

**AGGIELAND HUMANE SOCIETY**

**INDEPENDENT AUDITORS' REPORT**

**AND**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

## TABLE OF CONTENTS

	<b>Page</b>
Independent Auditors' Report . . . . .	1- 2
 <b>Financial Statements</b>	
Statements of Financial Position . . . . .	3
Statement of Activities . . . . .	4
Statement of Functional Expenses . . . . .	5
Statements of Cash Flows . . . . .	6
Notes to Financial Statements . . . . .	7 - 11

Woody Thompson, CPA/CFP  
Ronnie Craig, CPA  
Dillard Leverkus, CPA  
Lyn Kuciamba, CPA  
James Larkin, CPA

4500 Carter Creek Parkway Suite 201  
Bryan, TX 77802-4456  
(979)260-9696; Fax (979)846-3777  
email: [firm@tdccpa.com](mailto:firm@tdccpa.com)

Peggy Adcock, CPA  
Sandy Beavers, CPA  
Alline Briers, CPA  
Gay Vick Craig, CPA  
Kay Dobbins, CPA  
Alice Monroe, CPA  
A.J. Taylor, CPA  
Marian Rose Varisco, CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Aggieland Humane Society

We have audited the accompanying financial statements of Aggieland Humane Society (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, 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 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.

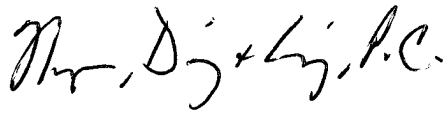
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aggieland Humane Society as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Aggieland Humane Society's 2013 financial statements, and our report dated December 12, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**THOMPSON, DERRIG & CRAIG, PC**

January 9, 2015

**AGGIELAND HUMANE SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2014 AND 2013**

	2014	2013
Assets:		
Current assets		
Cash and cash equivalents	\$ 350,387	\$ 285,455
Short-term investments	115,363	105,366
Accounts receivable	16,245	17,346
Total current assets	481,995	408,167
Property and equipment (net)	1,120,370	1,078,812
Other assets		
Cash surrender value of life insurance	2,949	2,949
Total other assets	2,949	2,949
Total Assets	\$ 1,605,314	\$ 1,489,928
Liabilities:		
Current liabilities		
Accounts payable	\$ 32,505	\$ 45,808
Accrued expenses	21,010	19,022
Total current liabilities	53,515	64,830
Net Assets:		
Unrestricted	1,521,683	1,419,063
Temporarily restricted	30,116	6,035
Total net assets	1,551,799	1,425,098
Total Liabilities and Net Assets	\$ 1,605,314	\$ 1,489,928

See independent auditors' report and notes to financial statements.

**AGGIELAND HUMANE SOCIETY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**  
**WITH COMPARATIVE TOTALS FOR 2013**

	Unrestricted	Temporarily Restricted	Totals	
			2014	2013
Support and Revenue:				
Animal care revenue:				
Adoption	\$ 83,474	\$ -	\$ 83,474	\$ 85,876
Impoundment	21,889	-	21,889	22,962
Surrender fees	2,693	-	2,693	5,653
Disposal services	6,636	-	6,636	5,532
Tags and microchips	248,610	-	248,610	262,551
Government contracts	289,939	-	289,939	254,286
Room and board	3,453	-	3,453	6,398
Rabies quarantine fees	15,856	-	15,856	9,257
	<u>672,550</u>	<u>-</u>	<u>672,550</u>	<u>652,515</u>
Contributions and fundraising:				
Contributions	218,063	27,316	245,379	207,512
Volunteer program	17,420	-	17,420	18,125
In-kind contributions (Note 4)	347,079	-	347,079	489,097
	<u>582,562</u>	<u>27,316</u>	<u>609,878</u>	<u>714,734</u>
Other:				
Investment/Interest income	5,251	-	5,251	2,521
Miscellaneous income	10,774	-	10,774	18,214
Oil and gas royalties	16,433	-	16,433	21,351
Gain on disposition of assets	-	-	-	800
Investment gains(losses)	4,862	-	4,862	1,518
Assets released from restrictions	3,235	(3,235)	-	-
	<u>40,555</u>	<u>(3,235)</u>	<u>37,320</u>	<u>44,404</u>
<b>Total Support and Revenue</b>	<u>1,295,667</u>	<u>24,081</u>	<u>1,319,748</u>	<u>1,411,653</u>
Expenses:				
Program (animal care)	1,005,983	-	1,005,983	1,148,265
Fundraising	84,066	-	84,066	113,352
Administrative	102,998	-	102,998	95,809
	<u>1,193,047</u>	<u>-</u>	<u>1,193,047</u>	<u>1,357,426</u>
Change in net assets	102,620	24,081	126,701	54,227
Beginning net assets	<u>1,419,063</u>	<u>6,035</u>	<u>1,425,098</u>	<u>1,370,871</u>
Ending net assets	<u>\$ 1,521,683</u>	<u>\$ 30,116</u>	<u>\$ 1,551,799</u>	<u>\$ 1,425,098</u>

See independent auditors' report and notes to financial statements.

