Foothills Animal Shelter

Independent Auditor's Report and Financial Statements

December 31, 2020

Foothills Animal Shelter
December 31, 2020

Contents

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Independent Auditor's Report

Board of Directors
Foothills Animal Shelter
Golden, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the Foothills Animal Shelter and its discretely presented component unit (collectively, the Shelter) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Shelter's basic financial statements listed in the table of contents.

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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Board of Directors
Foothills Animal Shelter

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foothills Animal Shelter and its discretely presented component unit as of December 31, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of the Shelter's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Shelter's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
June 25, 2021

Foothills Animal Shelter
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2020

The following Management Discussion and Analysis is designed to provide an analysis of Foothills Animal Shelter's (the Shelter) financial condition and operating results and to inform the reader of the Shelter's financial activities. The financial statements of the Shelter are presented as a local governmental entity of the state of Colorado engaged in the operation of providing an animal shelter to the communities within Jefferson County.

Additionally, the Shelter has a related entity that is a 501(c)(3) Friends of Foothills Animal Shelter (Friends) whose mission is raising funds to support the work of the Shelter. As a supporting organization of the Shelter, the activities of Friends are reported as a "Component Unit" in the audited financials.

The Management Discussion and Analysis should be read in conjunction with the financial statements.

2020 Financial Highlights for both the Shelter and Friends

- Friends increased its donations by 25% from 2019, to $1.2 million in total. This allowed Friends to transfer $810,035 to the Shelter to support its mission.

- Friends' ending Net Position in 2020 is $613,586 of this $565,657 is unrestricted. There is $47,929 in restricted funds for other purposes.

- The Shelter's 2020 budget anticipated an increase in revenue over 2019 by 0.8% and an increase in expenses of 0.6% over 2019. 2020 actual revenue increased 7% and its total expenses decreased by 11% over 2019.

Overview of the Statement of Net Position of the Shelter

The S*tatement of Net Position* presents information on all assets and liabilities. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position is strengthening or losing ground.

Overall the Shelter's Net Position has increased by 42% from 2019 and Friends' Net Position increased by 124%. Due to the COVID-19 pandemic during 2020 the Shelter postponed most improvement and capital expenditures.

At the end of 2020 the Shelter reported net investment in capital assets of $117,727, $1,429,475 in restricted net position and $921,667 in unrestricted net position. Restricted funds are comprised of the following:

- A Capital Improvement Fund equal to a minimum of $500,000 whose use will be for replacement of capital equipment, new capital equipment and improvements or expansion of our facility. This amount has been set aside since 2012, as required by intergovernmental agreement.

- A Contingency/Emergency Fund, as required by intergovernmental agreement, with a minimum amount of three months operating expenses as calculated from the prior year; $863,000.

- An Animal Relief Fund that is designated for the purpose of offsetting or subsidizing the costs of providing humane services for animals in our care that are victims of abuse or neglect, part of a mass impound, require specialized care, displaced due to natural disasters and/or present with extraordinary health care needs and/or complications. At the end of 2020 the balance in this account was $66,475.

	2020	2019	Variance
Assets			
Current assets	$ 2,550,554	$ 1,808,288	41%
Property and equipment	117,727	129,262	-9%
Total assets	$ 2,668,281	$ 1,937,550	38%
Liabilities			
Total liabilities	$ 199,412	$ 197,556	1%
Net Position			
Net investment in capital assets	$ 117,727	$ 129,262	-9%
Restricted	1,429,475	1,484,605	-4%
Unrestricted	921,667	126,127	631%
Total net position	2,468,869	1,739,994	42%
Total liabilities and net position	$ 2,668,281	$ 1,937,550	38%

Overview of the Statement of Revenues, Expenses and Changes in Net Position of the Shelter

The S*tatement of Revenues, Expenses and Changes in Net Position* presents information that reflects how the Shelter's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Overall, the Shelter's revenue increased by 7%; an increase amount not anticipated when budgeting for 2020 and Friends continues to have stronger donations than planned.

The decrease in our expenses was considered in our 2020 budget and driven by two main areas, staff salaries and administration, which comprise about 86% of our total expenses for the year.

	2020	2019	Variance
Operating Revenue			
Charges for services	$ 1,018,894	$ 1,051,916	-3%
Dog licensing fees	805,583	810,226	-1%
Assessments	790,837	816,170	-3%
Donations and events	1,342,910	1,034,475	30%
Total operating revenue	3,958,224	3,712,787	7%
Total operating expenses	3,250,207	3,662,972	-11%
Net Operating Income	708,017	49,815	-1321%
Non-operating Revenue	20,858	24,061	-13%
Change in Net Position	$ 728,875	$ 73,876	-887%

Shelter Budgetary Highlights

The Shelter prepares its budget on a non-GAAP budgetary basis of accounting to recognize capital outlays in addition to operating and non-operating revenue and contributions. Capital contributions of facilities and depreciation are not reflected on the budget since they do not affect "funds available." Budgets are required by state statute.

