



**FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023**

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

FINANCIAL STATEMENTS

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DECEMBER 31, 2023

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Friends of the Fairfax County Animal Shelter
Centreville, Virginia

Opinion

We have audited the accompanying financial statements of Friends of the Fairfax County Animal Shelter which comprise the statements of financial position as of December 31, 2023 and 2022 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of the Fairfax County Animal Shelter and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of the Fairfax County Animal Shelter's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (concluded)

Auditors' Responsibilities 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 to 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 not for the purpose of expressing an opinion on the effectiveness of Friends of the Fairfax County Animal Shelter'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 Friends of the Fairfax County Animal Shelter'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.

Jones & McIntyre, PLLC

October 22, 2024

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 232,437	\$ 634,564
Accounts receivable	5,877	566
Beneficial interest in charitable remainder trust	23,882	24,249
Prepaid expenses	1,865	-
Total Current Assets	<u>\$ 264,061</u>	<u>\$ 659,379</u>
OTHER ASSETS:		
Investments	\$ 1,152,706	\$ 591,916
Beneficial interest in charitable remainder trust, net of discount	135,885	159,767
Total Other Assets	<u>\$ 1,288,591</u>	<u>\$ 751,683</u>
TOTAL ASSETS	<u><u>\$ 1,552,652</u></u>	<u><u>\$ 1,411,062</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	<u>\$ 27,683</u>	<u>\$ 18,209</u>
NET ASSETS:		
Net assets without donor restrictions	\$ 1,338,181	\$ 1,183,028
Net assets with donor restrictions	186,788	209,825
Total Net Assets	<u>\$ 1,524,969</u>	<u>\$ 1,392,853</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,552,652</u></u>	<u><u>\$ 1,411,062</u></u>

See accompanying notes and independent auditors' report.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:						
Contributions	\$ 471,291	\$ 2,284	\$ 473,575	\$ 500,374	\$ 18,162	\$ 518,536
Special events, net of direct costs \$47,740 in 2023 and \$34,888 in 2022	82,200	-	82,200	80,088	-	80,088
Investment income, net of fees	36,495	-	36,495	13,568	-	13,568
Investment gains (losses)	33,976	-	33,976	(53,916)	-	(53,916)
Other income	-	-	-	2,115	-	2,115
Net assets released from restrictions	25,321	(25,321)	-	46,384	(46,384)	-
Total Revenue	\$ 649,283	\$ (23,037)	\$ 626,246	\$ 588,613	\$ (28,222)	\$ 560,391
EXPENSES:						
Program services	\$ 382,731	\$ -	\$ 382,731	\$ 358,026	\$ -	\$ 358,026
Management and general	54,166	-	54,166	55,790	-	55,790
Fundraising	57,233	-	57,233	41,005	-	41,005
Total Expenses	\$ 494,130	\$ -	\$ 494,130	\$ 454,821	\$ -	\$ 454,821
CHANGE IN NET ASSETS	\$ 155,153	\$ (23,037)	\$ 132,116	\$ 133,792	\$ (28,222)	\$ 105,570
NET ASSETS - BEGINNING OF YEAR	1,183,028	209,825	1,392,853	1,049,236	238,047	1,287,283
NET ASSETS - END OF YEAR	\$ 1,338,181	\$ 186,788	\$ 1,524,969	\$ 1,183,028	\$ 209,825	\$ 1,392,853

See accompanying notes and independent auditors' report.

FRIENDS OF FAIRFAX COUNTY ANIMAL SHELTER

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Fairfax County Animal Shelter:				
Parasite prevention	\$ 83,682	\$ -	\$ -	\$ 83,682
Medical treatments	79,777			79,777
Spay/Neuter	36,848			36,848
Dental treatments	58,155			58,155
Collar, Tag & Leash	25,158			25,158
Shelter support	9,886			9,886
Total Fairfax County Animal Shelter	\$ 293,506	\$ -	\$ -	\$ 293,506
Salaries	55,324	15,255	41,639	112,218
Payroll taxes	4,216	2,631	3,175	10,022
Employee benefits		384		384
Contributions	750			750
Accounting & audit		32,034		32,034
Consulting	1,750			1,750
Office	3,904	1,582	620	6,106
Bank & credit card fees	4,459	243	4,533	9,235
Printing/design/website	14,437		1,018	15,455
Event/promotional expenses	1,888	147	5,272	7,307
Technology	1,399	1,576	147	3,122
Insurance	1,098	314	829	2,241
Total Functional Expenses	<u>\$ 382,731</u>	<u>\$ 54,166</u>	<u>\$ 57,233</u>	<u>\$ 494,130</u>

