

Buddy Dog Humane Society, Inc.
Financial Statements
and supplementary information
Year ended June 30, 2019
(With summarized information for the year ended June 30, 2018)
with report of
Certified Public Accountant

Independent Auditor's Report

To the Board of Directors of
Buddy Dog Humane Society, Inc.

Report on the financial statements

I have audited the accompanying financial statements of Buddy Dog Humane Society, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, changes in net assets, cash flows and the related notes to the financial statements for the year then ended.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buddy Dog Humane Society, Inc. as of June 30, 2019, 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.

Supplementary Information

My audit was made for the purpose of expressing an opinion on the financial statements taken as a whole. The accompanying supplementary information for the year ended June 30, 2019 is presented for analysis purposes only and is not a required part of the basic financial statements. It has been subjected to the tests and other auditing procedures applied in the examination of the basic financial statements including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America and, in my opinion, is fairly stated in all respects material to the financial statements taken as a whole.

Report on Summarized Comparative Information

I have previously audited the Buddy Dog Humane Society, Inc. 2018 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated September 26, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements and supplemental information from which it has been derived.



George L. Tisdale, CPA
September 26, 2019

BUDDY DOG HUMANE SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION

June 30, 2019

(With summarized information for the year ended June 30, 2018)

<u>ASSETS</u>			<u>LIABILITIES AND NET ASSETS</u>		
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Current assets:			Current liabilities:		
Cash	\$ 108,581	\$ 192,916	Accounts payable	\$ 23,794	\$ 12,309
Marketable securities	5,882,392	4,494,686	Accrued payroll, taxes		
Prepaid expenses	<u>7,280</u>	<u>8,080</u>	and withholdings	<u>3,873</u>	<u>4,901</u>
Total current assets	5,998,253	4,695,682	Total current liabilities	27,667	17,210
Capital campaign cash	11,712	7,279			
Capital campaign investments	746,528	654,592			
Property and equipment:					
Land	163,898	163,898			
Buildings and improvements	1,121,720	1,121,720			
Machinery and equipment	259,651	248,156			
Office furniture	61,382	61,382			
Statue	825	825			
Construction in progress	<u>294,647</u>	<u>103,641</u>	Net assets:		
	1,902,123	1,699,622	Without donor restrictions	7,267,761	5,814,052
Less accumulated depreciation	<u>(816,956)</u>	<u>(777,259)</u>	With donor restrictions	<u>546,232</u>	<u>448,654</u>
Net property and equipment	1,085,167	922,363	Total net assets	7,813,993	6,262,706
	<u>\$ 7,841,660</u>	<u>\$ 6,279,916</u>		<u>\$ 7,841,660</u>	<u>\$ 6,279,916</u>

The accompanying notes are an integral part of these financial statements

BUDDY DOG HUMANE SOCIETY, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2019
(With summarized information for the year ended June 30, 2018)

	2019			2018
	<u>Unrestricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Operating income and expenses:				
Revenues:				
Support and fees	\$ 298,455	\$ -	\$ 298,455	\$ 251,705
Donations and bequests	1,302,423	15,433	1,317,856	1,062,430
Total revenue	1,600,878	15,433	1,616,311	1,314,135
Expenses:				
Program services	621,345	-	621,345	581,487
Administrative costs	155,814	-	155,814	163,254
Fundraising costs	106,119	-	106,119	116,699
Total expenses	883,278	-	883,278	861,440
Income (loss) from operations	717,600	15,433	733,033	452,695
Investment income and expenses:				
Dividend and interest income	89,974	27,338	117,312	70,878
Gain (loss) on investments	663,576	55,658	719,234	375,451
Investment expenses	(17,441)	(851)	(18,292)	(14,405)
Income from investments	736,109	82,145	818,254	431,924
Increase (decrease) in net assets	<u>\$ 1,453,709</u>	<u>\$ 97,578</u>	<u>\$ 1,551,287</u>	<u>\$ 884,619</u>

Depreciation charged to expense amounted to \$39,697 in 2019 (\$40,921 in 2018) is included in Program services.

