

**AGGIELAND HUMANE SOCIETY**

**INDEPENDENT AUDITOR'S REPORT**

**AND**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees 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, 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.

### **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, 2021, 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 2020 financial statements, and our report dated February 26, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Thompson, Derrig & Craig, PC*

**THOMPSON, DERRIG & CRAIG, PC**

March 22, 2022

**AGGIELAND HUMANE SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 924,815	\$ 1,963,278
Short-term investments	1,494,940	229,665
Grants receivable	31,735	36,695
Pledges receivable, net	192,346	222,620
Prepaid expenses	6,540	2,670
Total current assets	2,650,376	2,454,928
Property and equipment (net)	1,307,863	1,193,103
Other assets		
Community Foundation	35,000	25,000
Pledges receivable, net of current portion	469,254	553,759
Cash surrender value of life insurance	-	1,909
Total other assets	504,254	580,668
Total Assets	\$ 4,462,493	\$ 4,228,699
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 7,851	\$ 9,311
Accrued expenses	28,652	26,952
Other liabilities	61,864	-
Total current liabilities	98,367	36,263
Net Assets:		
Without donor restrictions	3,537,675	3,328,895
With donor restrictions	826,451	863,541
Total net assets	4,364,126	4,192,436
Total Liabilities and Net Assets	\$ 4,462,493	\$ 4,228,699

See independent auditor's report and notes to financial statements.

**AGGIELAND HUMANE SOCIETY**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**WITH COMPARATIVE TOTALS FOR 2020**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Support and revenues				
Animal care revenue				
Adoption	\$ 103,977	\$ -	\$ 103,977	\$ 96,019
Animal care services	36,344	-	36,344	29,519
Tags and microchips	303,930	-	303,930	238,600
Spay / neuter services	132,856	-	132,856	115,247
Total revenue	<u>577,107</u>	<u>-</u>	<u>577,107</u>	<u>479,385</u>
Contributions and fundraising				
Animal care grants	406,020	-	406,020	419,100
Contributions	404,538	275,211	679,749	979,518
Special events	51,470	-	51,470	42,465
In-kind contributions	49,860	-	49,860	214,815
Total support	<u>911,888</u>	<u>275,211</u>	<u>1,187,099</u>	<u>1,655,898</u>
Other income				
Interest and other	7,372	-	7,372	8,241
Investment income (loss)	136,440	-	136,440	(4,157)
Net assets released from restrictions				
Pledges received	270,729	(270,729)	-	-
Released from program restrictions	41,572	(41,572)	-	-
Total other income	<u>456,113</u>	<u>(312,301)</u>	<u>143,812</u>	<u>4,084</u>
Total support and revenue	<u>1,945,108</u>	<u>(37,090)</u>	<u>1,908,018</u>	<u>2,139,367</u>
Expenses				
Program (animal care)	1,050,021	-	1,050,021	1,095,254
Program (S/N unit)	298,260	-	298,260	255,417
Administrative	246,344	-	246,344	192,263
Fundraising	141,703	-	141,703	167,576
Total expenses	<u>1,736,328</u>	<u>-</u>	<u>1,736,328</u>	<u>1,710,510</u>
Change in net assets	208,780	(37,090)	171,690	428,857
Beginning net assets	<u>3,328,895</u>	<u>863,541</u>	<u>4,192,436</u>	<u>3,763,579</u>
Ending net assets	<u>\$ 3,537,675</u>	<u>\$ 826,451</u>	<u>\$ 4,364,126</u>	<u>\$ 4,192,436</u>

See independent auditor's report and notes to financial statements.

**AGGIELAND HUMANE SOCIETY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**WITH COMPARATIVE TOTALS FOR 2020**

	Program				Totals	
	Animal Care	S/N Unit	Administrative	Fundraising	2021	2020
Salaries	\$ 529,179	\$ 211,253	\$ 111,065	\$ 74,043	\$ 925,540	\$ 832,087
Payroll taxes	38,505	16,121	8,194	5,463	68,283	62,346
Payroll related items	90,069	1,581	13,747	9,165	114,562	84,725
Advertising	10,322	-	-	2,580	12,902	145,682
Veterinary services	106,791	-	-	-	106,791	96,423
Special events	-	-	-	32,378	32,378	45,494
Spay / neuter expenses	-	49,126	-	-	49,126	55,422
Kennel supplies	74,189	-	-	-	74,189	89,719
Technology	18,129	-	14,503	3,626	36,258	26,781
Depreciation	28,183	20,179	16,120	-	64,482	66,058
Insurance	8,014	-	8,013	-	16,027	16,356
Auto expense	-	-	-	-	-	3,050
Microchip	13,276	-	-	-	13,276	16,350
Travel and education	16,479	-	-	-	16,479	9,152
Repairs and maintenance	24,197	-	8,065	-	32,262	27,249
Telephone and utilities	19,537	-	6,512	-	26,049	25,555
Tags	56,746	-	-	-	56,746	52,752
Bank charges	-	-	5,333	5,333	10,666	9,188
Office supplies	12,153	-	9,115	9,115	30,383	24,470
Professional fees	-	-	43,635	-	43,635	12,700
Volunteer expenses	4,252	-	-	-	4,252	7,503
Miscellaneous expenses	-	-	2,042	-	2,042	1,448
Total expenses	<u>\$ 1,050,021</u>	<u>\$ 298,260</u>	<u>\$ 246,344</u>	<u>\$ 141,703</u>	<u>\$ 1,736,328</u>	<u>\$ 1,710,510</u>

