

Williamson Animal Services, Inc.

DECEMBER 31, 2017

**Report
of
Examination**

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Independent Auditor's Report

April 30, 2018

Board of Directors
Williamson Animal Services, Inc.
Franklin, TN

Report on the Financial Statements

We have audited the accompanying financial statements of Williamson Animal Services, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of December 31, 2017, and the related statements of support, revenue, and expenses – cash basis 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 assets, liabilities, and net assets of Williamson Animal Services, Inc., as of December 31, 2017, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Parsons and Associates

Parsons and Associates

Williamson Animal Services, Inc.
Statement of Assets, Liabilities and Net Assets
December 31, 2017

ASSETS

Current Assets

Cash – checking	\$ 85,849
Cash – time deposits	85,533
CD – designated	<u>1,000,000</u>
<u>Net Current Assets</u>	<u>\$1,171,382</u>

NET ASSETS

<u>Unrestricted net assets</u>	85,849
Temporarily restricted assets – board designated	85,533
– donor designated	<u>1,000,000</u>
	<u>\$1,171,382</u>

See accompanying notes and auditor's report.

Williamson Animal Services, Inc.
Statement of Support, Revenue, and Expenses
Years Ended December 31, 2017

	<u>Unrestricted</u>
<u>Donations and support</u>	
Donations – undesignated	\$ 38,793
– designated	1,009,952
– fundraising	59,802
– donation boxes	5,513
Rabies Clinic	5,180
Memorials	7,010
Interest income	338
<u>Total donations and support</u>	<u>1,126,588</u>
<u>Expenses</u>	
Shelter expenses	15,358
Medical expenses	24,308
Rabies clinic	2,569
Administrative	5,612
Fundraising fee	13,000
<u>Total expenses</u>	<u>60,847</u>
Change in Net Assets	1,065,741
Net assets – January 1, 2017	105,641
Net assets – December 31, 2017	<u><u>1,171,382</u></u>

See accompanying notes and auditor's report.

Williamson Animal Services, Inc.
Notes to Financial Statements
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Williamson Animal Services, Inc., was incorporated on May 26, 2010, under Tennessee Code Annotated 48-51-101, et seq., Tennessee Nonprofit Corporation Act. It is a public benefit organization, it is not a religious organization and it will have members. Primary purposes of organizing the organization are: a) the promotion of the animal welfare through educating school officials, students, parents, and general public in Williamson County; b) receiving, holding, and disbursing gifts, bequests, and funds arising from all sources; c) acquiring, owning, maintaining, and donating animal welfare equipment and other personal property to Williamson County Animal Control, a county governmental entity of the State of Tennessee and/or any other animal welfare agency that is a governmental entity of the State of Tennessee and located in Williamson County, Tennessee, as approved by the Organization's Board of Directors, for the use and benefit of the citizens of Williamson County, Tennessee, and doing of any and all things necessary or incident to the accomplishment of such purposes.

Basis of Accounting

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding promises to give and obligations for expenses unpaid at the date of the financial statement are not included in the financial statement. Additionally, contributions of securities or other noncash items are not recognized until sold. If the contributed noncash item is used in providing services to beneficiaries of the Organization's programs, there is no recognition of that contribution or its use.

Basis of Presentation

(SFAS) No. 117, Financial Statements for Not-For-Profit Organizations. Under SFAS No. 117, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Trust and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Trust. Generally, donors of these assets permit the Trust to use all or part of the income earned for unrestricted or restricted purposes.

Income Tax Status

Williamson Animal Services, Inc., qualifies as a tax exempt organization under Internal Code Section 501(c)(3) and, therefore, has no provision for federal income taxes presented in the financial statements. In addition, the Organization is classified as an organization other than a private foundation under Section 509(a)(2).

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of twelve months or less to be cash equivalents.

Williamson Animal Services, Inc.
Notes to Financial Statements
December 31, 2017

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers of the Organization help raise funds and awareness of the needs of Williamson County's various animal shelter and services.

Property and Equipment

The Organization owns no property or equipment. It donates funds to supported organizations in order for them to acquire needed equipment or if equipment is purchased, it is donated to a supported organization.

Board Designation

As of December 31, 2017, the board has designated \$85,533 for future programs.

NOTE 2 – PROMISES TO GIVE

The Organization does not have a formal fundraising activity to raise funds over several accounting periods and uses the cash basis method of accounting, therefore, it does not present any promises to give in the financial statements.

NOTE 3 - ESTIMATES

Management uses estimates and assumptions in preparing financial statements. 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. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

NOTE 4 – CONTINGENCIES

Going Concern

The Organization, as indicated by the accompanying financial statements, operates solely by receiving donations. The ability of the Organization to continue as a going concern is dependent upon the continuing receipts of donations. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

NOTE 5 – FINANCIAL INSTRUMENTS

The Organization maintains checking and time deposits accounts at a local financial institution. The accounts are insured by the Federal Insurance Corporation up to \$250,000. At December 31, 2017, the cash balances of the Organization exceeded the FDIC insured balance by \$857,447.

NOTE 6 – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.

Williamson Animal Services, Inc.
Notes to Financial Statements
December 31, 2017

Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for years ended December 31, 2017.

The Organization files its Form 990 in the U.S. federal jurisdiction and the office of the Secretary of State for the State of Tennessee. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

NOTE 7 – SUBSEQUENT EVENTS

In October, 2017, Williamson County purchased new shelter property. The one million dollars designated by the donor, is to help supply needs of the shelter in excess of what the county is able to contribute.