STATEMENT OF CHANGES IN NET ASSETS
Years ended June 30, 2019 and 2018
(With summarized information for the year ended June 30, 2018)

	2019			2018
	<u>Unrestricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Unrestricted balance, beginning of year	\$ 5,814,052	\$ 448,654	\$ 6,262,706	\$ 5,378,087
Increase (decrease) in net assets	1,453,709	97,578	1,551,287	884,619
Unrestricted balance, end of year	<u>\$ 7,267,761</u>	<u>\$ 546,232</u>	<u>\$ 7,813,993</u>	<u>\$ 6,262,706</u>

BUDDY DOG HUMANE SOCIETY, INC.
STATEMENT OF CASH FLOWS
Year ended June 30, 2019
(With summarized information for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,551,287	\$ 884,619
Adjustments to reconcile change in net assets to net cash, provided by operating activities:		
Depreciation and amortization	39,697	40,921
Increase (decrease) in accounts payable and accrued liabilities	10,457	(6,966)
Decrease (increase) in receivables and prepaid expenses	800	(582)
Gain from sale of investments	<u>(1,575,975)</u>	<u>(560,106)</u>
Net cash flow provided (used) by operating activities	26,266	357,886
Cash flows from investing activities:		
Purchase of property and equipment	(202,501)	(140,932)
Proceeds from sale of securities	866,451	700,803
Proceeds from sale of property	85,292	-
Net purchase of marketable securities	<u>(855,410)</u>	<u>(894,091)</u>
Net cash provided by (used by) investing activities	<u>(106,168)</u>	<u>(334,220)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(79,902)	23,666
Cash, cash equivalents and restricted cash balance at beginning of year	<u>200,195</u>	<u>176,529</u>
Cash, cash equivalents and restricted cash balance at end of year	<u>\$ 120,293</u>	<u>\$ 200,195</u>
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 108,581	\$ 192,916
Restricted cash	<u>11,712</u>	<u>7,279</u>
Total cash, cash equivalents and restricted cash balance at end of year	<u>\$ 120,293</u>	<u>\$ 200,195</u>

The accompanying notes are an integral part of these financial statements

BUDDY DOG HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Description of business

Buddy Dog Humane Society, Inc. (the Society) maintains a shelter for dogs and cats in Sudbury, Massachusetts. The shelter seeks to match animals with responsible adoptive owners. To help defray operating costs, the Society asks for a donation from individuals placing animals in the shelter as well as from individuals adopting animals from the shelter. In addition to this income the Society seeks donations throughout the year and runs various fund raising events.

2. Significant accounting policies

The Society prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Among the more significant principles employed are the following:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in connection with the Society's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Donations, bequests, other receipts and the related assets are recognized as received while expenses and the related liabilities are recognized when incurred on the accrual basis.

Income from sales of tickets to fund raising events and amounts advanced for expenses relating to the events are recognized as deferred income in the statement of financial position. When the event occurs and the remaining income has been received and expenses paid the net income or loss from the events are recorded in the statement of activities.

Property and equipment are carried at cost, or fair market value for assets donated, and depreciated over their estimated useful lives by the straight line method, based on estimated lives as follows:

Buildings and improvements	5 to 30 years
Machinery and equipment	5 to 10 years
Office furniture	8 years
Statue	40 years

Items costing less than \$500 are generally expensed when acquired.

BUDDY DOG HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Marketable securities and other non-cash assets donated to the shelter are recognized as income at their fair market value at date of gift. Such securities and other investments are presented on the financial statements at their fair market value at the balance sheet date. The Society's investments consist of publicly traded securities with readily available market values from published sources (Level I investments). Unrealized gains and losses on such investments are shown as income or expenses on the statement of activities. Realized gains and losses are recognized when the investment is sold. Gain or loss realized is computed on a first-in first-out basis. The Society does not hold investments for which a readily determinable market value is not available and must be imputed from observable inputs (Level II) or for which inputs are not observable and must be based on the entity's own assumptions (Level III).

The preparation of financial statements in conformity with generally accepted accounting principles used in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

The Society receives assistance from various individuals as volunteers. No provision has been made in the financial statements to assign a value to these services or to record such a value as income and related operating expenses as they do not meet the criteria for recording. Volunteer services received during 2019 and 2018 included the services of the Board of Trustees, officers, various shelter assistants and workers at fund raising events.

The Society considers cash to be cash on hand, in banks and on deposit with credit card processing companies that process donation and adoption transactions. Cash for the statement of cash flows does not include cash accounts with donor restrictions.