See independent auditor's report and notes to financial statements.

**AGGIELAND HUMANE SOCIETY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 171,690	\$ 428,857
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	64,482	66,058
Unrealized gain/loss on investment	(136,440)	4,157
Change in operating assets and payables:		
Grants receivable	4,960	4,633
Pledges receivable	114,779	(249,425)
Prepaid expenses	(1,961)	4,422
Accounts payable	(1,460)	5,289
Accrued expenses	1,700	(4,347)
Other liabilities	61,864	-
Net cash provided (used) by operating activities	279,614	259,644
Cash Flows from Investing Activities		
Purchase of property and equipment	(179,242)	(5,922)
Proceeds from (purchase of) investments	(1,138,835)	104,974
Net cash provided (used) by investing activities	(1,318,077)	99,052
Change in cash	(1,038,463)	358,696
Beginning cash	1,963,278	1,604,582
Ending cash	\$ 924,815	\$ 1,963,278

See independent auditor's report and notes to financial statements.



**AGGIELAND HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**Note 1 – Overview of Organization**

Aggieland Humane Society (the Humane Society or the Organization), formerly Brazos Animal Shelter, Inc., is a nonprofit corporation, chartered in the State of Texas on October 31, 1980. The Organization serves Brazos, Burleson, Grimes, Leon, Madison, Robertson and Washington counties. The Humane Society is supported by private donations, contracts with local governments, fundraising events, and fees for services. The Organization has no stockholders or equity owners and is governed by a board of directors made up of community volunteers.

The Humane Society provides humane care and placement for homeless and abandoned animals, promotes the human-animal bond and promotes responsible pet ownership to enhance the quality of life for the people and animals in our community.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Presentation

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net Assets Without Donor Restrictions* - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net Assets With Donor Restrictions* - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

See independent auditor's report.

**AGGIELAND HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**Note 2 – Summary of Significant Accounting Policies (continued)**

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

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 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.

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.

Income tax status

The Humane Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been made in the accompanying financial statements. In addition, the Humane Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service revenue consist of single performance obligations that are recognized at a point in time when services are provided. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

See independent auditor's report.

**AGGIELAND HUMANE SOCIETY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

**Note 2 – Summary of Significant Accounting Policies (continued)**

Contributions

Contributions, including unconditional promises to give and grants, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. If the donor restrictions are met in the same period as received, the amount is reported as an increase in net assets without donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on estimates of time spent by key personnel.
- All other expenses that cannot be directly identified are allocated using management's estimated percentage of the portions related to either program or supporting activity.

Every three years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

**AGGIELAND HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**Note 3 – Liquidity and Availability**

The following reflects Aggieland Humane Society’s financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2021	2020
Cash and cash equivalents	\$ 924,815	\$ 1,963,278
Pledges receivable	192,346	222,620
Grants receivable	31,735	36,695
Short-term investments	1,494,940	229,665
Less financial assets held to meet donor imposed restrictions	(826,451)	(863,541)
Amount available for general expenditures within one year	\$ 1,817,385	\$ 1,588,717

As part of the Humane Society’s liquidity management, it invests excess cash in certificates of deposit or mutual funds.

**Note 4 – Restrictions on Net Assets**

Donor-restricted net assets consist of the following purpose and time restrictions:

	2021	2020
S/N Facility (purpose restriction)	\$ 100,000	\$ -
Animal Transport Vehicle (purpose restriction)	11,332	-
TNR program (purpose restriction)	53,519	87,162
Pledges receivable (time restriction)	661,600	776,379
	\$ 826,451	\$ 863,541

Due to the inherent nature of this conditional promise involving unknown timing and exact amounts of actual cash receipts upon execution of the donor’s will, management has not attempted to estimate a present fair value of this promise to give, and it is appropriately not recognized in the statement of activities.

