements, management is required to evaluate whether these are conditions or events, considered in the aggregate, that raise substantial doubt about HUMANE's ability to continue as a going concern for a time period of at least one year past the date of the auditor's report.

Auditor's Responsibility for the Audit of the Financial Statements

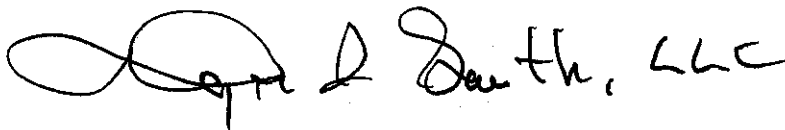
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing standards (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, misrepresentation, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

--Continued--

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 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 no for the purpose of expressing and opinion on the effectiveness of HUMANE'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 HUMANE'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.

A handwritten signature in black ink that reads "Dyer & Smith, LLC". The signature is stylized and cursive.

Dyer & Smith, LLC
Certified Public Accountants
Huntsville, Alabama
November 5, 2024

GREATER HUNTSVILLE HUMANE SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

CURRENT ASSETS:

Cash		\$ 106,548
Cash - Board Reserved		277,096
Thrift Store Inventory		17,629
Prepaid Expenses - Dog Ball 2024		<u>24,106</u>
 Total Current Assets		 <u>425,379</u>

LAND, BUILDINGS AND EQUIPMENT:

Land	\$ 282,000	
Buildings	1,442,418	
Vehicles	56,400	
Equipment, Furnishings and Fixtures	<u>593,134</u>	
Total	2,373,952	
Less: Accumulated Depreciation	<u>(908,574)</u>	<u>1,465,378</u>

OTHER ASSETS

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

TOTAL ASSETS \$ 1,895,137

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable		\$ 19,955
Deferred Revenue - Dog Ball 2024		51,527
Accrued Liabilities		<u>6,092</u>
 Total Current Liabilities		 77,574

NET ASSETS:

Without Restrictions	1,817,563	
With Restrictions	<u>-</u>	<u>1,817,563</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,895,137

GREATER HUNTSVILLE HUMANE SOCIETY, INC.
STATEMENT OF ACTIVITIES

For the year Ended December 31, 2023

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 379,367	\$ -	\$ 379,367
Grant	-	22,775	22,775
Shelter Retail Sales	2,032	-	2,032
Animal Services	70,547	-	70,547
Dog Ball 2023	175,690	-	175,690
Other Fund Raising	30,096	-	30,096
Estate Bequests	116,357	-	116,357
Thrift Store	234,324	-	234,324
Revenues Released from Restrictions	<u>22,775</u>	<u>(22,775)</u>	<u>-</u>
Total Support	1,031,188	-	1,031,188
Revenue:			
Interest	2,190	-	2,190
Miscellaneous Income	<u>1,624</u>	<u>-</u>	<u>1,624</u>
Total Revenue	3,814	-	3,814
 Total Support and Revenue	 <u>1,035,002</u>	 <u>-</u>	 <u>1,035,002</u>
 FUNCTIONAL EXPENSES:			
Program Services	741,324	-	741,324
Support Services	55,178	-	55,178
Fund Raising	<u>119,999</u>	<u>-</u>	<u>119,999</u>
Sub-Total	916,501	-	916,501
 CHANGES IN NET ASSETS	 118,501	 -	 118,501
NET ASSETS - Beginning	<u>1,699,062</u>	<u>-</u>	<u>1,699,062</u>
 NET ASSETS - Ending	 <u>\$ 1,817,563</u>	 <u>\$ -</u>	 <u>\$ 1,817,563</u>

GREATER HUNTSVILLE HUMANE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	Program Services	Support Services	Fund Raising	Total
EXPENSES:				
	89	9	2	
Personnel	\$ 319,300	\$ 32,289	\$ 7,175	358,764
Payroll Taxes	25,745	2,603	579	28,927
Personnel Benefits	13,896	1,405	312	15,613
Volunteer Recognition	3,299	334	74	3,707
Shelter Care	150,395	-	-	150,395
Fund Raising	-	-	107,737	107,737
Thrift Store - Non-payroll	45,279	-	-	45,279
Occupancy	26,062	2,635	586	29,283
Maintenance & Repairs	41,631	4,210	936	46,776
Depreciation	63,987	6,471	1,438	71,895
Administrative	51,731	5,231	1,163	58,125
	<u>51,731</u>	<u>5,231</u>	<u>1,163</u>	<u>58,125</u>
Total	<u>\$ 741,324</u>	<u>\$ 55,178</u>	<u>\$ 119,999</u>	<u>\$ 916,501</u>

GREATER HUNTSVILLE HUMANE SOCIETY, INC.
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023
(Increase/(Decrease) in Cash)

CASH FLOWS FROM OPERATING
ACTIVITIES

Change in Net Assets	\$ 118,501
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	71,895
Loss on disposition of asset	(1,995)
Change in Prepaid Expenses	(14,875)
Change in Deposits	-
Change in Accounts Payable	9,072
Change in Deferred Revenue	(12,810)
Change in Accrued Liabilities	(2,800)
Total Adjustments	<u>48,487</u>
Net Cash Provided By Operating Activities	166,988

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Equipment - net	\$ (268,389)
Net Cash (Used by) Investing Activities	<u>(268,389)</u>

CASH FLOW FROM FINANCING ACTIVITIES
ACTIVITIES

Net Cash Provided by Financing Activities	<u>-</u>
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NET CHANGE IN CASH (101,401)

CASH - Beginning 485,045

CASH - Ending \$ 383,644

SUPPLEMENTAL DISCLOSURE:

Interest Paid During the Year \$ -

DETAIL OF CASH:

Cash - operating	\$ 106,548
Cash - board reserved	<u>277,096</u>
	<u>\$ 383,644</u>

GREATER HUNTSVILLE HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Greater Huntsville Humane Society, Inc. (Humane Society or GHHS) 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, 2023

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, 2023 for the 2024 Dog Ball fundraiser. Deferred Revenue represents advance ticket sales for the 2024 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, 2023

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 - operating	\$ 106,548
Cash - reserved	277,096
Total liquid assets	\$ 383,644

GHHS budget goal for 2024 is \$885,850. Actual revenue for 2023 was \$1,035,002 and was more than expenses of \$916,501 by \$118,501. Management does not anticipate liquidity issues beyond December 31, 2023. Management and the Board of Directors are closely monitoring revenue streams and program services. Thrift Store sales were up in 2023 by approximately \$52,579 from 2022. In addition, GHHS was the recipient of three generous estate bequests during 2023 in the amount of \$116,357.

NOTE 5 – UNCERTAINTY - IMPACT OF COVID -19

Management evaluated the recent introduction of the COVID – 19 virus and its impact on GHHS's liquidity management and concluded that while it is reasonably possible that the virus had 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.

NOTE 6 – ESTATE BEQUESTS

During 2023 Humane Society was the beneficial recipient of three requests aggregating to \$116,357. All 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, 2023, 2022 and 2021.

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, 2023.