No provision is made for income taxes because the Society is a tax-exempt organization under Section 501(C)(3) of the Internal Revenue Code. The Society is also exempt from Massachusetts income taxes as a Massachusetts Chapter 180 not-for-profit organization.

Joint costs have been allocated to programs based on time estimates.

The Society has evaluated subsequent events through September 26, 2019, the date the Board of Trustees authorized the financial statements to be issued.

The assets, liabilities and fund balances of the Society are reported in two net asset groups as follows:

Net assets without donor restrictions, which represent assets available for support of the Society's operations.

Net assets with donor restrictions, which include contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations. It is the Society's policy to record donor restricted net assets whose terms are satisfied during the year received as unrestricted net assets.

The Society treats donations to its Capital Campaign Fund as net assets with donor restrictions until such time as the funds are used to build or acquire a new facility for the Shelter. See Commitments below.

BUDDY DOG HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3. Marketable securities and long-term investments

Marketable securities at June 30, 2019 and 2018 consisted of common stock and mutual fund shares as follows:

Unrestricted investments

	2019	2018
	Cost	Market Value
Common stocks	\$ 2,417,975	\$ 3,753,211
Mutual fund shares	126,185	130,724
Bonds	1,972,024	1,998,457
	<u>\$ 4,516,184</u>	<u>\$ 4,494,686</u>
Previously unrealized gain (loss)	\$ 434,375	\$ 793,944
Increase (decrease) in unrealized gain	931,833	(359,569)
Ending unrealized gain (loss)	<u>\$ 1,366,208</u>	<u>\$ 434,375</u>

Capital campaign investments

	2019	2018
	Cost	Market Value
Common stocks	\$ 15,037	\$ 41,759
Mutual fund shares	367,118	504,692
Bonds	199,289	200,077
	<u>\$ 581,444</u>	<u>\$ 654,592</u>
Previously unrealized gain (loss)	\$ 303,835	\$ 209,756
Increase (decrease) in unrealized gain (loss)	(138,751)	94,079
Ending unrealized gain (loss)	<u>\$ 165,084</u>	<u>\$ 303,835</u>

Market value of financial instruments is determined by reference to quoted closing values for publicly traded securities. There are no investments other than publicly traded securities with readily determinable market values.

BUDDY DOG HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4. Designated Funds

During 1996 the Society received the first distribution from the estate of Jean Noble-Neal. Under the terms of her will a trust was established which would distribute its income to three humane societies, including The Buddy Dog Humane Society, Inc. As long as Buddy Dog Humane Society, Inc. continues to operate and qualify as a charity under the Internal Revenue Code the Society will receive one-third of the income from the Trust at the discretion of the trustees. The income must be used for the care and feeding of animals and not for overhead or personnel costs, and must be spent currently and not used for long-range projects.

At June 30, 2019 the market value of the one-third share of the Jean Noble-Neal Trust amounted to \$179,318 (\$181,648 in 2018). Contributions received from the trust during 2019 totaled \$8,762 (\$9,521 in 2018).

5. Bequests

Bequests received during 2019 included:

Estate of Liola Schipper	\$ 309,668
Estate of Virginia Sprong	207,000
Estate of Joan M. Muse	182,701
Estate of Robert Barton	100,000
Estate of Shirlee Burd	22,000
Estate of Doris Oldfield	10,000
Estate of Jean Noble-Neil (Note 4)	8,762
Estate of Helen Walker	5,000
Estate of Elizabeth Gertrude Hackett	5,000
Estate of Henry T. Wiggin	3,000
Carolyn Wiseley	19
	<u>\$ 853,150</u>

6. Tax status

The Society is not currently under examination by any taxing authority nor has it been subject to tax audit in the past. Generally an entity is open to audit for three years following the filing of its annual tax return. In addition the Society is not aware of any uncertain tax positions which would need to be recognized in its financial statements.

BUDDY DOG HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. Construction in process

Construction in process represents funds expended to date on the design of the new facility to be constructed on land acquired from Eversource Energy Company. The designs are in the planning stage and no commitment for construction exists as of the date of the financial statements.