**AGGIELAND HUMANE SOCIETY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
WITH COMPARATIVE TOTALS FOR 2013**

				Totals	
	Program (Animal Care)	Fundraising	Administrative	2014	2013
Salaries	\$ 269,000	\$ 26,900	40,350	\$ 336,250	\$ 328,337
Payroll taxes	22,978	2,298	3,446	28,722	25,414
Payroll related items	29,854	2,985	4,479	37,318	42,961
Advertising	209,156	1,000	-	210,156	363,105
Veterinary expenses	159,401	-	-	159,401	166,073
Fundraising	-	28,206	-	28,206	21,592
Spay / neuter expenses	94,383	-	-	94,383	91,124
Kennel supplies	51,897	-	-	51,897	61,759
Computer expense	7,730	1,545	6,185	15,460	19,753
Depreciation expense	21,700	-	7,233	28,933	19,169
Insurance	5,313	-	5,313	10,626	6,197
Auto expense	3,203	-	3,203	6,406	3,498
Microchip expense	10,211	-	-	10,211	13,245
Education	7,370	-	-	7,370	7,911
Repairs and maintenance	9,384	-	3,128	12,512	8,834
Telephone and utilities	18,086	-	6,028	24,114	22,026
Directors and officers insurance	-	-	1,724	1,724	1,680
Cremation expense	7,535	-	-	7,535	6,947
Bank charges	-	3,151	3,151	6,302	6,756
Retail goods	-	7,869	-	7,869	10,621
Office expenses	6,019	10,112	7,945	24,076	23,834
Professional fees	65,177	-	10,813	75,990	93,264
Miscellaneous expenses	7,586	-	-	7,586	13,326
<b>TOTAL EXPENSES</b>	<b>\$ 1,005,983</b>	<b>\$ 84,066</b>	<b>\$ 102,998</b>	<b>\$ 1,193,047</b>	<b>\$ 1,357,426</b>

See independent auditors' report and notes to financial statements.

**AGGIELAND HUMANE SOCIETY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**Cash Flows from Operating Activities:**

	<u>2014</u>	<u>2013</u>
Change in net assets	\$ 126,701	\$ 54,227
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities:		
Depreciation	28,933	19,169
Gain on disposition	-	(800)
Unrealized (gain) loss on investments	(4,862)	(1,518)
Change in operating assets and payables:		
Accounts receivable	1,101	(157)
Prepaid expenses	-	-
Accounts payable	(13,303)	7,255
Accrued expenses	1,988	435
Net cash provided by operating activities	<u>140,558</u>	<u>78,611</u>
 <b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(70,491)	(24,104)
Net change investments	<u>(5,135)</u>	<u>14,933</u>
Net cash used by investing activities	<u>(75,626)</u>	<u>(9,171)</u>
 Change in cash	64,932	69,440
Beginning cash	<u>285,455</u>	<u>216,015</u>
Ending cash	<u><u>\$ 350,387</u></u>	<u><u>\$ 285,455</u></u>

See independent auditors' report and notes to financial statements.



**AGGIELAND HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**Note 1 – Summary of Significant Accounting Policies**

Aggieland Humane Society and nature of activities

The Aggieland Humane Society (formerly Brazos Animal Shelter, Inc.) is a nonprofit corporation, chartered in the State of Texas on October 31, 1980. The Aggieland Humane Society's purpose is to improve the quality of life for people and animals of the Brazos Valley through professional animal services. Counties served by the Aggieland Humane Society are Brazos, Burlison, Grimes, Leon, Madison, Robertson and Washington counties. The Aggieland Humane Society is supported by private donations, contracts with local governments, fundraising events, and fees for services. The Aggieland Humane Society has no stockholders or equity owners and is governed by a board of directors made up of community volunteers.

The mission of the Aggieland Humane Society is to provide humane shelter, care, and placement for stray and unwanted animals, promote the human animal bond and responsible pet ownership to enhance the quality of life for the people and animals in our community.

Basis of accounting

The financial statements of the Aggieland Humane Society have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation

The Aggieland Humane Society's financial statements present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Aggieland Humane Society considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents.