**Note 5 – Concentrations**

Aggieland Humane Society maintains cash held in financial institutions in excess of the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2021, and 2020, the amounts in excess of the insured limit were \$80,693 and \$82,065, respectively. Aggieland Humane Society also has money market funds held in a brokerage account classified as cash equivalents of \$282,670 and \$1,322,514 as of September 30, 2021 and 2020, respectively. These funds are not federally insured but insured by the Securities Investor Protection Corporation (SIPC).

See independent auditor’s report.

**AGGIELAND HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**Note 6 – Donated Services and Support**

The Humane Society received donated services from numerous volunteers performing non-professional functions. The value of these services is not reflected in the accompanying financial statements because the services (a) do not create or enhance nonfinancial assets or (b) do not require specialized skills that would otherwise be purchased by the Society. However, the value of these services for the years ended September 30, 2021 and 2020 is estimated to be approximately \$32,080 and \$44,530 based on total volunteer hours of 3,208 and 4,453, respectively, at an average hourly rate of \$10.

The value of donated services and materials included as contributions and corresponding expenses for the years ended September 30, 2021 and 2020 are as follows:

	2021	2020
Special events	\$ 3,500	\$ 8,174
Vet services	45,100	44,700
Spay/neuter discounts	1,260	9,000
Advertising	-	131,769
Kennel food and supplies	-	21,172
	\$ 49,860	\$ 214,815

**Note 7 – Property and Equipment**

Property and equipment at September 30, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 233,552	\$ 182,787
Buildings and improvements	1,228,487	1,100,010
Spay / neuter unit	201,789	201,789
Kennels and equipment	74,309	74,309
Vehicles	47,654	47,654
	1,785,791	1,606,549
Less: accumulated depreciation	(477,928)	(413,446)
Net property and equipment	\$ 1,307,863	\$ 1,193,103

See independent auditor's report.

**AGGIELAND HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**Note 8 – Investments**

Short-term investments consist of certificates of deposit and exchange-traded mutual funds. The fair value of investments is estimated based on quoted market prices as of the last trading day for the Humane Society’s fiscal years. The fair values at September 30, 2021 and 2020 are as follows:

	2021	2020
Mutual funds	\$ 1,494,940	\$ 229,665
	\$ 1,494,940	\$ 229,665

Investment return for the years ended September 30, 2021 and 2020 is summarized as follows:

	2021	2020
Interest income	\$ 829	\$ 2,646
Investment income	136,440	(4,157)
	\$ 137,269	\$ (1,511)

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 Humane Society uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Humane Society measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are 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.

	2021	2020
Level 1:		
Investments	\$ 1,494,940	\$ 229,665
	\$ 1,494,940	\$ 229,665

See independent auditor’s report.

**AGGIELAND HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**Note 9 – Pledges Receivable**

Continuing the fundraising campaign that began during the year ended September 30, 2015, the Humane Society held a sixth annual luncheon in which new pledges were received. The pledges are discounted to present value using a discount rate of 1.37% and 0.28% for the years ended September 30, 2021 and 2020, respectively. The net present value is estimated with a 10% uncollectible allowance determined by management for the years ended September 30, 2021 and 2020, respectively.

The activity and remaining balance at September 30, 2021 and 2020 are as follows:

	2021	2020
Beginning gross pledges	\$ 868,170	\$ 606,380
New pledges received	155,950	478,280
Payments received	(259,736)	(216,490)
Write-offs	(6,125)	-
Ending gross pledges	758,259	868,170
Discount to present value	(23,148)	(5,527)
Present value of gross pledges	735,111	862,643
Estimated uncollectible	(73,511)	(86,264)
Net present value of pledges	\$ 661,600	\$ 776,379

Future net amounts due on these pledges are shown below:

Year 1	\$ 192,346
Year 2	189,746
Year 3	187,182
Year 4	92,326
	\$ 661,600

**Note 10 – Retirement Plan**

Aggieland Humane Society began offering a qualified retirement plan under Section 403(b) of the Internal Revenue Code during year ended September 30, 2020, retroactive to October 1, 2019. All employee working at least 20 hours per week are eligible for the retirement program. Participants will be eligible for an additional 3% match to their personal contributions up to the annual limit allowed by the IRS. Employer contributions to the plan amounted to \$17,806 and \$6,868 for the year ended September 30, 2021 and September 30, 2020, respectively. There are no other post-retirement benefits.

See independent auditor's report.

**AGGIELAND HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**Note 11 – Risks and Uncertainties**

The Organization's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events affect Aggieland Humane Society's operations will depend on future developments, which are highly uncertain and cannot be predicted at this time.

**Note 12 – Subsequent Events**

Management has evaluated subsequent events through March 22, 2022, the date the financial statements were available to be issued.