See accompanying notes and independent auditors' report.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Fairfax County Animal Shelter:				
Parasite prevention	\$ 78,709	\$ -	\$ -	\$ 78,709
Medical treatments	52,715			52,715
Spay/Neuter	35,150			35,150
Dental treatments	30,517			30,517
Shelter improvements	40,831			40,831
Other shelter programs	24,362			24,362
Total Fairfax County Animal Shelter	<u>\$ 262,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,284</u>
Salaries	73,434	9,287	28,829	111,550
Payroll taxes	5,537	2,240	2,151	9,928
Employee benefits	1,438	174	567	2,179
Accounting & audit		27,970		27,970
Office	5,879	3,546	2,041	11,466
Bank & credit card fees	18	9,951		9,969
Printing/design/website	6,244		1,094	7,338
Event expenses	1,344		5,380	6,724
Technology	432	2,477	385	3,294
Insurance	1,416	145	558	2,119
Total Functional Expenses	<u>\$ 358,026</u>	<u>\$ 55,790</u>	<u>\$ 41,005</u>	<u>\$ 454,821</u>

See accompanying notes and independent auditors' report.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 132,116	\$ 105,570
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized and unrealized (gain) loss on investments	(33,976)	53,916
Changes in assets and liabilities:		
Decrease in beneficial interest in charitable remainder trust	24,249	24,621
(Increase) Decrease in accounts receivable	(5,311)	(566)
(Increase) Decrease in prepaid expenses	(1,865)	1,500
Increase (Decrease) in accounts payable	9,474	(356)
Net cash from operating activities	<u>\$ 124,687</u>	<u>\$ 184,685</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transfers to investments	\$ (495,000)	\$ (279,208)
Interest and dividends retained in investment accounts	(31,814)	(8,328)
Net cash from investing activities	<u>\$ (526,814)</u>	<u>\$ (287,536)</u>
NET DECREASE IN CASH and CASH EQUIVALENTS	\$ (402,127)	\$ (102,851)
CASH and CASH EQUIVALENTS - BEGINNING OF YEAR	<u>634,564</u>	<u>737,415</u>
CASH and CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 232,437</u></u>	<u><u>\$ 634,564</u></u>

See accompanying notes and independent auditors' report.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 1. Organization and Summary of Significant Accounting Policies:

Organization

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 and dental care, parasite prevention, spay and neuter for community cats, tags and collars for adopted cats and dogs, leashes for dogs and animal enrichment programs. They also purchase supplies for the shelter and conduct outreach and education efforts to ensure that every shelter pet is offered the best opportunity as they wait for their forever home.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation:

The accompanying financial statement presentation follows the recommendations under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under this ASC, The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Board designated net assets without donor restrictions are those net assets set aside by the Organization's Board of Directors.

Income Recognition

Contributions are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of specialized services that would have been purchased if not donated and other non-cash items are recorded at estimated fair value as revenues and expenses.

Donated securities are reported at their fair value as of the date of donation.

Bequest revenue is recognized when the Organization has an irrevocable right to the gift and the proceeds are readily measurable.

Event income is recognized upon completion of the related event (point-in-time).

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

Note 1. Organization and Summary of Significant Accounting Policies: (Concluded)

Cash and Cash Equivalents

Cash consists of checking and money market accounts and a certificate of deposit. Demand deposits with financial institutions at times exceeded federally insured limits. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any significant credit risks.

Grants and Accounts Receivable

The Organization provides for bad debts when, in the opinion of management, a specific account becomes uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements.

Investments

Investments are recorded at fair market value in the statement of financial position.

Income Taxes

The Organization is a tax exempt, publicly supported organization under Section 501(c)(3) of the Internal Revenue Code. The Organization had no unrelated business taxable income during the year and there is no provision for income taxes in the accompanying financial statements.

The Organization believes that it has appropriate support for any income tax positions taken and, as such, does not have any uncertain income tax positions that are material to the financial statements.