Fair value of financial instruments

The carrying amounts of cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of those instruments.

See independent auditors' report.

**AGGIELAND HUMANE SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014 AND 2013**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Fixed assets

Acquisitions of furniture and equipment in excess of \$1,000 are capitalized. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method.

Public support, revenue, and pledges

Grants and other contributions of cash and other assets are considered to be available for unrestricted use unless specifically restricted by the donor. 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.

Income tax status

The Aggieland Humane Society is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code 501(c)(3). The Aggieland Humane Society believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The information returns remain open and subject to review by taxing jurisdictions for three years after they are filed.

**Note 2 – Restrictions on Net Assets**

Temporarily restricted net assets consist of donor-restricted funds to be used for future expenses.

**Note 3 – Donated Services and Support**

The value of donated services and materials included as contributions and corresponding expenses for the years ended September 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Fundraising	\$ 22,200	\$ 55,240
Vet and vet tech services	117,056	124,500
Repairs	2,000	-
Advertising	175,659	285,173
Vehicle	1,300	-
Drugs and supplies	28,864	24,184
	<u>\$ 347,079</u>	<u>\$ 489,097</u>

See independent auditors' report.

**AGGIELAND HUMANE SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014 AND 2013**

**Note 3 – Donated Services and Support (Continued)**

The Aggieland Humane Society also received donated services from numerous volunteers performing non-professional functions. The value of these services is not reflected in the accompanying financial statements because they do not meet the criteria for recognition. However, the value of these services for the years ended September 30, 2014 and 2013 is estimated to be approximately \$101,000 and \$86,000 based on total volunteer hours of 10,539 and 8,988, respectively, at an average hourly rate of \$9.60.

**Note 4 – Property and Equipment**

Property and equipment at September 30, 2014 and 2013 consisted of the following:

	2014	2013
Land	\$ 182,787	\$ 182,787
Buildings	934,121	900,377
Kennels	64,104	63,724
Furniture, fixtures & office equipment	21,173	17,770
Vehicles	55,727	22,763
	<u>1,257,912</u>	<u>1,187,421</u>
Less: accumulated depreciation	(137,542)	(108,609)
Net property and equipment	<u>\$ 1,120,370</u>	<u>\$ 1,078,812</u>

**Note 5 – Investments**

Short-term investments consist primarily of stocks and money market funds. The fair value of investments is estimated based on quoted market prices as of the last trading day for the Aggieland Humane Society's fiscal years. The fair values at September 30, 2014 and 2013 are as follows.

	2014	2013
Money Market	\$ 18,001	\$ 18,000
Stocks	115,363	105,366
	<u>\$ 133,364</u>	<u>\$ 123,366</u>

Investment return for the years ended September 30, 2014 and 2013 is summarized as follows:

	2014	2013
Interest and dividends	\$ 5,251	\$ 2,521
Unrealized gains (losses)	4,862	1,518
	<u>\$ 10,113</u>	<u>\$ 4,039</u>

See independent auditors' report.

**AGGIELAND HUMANE SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014 AND 2013**

**Note 5 – Investments (Continued)**

FASC 820-10-65, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted market prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Aggieland Humane Society uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Aggieland Humane Society measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 – The fair value of securities and other investment instruments is based on quoted net asset values of the shares held at year end.

	2014	2013
Level 1:		
Investments	\$ 115,363	\$ 105,366
	\$ 115,363	\$ 105,366

**Note 6 – Summary of Change in Net Assets**

For the year ended September 30, 2014, changes in net assets attributable to program (animal care), contributions and fundraising, and administration are as summarized below. In-kind amounts shown include contributed services and materials totaling \$347,079.

	Program (animal care)	Contributions and Fundraising	Other/ Administrative	Total
Support and revenue	\$ 672,550	\$ 609,878 (1)	\$ 37,320	\$ 1,319,748
Expenses	1,005,983 (2)	84,066 (3)	102,998	1,193,047
	\$ (333,433)	\$ 525,812	\$ (65,678)	\$ 126,701

(1) includes \$347,079 in-kind

(2) includes \$323,379 in-kind

(3) includes \$22,440 in-kind

See independent auditors' report.

**AGGIELAND HUMANE SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014 AND 2013**

**Note 7 – Subsequent Event**

In October 2014, the board of Aggieland Humane Society approved sale of one-half of their mineral interests located in Brazos County to San Saba Royalty Company for approximately \$700,000.

Management has evaluated subsequent events through January 9, 2015, the date the financial statements were available to be issued.

See independent auditors' report.