Shelter Long-term Debt

The Shelter does not carry any long-term debt.

Shelter Capital Assets

The Shelter sets capital items with a minimum value of $5,000 per individual item on a depreciation schedule.

Economic Factors and Next Year's Budget

In 2020, the Shelter was to focus on the following core elements:

- Behavior Program Expansion
- Low Income/Behavior Specific Boarding Program
- Friends to explore Thrift/Consignment Store Options
- Rent to Rescue
- Personal Shopper Adoption Program

COVID-19

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The pandemic is having significant effects on businesses, and communities. Specific to Foothills Animal Shelter COVID-19 is impacting various parts of its 2020 operations and financial results including but not limited to costs for emergency preparedness, shortages of personnel and loss of revenue. Management believes Foothills Animal Shelter is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Requests for Information

This report is designed to provide a general overview of the Shelter's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

Constance Howard
Executive Director
Phone: 720-407-5210
Email: choward@fas4pets.org

Foothills Animal Shelter
580 McIntyre Street
Golden, Colorado 80401

Foothills Animal Shelter

Statement of Net Position

December 31, 2020

Assets

	Primary Government Shelter	Component Unit Friends
Current Assets		
Cash and cash equivalents	$ 2,548,962	$ 556,280
Accounts receivable	1,592	18,097
Prepaid expenses	-	10,558
Due from primary government	-	30,000
Total current assets	2,550,554	614,935
Noncurrent Assets		
Capital assets, net of accumulated depreciation	117,727	-
Total assets	$ 2,668,281	$ 614,935

Liabilities

	Primary Government Shelter	Component Unit Friends
Current Liabilities		
Accounts payable	$ 41,936	$ 1,349
Accrued liabilities	63,965	-
Due to component unit	30,000	-
Total current liabilities	135,901	1,349
Noncurrent Liabilities		
Accrued compensated absences	63,511	-
Total liabilities	199,412	1,349
Net Position		
Net investment in capital assets	117,727	-
Restricted for		
Capital improvements	500,000	-
Operating reserve	863,000	-
Animal Relief Fund	66,475	3,453
Other programs	-	44,476
Unrestricted	921,667	565,657
Total net position	2,468,869	613,586
Total liabilities and net position	$ 2,668,281	$ 614,935

Foothills Animal Shelter

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2020

	Primary Government Shelter	Component Unit Friends
Revenues		
Charges for services	$ 1,018,894	$ -
Dog licensing fees	805,583	-
Intergovernmental Agreement (IGA) assessments	790,837	-
Donations and events	532,875	1,255,258
Distributions from component unit	810,035	-
Total revenues	3,958,224	1,255,258
Expenses		
Communications	18,656	-
Personnel	2,397,359	-
Volunteer management	37,873	-
Professional services	117,695	-
Animal care	127,477	-
Administration	355,735	53,526
Utilities	115,274	-
Dog licensing administration	3,444	-
Fundraising	11,949	50,925
Programs	30,420	633
Distributions to primary government	-	810,035
Depreciation	34,325	-
Total expenses	3,250,207	915,119
Net Operating Income	708,017	340,139
Non-operating Revenues		
Investment income	15,258	-
Other	5,600	-
Total non-operating revenues	20,858	-
Change in Net Position	728,875	340,139
Net Position, Beginning of Year	1,739,994	273,447
Net Position, End of Year	$ 2,468,869	$ 613,586

Foothills Animal Shelter
Statement of Cash Flows
Year Ended December 31, 2020

	Primary Government Shelter	Component Unit Friends
Cash Flows from Operating Activities		
Cash received from customers	$ 1,018,694	$ -
Cash received from donors	532,875	1,255,981
Dog licensing fees received	809,437	-
Cash received from IGA assessments	790,837	-
Cash received by (paid to) primary government	840,385	(840,385)
Cash paid to vendors and others	(454,706)	(109,419)
Cash paid to employees	(2,789,120)	-
Net cash provided by operating activities	748,402	306,177
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(17,190)	-
Cash Flows from Investing Activities		
Investment income received	15,258	-
Net increase in cash and cash equivalents	746,470	306,177
Cash and Cash Equivalents, Beginning of Year	1,802,492	250,103
Cash and Cash Equivalents, End of Year	$ 2,548,962	$ 556,280
Reconciliation of Net Operating Income to Net Cash Provided by (Used In) Operating Activities		
Net operating income	$ 708,017	$ 340,139
Depreciation	34,325	-
Changes in assets and liabilities		
Accounts receivable	3,854	723
Prepaid expenses	-	(5,134)
Due to (from) primary government	30,350	(30,350)
Accounts payable and accrued liabilities	(33,235)	799
Accrued compensated absences	5,291	-
Unearned revenue	(200)	-
Net cash provided by operating activities	$ 748,402	$ 306,177