8. Commitments

In December 2017 the Society acquired land in Sudbury, Massachusetts adjacent to its existing shelter. The Society is planning an updated and improved facility to be located on the combined properties. Income from the Capital Campaign fundraising efforts was used for the acquisition of land and additional fundraising efforts are under way to finance the new facility. Funds raised for the Capital Campaign, including earnings on such funds are restricted for the land acquisition, design and construction of the new shelter. Funds remaining after the completion of the construction of the new facility, if any, will be transferred to unrestricted operating funds.

9. Liquidity and Reserves

The Society receives significant contributions and operating income each year which are available to meet annual cash needs for general expenditures. .

The following table lists liquid assets available to meet general expenditures for the coming year:

Cash and cash equivalents	\$ 108,581
Investments	<u>5,882,392</u>
Total financial assets	5,990,973
Less accounts payable and accrued liabilities	<u>(27,667)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,963,306</u></u>

SUPPLEMENTARY INFORMATION

BUDDY DOG HUMANE SOCIETY, INC.
SCHEDULE OF UNRESTRICTED OPERATING INCOME AND EXPENSE
Year ended June 30, 2019
(With summarized information for the year ended June 30, 2018)

	2019				2018			
	<u>Program</u>	<u>Administration</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Program</u>	<u>Administration</u>	<u>Fund Raising</u>	<u>Total</u>
Support and fees:								
Service revenue	\$ 298,455	\$ -	\$ -	\$ 298,455	\$ 251,705	\$ -	\$ -	\$ 251,705
Grants	-	-	15,000	15,000	-	-	15,000	15,000
Donations and bequests	-	-	1,237,365	1,237,365	-	-	998,317	998,317
Fundraising events	-	-	50,058	50,058	-	-	49,113	49,113
	<u>298,455</u>	<u>-</u>	<u>1,302,423</u>	<u>1,600,878</u>	<u>251,705</u>	<u>-</u>	<u>1,062,430</u>	<u>1,314,135</u>
Operating expenses								
Personnel expenses	364,744	103,005	56,986	524,735	326,518	100,569	69,063	496,150
Animal food and expenses	170,988	-	-	170,988	168,807	-	-	168,807
Building and occupancy expenses	74,192	-	-	74,192	74,265	-	-	74,265
Administrative expenses	11,421	52,809	2,155	66,385	11,897	62,685	2,762	77,344
Fund raising and promotional expenses	-	-	46,978	46,978	-	-	44,874	44,874
	<u>621,345</u>	<u>155,814</u>	<u>106,119</u>	<u>883,278</u>	<u>581,487</u>	<u>163,254</u>	<u>116,699</u>	<u>861,440</u>
Income (loss) from operations	<u>\$ (322,890)</u>	<u>\$ (155,814)</u>	<u>\$ 1,196,304</u>	<u>\$ 717,600</u>	<u>\$ (329,782)</u>	<u>\$ (163,254)</u>	<u>\$ 945,731</u>	<u>\$ 452,695</u>

BUDDY DOG HUMANE SOCIETY, INC.
SCHEDULE OF REVENUE
Year ended June 30, 2019
(With summarized information for the year ended June 30, 2018)

	2019						2018
	<u>Program</u>	<u>Administration</u>	<u>Fund Raising</u>	<u>Unrestricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Support and fees:							
Adoption donations	\$ 264,842	\$ -	\$ -	\$ 264,842	\$ -	\$ 264,842	\$ 220,690
Incoming donations	8,113	-	-	8,113	-	8,113	8,640
Spay Program (net)	1,125	-	-	1,125	-	1,125	1,825
Spay and neutering fees	24,375	-	-	24,375	-	24,375	20,550
Total support and fees	298,455	-	-	298,455	-	298,455	251,705
Donations and bequests:							
Holiday donations	-	-	170,469	170,469	-	170,469	167,229
Foundations and grants	15,000	-	-	15,000	-	15,000	15,000
Special functions (net)	50,058	-	-	50,058	-	50,058	49,113
Other donations	-	-	213,746	213,746	15,433	229,179	301,814
Bequests	-	-	853,150	853,150	-	853,150	529,274
Total donations and bequests	65,058	-	1,237,365	1,302,423	15,433	1,317,856	1,062,430
	<u>\$ 363,513</u>	<u>\$ -</u>	<u>\$ 1,237,365</u>	<u>\$ 1,600,878</u>	<u>\$ 15,433</u>	<u>\$ 1,616,311</u>	<u>\$ 1,314,135</u>

