



FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

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FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Friends of the Fairfax County Animal Shelter
Centreville, VA

We have audited the accompanying financial statements of Friends of the Fairfax County Animal Shelter (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities 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 Friends of the Fairfax County Animal Shelter as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The 2015 financial statements were reviewed by us, and our report thereon, dated June 22, 2016 stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements

Burdette Smith & Bish, LLC

Fairfax, Virginia
June 29, 2017

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2016 AND 2015

ASSETS	2016 Audited	2015 Reviewed
CURRENT ASSETS		
Cash and cash equivalents	\$ 457,854	\$ 346,425
Accounts receivable	-	5,720
Total Current Assets	457,854	352,145
	\$ 457,854	\$ 352,145
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,525	\$ 14,255
Total Current Liabilities	8,525	14,255
 NET ASSETS		
Unrestricted	442,727	328,539
Temporarily restricted	6,602	9,351
	449,329	337,890
	\$ 457,854	\$ 352,145

The accompanying notes are an integral part of these financial statements.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

UNRESTRICTED NET ASSETS	2016 Audited	2015 Reviewed
Revenue		
Contributions	\$ 279,801	\$ 150,787
Fundraising events, net of expenses	14,936	30,420
Interest income	2,988	1,386
Total Unrestricted Revenue	297,725	182,593
Net Assets released from restrictions	36,028	24,076
	333,753	206,669
Expenses		
Program:		
Behavioral modification program	3,775	6,935
Community outreach and education	5,253	5,456
Foster program	-	473
Medical treatment for shelter animals	77,910	34,784
Owner assist medical treatment	3,556	5,511
Parasite prevention program	49,605	8,928
Shelter support	3,304	4,564
Collar, tag and leash program	12,826	10,027
Pet sponsorship program expenses	25,808	15,426
Shelter spay neuter	22,049	21,597
Other.....	4,500	2,000
Total Program Expenses	208,586	115,701
General and administrative	10,594	8,930
Fundraising	385	385
	219,565	125,016
CHANGE IN UNRESTRICTED NET ASSETS	114,188	81,653
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	33,279	31,252
Net assets released from restrictions	(36,028)	(24,076)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(2,749)	7,176
CHANGE IN NET ASSETS	111,439	88,829
NET ASSETS, BEGINNING OF YEAR	337,890	249,061
NET ASSETS, END OF YEAR	\$ 449,329	\$ 337,890

The accompanying notes are an integral part of these financial statements.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

CASH FLOWS FROM OPERATING ACTIVITIES	2016 Audited	2015 Reviewed
Cash received from donors	\$ 333,736	\$ 216,739
Cash paid to suppliers	(225,295)	(113,051)
Interest income	2,988	1,386
Net Cash Provided By (Used In) Operating Activities	111,429	105,074
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	111,429	105,074
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	346,425	241,351
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 457,854	\$ 346,425
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 111,439	\$ 88,829
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts receivable	5,720	4,280
Increase (decrease) in accounts payable	(5,730)	11,965
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 111,429	\$ 105,074

The accompanying notes are an integral part of these financial statements.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

NOTE 1 – Summary of Significant Accounting Policies

Friends of the Fairfax County Animal Shelter (the Organization), is a not-for-profit charitable organization formed in 2006 in the Commonwealth of Virginia. The Organization supports the Fairfax County Animal Shelter by financing medical treatment, surgery, grooming and adoption support for shelter animals. It also supports spay and neuter efforts, assists with foster and rescue programs, purchases supplies for the shelter, and conducts outreach and education efforts related to companion animals.

Support and Expenses

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Tax Exempt Status

The Organization has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended and is classified as other than a private foundation. However, income from certain activities not directly related to the organization's tax exempt purposes may be subject to taxation as unrelated business income. There was no unrelated business income in 2016 or 2015.

Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to or disclosure in the financial statements. With few exceptions, federal and state information returns for the years prior to 2013 are no longer subject to examination by tax authorities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted bank accounts and short term certificates of deposit to be cash and cash equivalents.

Accounts Receivable

Accounts receivable represent unconditional promises to give that are expected to be collected within one year and are reported at their net realizable value. The Organization uses the allowance method for recording bad debt expense. Management periodically reviews the aged receivables and adjusts the allowance to reflect the current estimate of future bad debt expense. Management believes all amounts are fully collectible at December 31, 2016 and 2015, respectively.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

NOTE 1 – Summary of Significant Accounting Policies, continued

Classes of Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to the Organization, resources for various purposes are classified for accounting purposes into the following classes established according to their nature and purpose.

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and includes Board designated funds, i.e.: funds that have been segregated by the Board to be spent only on specified purposes.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets are contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization’s actions. The donor of these assets permits the Organization to use all of the income earned on related investments for unrestricted purposes. The Organization has no permanently restricted net assets.

Subsequent Events

The Organization evaluated its December 31, 2016 financial statements for subsequent events through June 29, 2017, the date the financial statements were available to be issued.

NOTE 2 – Special Events

Special fundraising events are reflected net of costs in the statement of activities. Gross revenues and expenses for the years ended December 31, 2016 and 2015, respectively, are comprised of the following:

	2016	2015
	<u>Audited</u>	<u>Reviewed</u>
Revenues	\$ 21,476	\$ 41,378
Expenses	(6,540)	(10,958)
Net	<u>\$ 14,936</u>	<u>\$ 30,420</u>

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

NOTE 3 – Temporarily Restricted Net Assets

Temporarily restricted net asset activity for the years ended December 31, 2016 and 2015, respectively, is comprised of the following:

	<u>2015</u>		<u>Additions</u>		<u>Releases</u>		<u>2016</u>
Adoption Event Program	\$ 2,350	\$	5,620	\$	(7,970)	\$	-
Pet Sponsorship Program	4,454		14,702		(14,380)		4,776
Pet Media Sponsorship Program	522		2,598		(2,797)		323
Program Specific Funding	<u>2,025</u>		<u>10,359</u>		<u>(10,881)</u>		<u>1,503</u>
	<u>\$ 9,351</u>	\$	<u>33,279</u>	\$	<u>(36,028)</u>	\$	<u>6,602</u>