Foothills Animal Shelter
Notes to Financial Statements
December 31, 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Table Mountain Animal Center was established by an intergovernmental agreement dated March 15, 1976, for the administration and operation of a common animal shelter. In August 2012, an amended intergovernmental agreement changed the name of the shelter to the Foothills Animal Shelter (the Shelter). Current participating entities are as follows:

Jefferson County	City of Lakewood
City of Arvada	City of Westminster
City of Edgewater	City of Wheat Ridge
City of Golden	

The Shelter's Board of Directors consists of appointed members from the participating entities. Each participating entity is entitled to appoint one member to the Board.

Reporting Entity

The financial reporting entity consists of the Shelter, organizations for which the Shelter is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Shelter. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Shelter. Legally separate organizations for which the Shelter is financially accountable are considered part of the reporting entity. Financial accountability exists if the Shelter appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Shelter.

Based on the application of these criteria, the Shelter includes the Friends of Foothills Animal Shelter (the Friends), a non-profit organization as defined in Section 501(c)(3) of the Internal Revenue Code, in its reporting entity. Friends was formed to encourage humanity to animals by education and in cooperation with the Shelter, to raise funds to assist the Shelter in fulfilling its mission, and to engage in any other lawful business or activities for the benefit of the Shelter and the prevention of cruelty to animals. Friends is discretely presented in the Shelter's financial statements and does not issue separate financial statements.

Basis of Accounting and Presentation

The Shelter uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where fees are charged to external users for goods or services.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the Shelter's practice to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Shelter considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2020, cash equivalents consisted primarily of an interest in a local government investment pool, described in Note 2.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. It is the Shelter's policy to capitalize property and equipment with a cost of $5,000 or more and a life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Shelter:

Building Improvements	5 -10 years
Furniture and Equipment	5 -10 years
Vehicles	6 years

Compensated Absences

Shelter policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash.

Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized.

Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Net Position

Net position is restricted when constraints placed on the use of resources are externally imposed. The intergovernmental agreement requires the Shelter to establish a capital improvement fund equal to a minimum of $500,000, which has been reported as restricted net position in the financial statements. Uses of the fund include replacement or procurement of capital equipment and improvement or expansion of the facility. If funds are used from the capital improvement fund, the fund shall be returned to the minimum balance within a two-year period.

Animal Relief Fund (ARF) monies are placed in reserve for the purpose of offsetting or subsidizing the costs of providing humane services for animals in the care of the Shelter when such animal meet one or more of the following criteria: (1) a victim of abuse or neglect; (2) part of a mass impound; (3) exotic, requiring specialized diet, health care or shelter; (4) displaced due to natural disaster; (5) presenting extraordinary health care needs and/or complications.

The intergovernmental agreement requires the Shelter to establish a contingency/emergency fund equal to a minimum of three months of operating expenses as calculated from the prior year.

Note 2: Cash and Investments

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statement of net position as follows:

	Primary Government	Component Unit
	Shelter	**Friends**
Cash on hand	$ 300	$ -
Deposits	393,633	556,280
CSAFE Local Government Investment Pool	2,155,029	-
	$ 2,548,962	$ 556,280

Foothills Animal Shelter
Notes to Financial Statements
December 31, 2020

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2020, the Shelter had bank deposits of $393,933, collateralized with securities held by the financial institution's agent but not in the Shelter's name. At December 31, 2020, the Friends had bank deposits in excess of FDIC insurance limits totaling approximately $306,000.

Investments

The Shelter is required to comply with state statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Investment in External Investment Pool

At December 31, 2020, the Shelter had $2,155,029 invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. CSAFE operates in conformity with the Securities and Exchange Commission's Rule 2a-7. CSAFE is measured at the net asset value per share, with each share valued at $1.00. CSAFE is rated AAAm by Standard and Poor's.

Investments of CSAFE are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. CSAFE is designed to provide local governments with a convenient method for investing in short-term investments carefully chosen to provide maximum safety and liquidity, while still maximizing interest earnings.

Interest Rate Risk

State statutes generally limit investments to a maturity of five years, unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Shelter will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Shelter's investment policy requires that investments be placed with two or more financial institutions and in such amounts or proportions of total investments or assets as may be reasonable and prudent.

Concentration of Credit Risk

State statues generally do not limit the amount that may be invested in any one issuer.