Estimates

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

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program, fundraising, or management and general service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of time and effort spent on each function.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

Note 2. Net Assets with Donor Restrictions:

Net assets with donor restrictions consist of the following temporarily restricted net assets at December 31, 2023:

	Balance 12/31/2022	Additions	Releases	Balance 12/31/2023
Finnegan's Fund for Emergency Medical	\$ 810	\$ 2,284	\$ 1,072	\$ 2,022
Time-restricted beneficial interest in charitable remainder trust	<u>209,015</u>	<u>-</u>	<u>24,249</u>	<u>184,766</u>
Total	<u>\$ 209,825</u>	<u>\$ 2,284</u>	<u>\$ 25,321</u>	<u>\$ 186,788</u>

Net assets with donor restrictions consist of the following temporarily restricted net assets at December 31, 2022:

	Balance 12/31/2021	Additions	Releases	Balance 12/31/2022
Finnegan's Fund for Emergency Medical	\$ 4,350	\$ 18,162	\$ 21,702	\$ 810
Maddie's Fund	60	-	60	-
Time-restricted beneficial interest in charitable remainder trust	<u>233,637</u>	<u>-</u>	<u>24,622</u>	<u>209,015</u>
Total	<u>\$ 238,047</u>	<u>\$ 18,162</u>	<u>\$ 46,384</u>	<u>\$ 209,825</u>

Note 3. Beneficial Interests in Charitable Remainder Trusts:

The Organization is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable.

During the year ended December 31, 2021, the Organization was named a beneficiary of a charitable remainder trust. The Organization will receive \$25,000 per year through December 31, 2030. The present value of this annuity receivable is \$159,767 at December 31, 2023.

Note 4. Special Events:

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

	<u>2023</u>	<u>2022</u>
Revenues	\$ 129,940	\$ 114,976
Direct expenses	<u>(47,740)</u>	<u>(34,888)</u>
Net Special Event Income	<u>\$ 82,200</u>	<u>\$ 80,088</u>

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

Note 5. Contributed Services:

The Organization receives a significant amount of donated services from individuals and public and private organizations. Management estimates that more than 2,000 hours are donated each year for various administrative, program and fundraising activities.

Note 6. Investments:

Investments are managed by two professional investment management firms. Investments are carried at fair value, based on quoted market prices.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad categories: levels 1, 2 and 3. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1) and lowest priority to unobservable inputs (level 3).

In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. The level in the fair value hierarchy that the assets or liability falls under is based on the lowest input level that is significant to the fair value measurement in its entirety. The fair value of the Organization's investments is based on quoted market prices in active markets (level 1 inputs).

Investments consisted of the following at December 31,:

	<u>2023</u>	<u>2022</u>
Fixed income securities	\$ 507,640	\$ 380,430
Equity securities	231,014	174,811
Cash	<u>414,052</u>	<u>36,675</u>
Total	<u>\$ 1,152,706</u>	<u>\$ 591,916</u>

Investment return, net consists of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest from cash accounts	\$ 4,681	\$ 5,240
Interest and dividends	33,293	9,128
Realized gain (loss) on investments	-	(25,954)
Unrealized gain (loss) on investments	33,976	(27,962)
Investment fees	<u>(1,479)</u>	<u>(800)</u>
Total	<u>\$ 70,471</u>	<u>\$ (40,348)</u>

Note 7. Related Party Transaction:

A director of the Organization is employed as Executive Director.

FRIENDS OF THE FAIRFAX COUNTY ANIMAL SHELTER

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

DECEMBER 31, 2023

Note 8. Risks and Uncertainties:

The Organization invests in various investment securities, which are exposed to risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could have a material effect on the amounts reported in the financial statements.

Note 9. Board Designated Net Assets Without Donor Restrictions:

The Board of Directors segregated certain funds to be spent only for unexpected contingencies and other events so warranted by the Board. At December 31, 2023 and 2022, designated net assets totaled \$200,000.

Note 10. Liquidity and Availability of Financial Assets:

The following reflects the Organization's financial assets as of December 31, 2023, 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.

Financial assets at year-end	\$ 1,544,910
Donor restricted	(186,788)
Board designations	<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,158,122</u>

The Organization has a policy to structure its financial assets to be available throughout the year as general expenditures become due.

Note 11. Subsequent Events:

Management has evaluated subsequent events through October 22, 2024, the date the financial statements were available to be issued.