BUDDY DOG HUMANE SOCIETY, INC.
SCHEDULE OF EXPENSES - PROGRAM SERVICES
Year ended June 30, 2019
(With summarized information for the year ended June 30, 2018)

	2019				2018
	<u>Program</u>	<u>Administration</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Total</u>
Personnel expenses:					
Salaries and wages	\$ 310,250	\$ 87,616	\$ 48,472	\$ 446,338	\$ 427,508
Payroll taxes	23,758	6,709	3,712	34,179	32,286
Hospitalization insurance	28,182	7,959	4,403	40,544	32,890
Training and education	344	97	54	495	60
Workmen's compensation insurance	2,210	624	345	3,179	3,406
	<u>364,744</u>	<u>103,005</u>	<u>56,986</u>	<u>524,735</u>	<u>496,150</u>
Animal food and expenses:					
Veterinary services	82,971	-	-	82,971	80,735
Facility maintenance	23,046	-	-	23,046	22,347
Veterinary medical supplies	18,305	-	-	18,305	19,214
Food	6,724	-	-	6,724	6,349
Spay program	8,635	-	-	8,635	7,606
Chemicals	5,530	-	-	5,530	5,326
Maintenance supplies	6,668	-	-	6,668	11,008
Cat carriers and leashes	2,495	-	-	2,495	2,688
Licenses and fees	1,059	-	-	1,059	434
Other	15,555	-	-	15,555	13,100
	<u>170,988</u>	<u>-</u>	<u>-</u>	<u>170,988</u>	<u>168,807</u>
Building and occupancy expenses:					
Depreciation - building and equipment (a)	39,697	-	-	39,697	40,921
Power, heat and water	24,603	-	-	24,603	24,143
Property insurance	9,892	-	-	9,892	9,201
	<u>74,192</u>	<u>-</u>	<u>-</u>	<u>74,192</u>	<u>74,265</u>
	<u>\$ 609,924</u>	<u>\$ 103,005</u>	<u>\$ 56,986</u>	<u>\$ 769,915</u>	<u>\$ 739,222</u>

(a) Depreciation is the allocation of a past cost over the expected useful life of the asset. It does not represent a current expenditure of cash.

BUDDY DOG HUMANE SOCIETY, INC.
SCHEDULE OF EXPENSES - SUPPORT SERVICES
Year ended June 30, 2019
(With summarized information for the year ended June 30, 2018)

	2019				2018
	<u>Program</u>	<u>Administration</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Total</u>
Administrative expenses:					
Professional fees	\$ -	\$ 10,389	\$ -	\$ 10,389	\$ 19,357
Telephone and internet	9,157	1,017	-	10,174	10,571
Bank charges and card fees	-	10,603	-	10,603	12,467
Office supplies and expense	-	3,601	-	3,601	3,327
Equipment rental	-	11,961	-	11,961	11,713
Payroll processing	-	6,877	-	6,877	6,405
Printing and postage	-	539	2,155	2,694	3,453
Liability insurance	-	1,613	-	1,613	1,758
Vehicle expense	2,264	252	-	2,516	2,648
Dues and subscriptions	-	465	-	465	455
Other expenses	-	5,492	-	5,492	5,190
	<u>11,421</u>	<u>52,809</u>	<u>2,155</u>	<u>66,385</u>	<u>77,344</u>
Fund raising and promotional expenses:					
Newsletter	-	-	7,533	7,533	7,516
Fund raising (a)	-	-	39,007	39,007	36,071
Advertising and promotional items	-	-	438	438	1,287
	<u>-</u>	<u>-</u>	<u>46,978</u>	<u>46,978</u>	<u>44,874</u>
	<u>\$ 11,421</u>	<u>\$ 52,809</u>	<u>\$ 49,133</u>	<u>\$ 113,363</u>	<u>\$ 122,218</u>

- (a) Fund raising expenses include consulting, incidental expenses of fundraising events including dinners and related publicity, but exclude direct costs of event tickets purchased and resold which costs, when incurred, are deducted from the Special Functions income. No direct event costs were incurred in 2019 or 2018.