Note 3: Capital Assets

Capital assets activity for the year ended December 31, 2020, was:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
Capital Assets				
Buildings and improvements	$ 139,950	$ -	$ -	$ 139,950
Furniture and equipment	154,882	22,790	-	177,672
Vehicles	37,461	-	(15,812)	21,649
	332,293	22,790	(15,812)	339,271
Accumulated Depreciation				
Buildings and improvements	(74,626)	(13,464)	-	(88,090)
Furniture and equipment	(91,180)	(20,625)	-	(111,805)
Vehicles	(37,225)	(236)	15,812	(21,649)
	(203,031)	(34,325)	15,812	(221,544)
Capital Assets, Net	$ 129,262	$ (11,535)	$ -	$ 117,727

Note 4: Pension Plans

401(k) Plan

All employees with one year of service and at least 21 years of age are eligible to participate in the plan. Participant contributions are fully vested on the date of eligibility. The Shelter provides a discretionary matching contribution, subject to annual approval by the Board of Directors. Historically, the Shelter has matched 100% of employee contributions up to 3% of eligible compensation. For the year ended December 31, 2020, the Shelter contributed approximately $20,000 to the plan and employees contributed approximately $39,430 to the plan.

457 Plan

Certain former employees were given the option of voluntarily contributing to a deferred compensation plan. The plan is administered by TDAmeritrade and is closed to new applicants.

Note 5: Commitments and Contingencies

Facility Financing Agreement

In August 2010, the Shelter entered into an agreement with Jefferson County to lease a county-owned facility for 50 years, from August 9, 2010, and terminating August 9, 2060. The lease agreement requires annual lease payments of $10. An intergovernmental agreement between the Cities of Arvada, Lakewood, Wheat Ridge, Golden and Westminster and Jefferson County implemented a county-wide dog licensing program to finance the construction of the facility.

In August 2012, the participating entities amended the intergovernmental agreement to permit dog licensing fees from the county-wide dog licensing program, to be used for operating costs of the Shelter, capital improvements, and maintenance. The participating entities pay an assessment to Jefferson County to repay debt service related to the construction of the facility.

General Litigation

The Shelter is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. The Shelter evaluates such allegations by conducting investigations to determine the validity of each potential claim. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the statements of net position, change in net position and cash flows of the Shelter. Events could occur that would change this estimate materially in the near term.

COVID-19

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Shelter. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 6: New Accounting Guidance

The Shelter had evaluated GASB Statement No. 84, *Fiduciary Activities* which provides guidance regarding the identification of fiduciary activities for accounting and financial reporting. Based on this guidance, the Shelter has no fiduciary activities.

Required Supplementary Information

Foothills Animal Shelter
Budgetary Comparison Schedule and Related Notes
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Charges for services	$ 1,106,500	$ 1,125,000	$ 1,018,894	$ (106,106)
Dog licensing fees	825,000	825,000	805,583	(19,417)
IGA assessments	806,345	806,345	790,837	(15,508)
Donations and events	127,700	127,700	532,875	405,175
Distributions from component unit	879,536	879,536	810,035	(69,501)
Investment income	25,000	25,000	15,258	(9,742)
Total revenues	3,770,081	3,788,581	3,973,482	184,901
Expenditures				
Communications	16,500	16,500	18,656	(2,156)
Personnel	2,706,773	2,699,773	2,397,359	302,414
Volunteer management	9,632	9,632	37,873	(28,241)
Professional services	114,528	114,528	117,695	(3,167)
Animal care	331,033	340,033	127,477	212,556
Property maintenance and repairs	124,200	124,200	-	124,200
Administration	144,000	144,000	386,155	(242,155)
Utilities	107,000	107,000	115,274	(8,274)
Dog licensing administration	200,500	200,500	3,444	197,056
Fundraising	-	-	11,949	(11,949)
Capital outlay	21,000	21,000	22,790	(1,790)
Total expenditures	3,775,166	3,777,166	3,238,672	538,494
Change in Net Position, Budgetary Basis	$ (5,085)	$ 11,415	734,810	$ 723,395
Reconciliation to GAAP basis				
Add/(less)				
Depreciation			(34,325)	
Capital outlay			22,790	
Other			5,600	
Change in Net Position, GAAP Basis			$ 728,875	

Notes to Schedule

Annual budgets are adopted by the Board of Directors on a non-GAAP budgetary basis, whereby capital outlay is budgeted as an expense and depreciation and any related gain/loss on disposals are not budgeted. All appropriations lapse at fiscal year-end.

Foothills Animal Shelter

Budgetary Comparison Schedule and Related Notes (continued)

Year Ended December 31, 2020

The Shelter follows these procedures to establish the budgetary information reflected in the financial statements:

- The Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments
- Prior to December 31, the budget is legally adopted through passage of a resolution

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Foothills Animal Shelter
Golden, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Foothills Animal Shelter and its discretely presented component unit (collectively, the Shelter) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Shelter's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Shelter's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shelter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Shelter's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Shelter's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Shelter's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shelter's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Shelter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
June 25, 2021