

Foothills Animal Shelter

Independent Auditor's Report and Financial Statements

December 31, 2021

Foothills Animal Shelter

December 31, 2021

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Independent Auditor's Report

Board of Directors
Foothills Animal Shelter
Golden, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the Shelter's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the 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 opinions.

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 the Shelter's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 GAAS and *Government 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 GAAS and *Government 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 the 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 the 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.

Board of Directors
Foothills Animal Shelter

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 is the responsibility of management and, although not a 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 July 29, 2022, 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.

FORVIS, LLP

Denver, Colorado
July 29, 2022

Foothills Animal Shelter

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2021

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.

2021 Financial Highlights for both the Shelter and Friends

- Friends increased its donations by 30% from 2020, to \$1.65 million in total. This allowed Friends to transfer approximately \$1.35 million to the Shelter to support its mission.
- Friends' ending Net Position in 2021 is \$735,804, of this \$624,683 is unrestricted. There is \$111,121 in restricted funds for other purposes.
- The Shelter's 2021 budget anticipated an increase in revenue over 2020 by 3% and an increase in expenses of 3% over 2020. 2021 actual revenue increased 13% and its total expenses increased by 30% over 2020.

Overview of the Statement of Net Position of the Shelter

The *Statement 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 10% from 2020 and Friends' Net Position increased by 20%.

At the end of 2021 the Shelter reported net investment in capital assets of \$111,575, \$1,567,568 in restricted net position and \$1,031,141 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; \$1,001,031.

Foothills Animal Shelter

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2021

- 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 2021 the balance in this account was \$66,537.

	2021	2020	Variance
Assets			
Current assets	\$ 2,865,303	\$ 2,550,554	12%
Property and equipment	111,575	117,727	-5%
Total assets	<u>\$ 2,976,878</u>	<u>\$ 2,668,281</u>	<u>12%</u>
Liabilities			
Total liabilities	<u>\$ 266,594</u>	<u>\$ 199,412</u>	<u>34%</u>
Net Position			
Net investment in capital assets	\$ 111,575	\$ 117,727	-5%
Restricted	1,567,568	1,429,475	10%
Unrestricted	<u>1,031,141</u>	<u>921,667</u>	<u>12%</u>
Total net position	<u>2,710,284</u>	<u>2,468,869</u>	<u>10%</u>
Total liabilities and net position	<u>\$ 2,976,878</u>	<u>\$ 2,668,281</u>	<u>12%</u>

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

The *Statement 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 13%; an increase amount not anticipated when budgeting for 2021 and Friends continues to have stronger donations than planned.

The decrease in our expenses was considered in our 2021 budget and driven by two main areas, staff salaries and administration, which comprise about 85% of our total expenses for the year.

Foothills Animal Shelter

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2021

	2021	2020	Variance
Operating Revenue			
Charges for services	\$ 1,276,499	\$ 1,018,894	25%
Dog licensing fees	737,461	805,583	-8%
Assessments	875,171	790,837	11%
Donations and events	1,578,946	1,342,910	18%
Total operating revenue	4,468,077	3,958,224	13%
Total operating expenses	4,229,177	3,250,207	30%
Net Operating Income	238,900	708,017	66%
Non-operating Revenue	2,515	20,858	-88%
Change in Net Position	<u>\$ 241,415</u>	<u>\$ 728,875</u>	<u>67%</u>

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.

Foothills Animal Shelter

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2021

Economic Factors and Next Year's Budget

In 2021, the Shelter was to focus on the following core elements:

- Completing the creation of the 3-year Strategic Plan to include the following priorities to launch in January 2022:
 - Adoptions
 - Animal Health and Behavior
 - Better Together Programs
 - External Communication
 - Shelter Optimization
 - Staff Development
- Better Together Programs launch and expansion
- Updating Shelter kennel environments and capital improvements
- Skilled staff recruitment and salary adjustments to keep up with inflation

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, 2021

Assets

	Primary Government Shelter	Component Unit Friends
Current Assets		
Cash and cash equivalents	\$ 2,864,928	\$ 696,598
Accounts receivable	-	30,509
Prepaid expenses	-	8,404
Due from primary government	375	3,035
Total current assets	2,865,303	738,546
Noncurrent Assets		
Capital assets, net of accumulated depreciation	111,575	-
Total assets	<u>\$ 2,976,878</u>	<u>\$ 738,546</u>

Liabilities

Current Liabilities		
Accounts payable	\$ 92,681	\$ 2,367
Accrued liabilities	93,641	-
Due to component unit	3,035	375
Total current liabilities	189,357	2,742
Noncurrent Liabilities		
Accrued compensated absences	77,237	-
Total liabilities	<u>266,594</u>	<u>2,742</u>

Net Position

Net investment in capital assets	111,575	-
Restricted for		
Capital improvements	500,000	-
Operating reserve	1,001,031	-
Animal Relief Fund	66,537	17,331
Other programs	-	93,790
Unrestricted	1,031,141	624,683
Total net position	2,710,284	735,804
Total liabilities and net position	<u>\$ 2,976,878</u>	<u>\$ 738,546</u>

Foothills Animal Shelter

Statement of Revenues, Expenses and Changes in Net Position Year Ended December 31, 2021

	Primary Government Shelter	Component Unit Friends
Revenues		
Charges for services	\$ 1,276,499	\$ -
Dog licensing fees	737,461	-
Intergovernmental Agreement (IGA) assessments	875,171	-
Donations and events	157,063	1,651,569
Distributions from component unit	1,421,883	-
Total revenues	4,468,077	1,651,569
Expenses		
Communications	1,090	-
Personnel	3,084,798	-
Volunteer management	64,228	-
Professional services	96,957	-
Animal care	169,598	-
Property maintenance and repairs	189,465	-
Administration	449,678	68,291
Utilities	133,538	-
Dog licensing administration	4,073	-
Fundraising	8,579	38,032
Programs	-	1,145
Distributions to primary government	-	1,421,883
Depreciation	27,173	-
Total expenses	4,229,177	1,529,351
Net Operating Income	238,900	122,218
Non-operating Revenues		
Investment income	2,515	-
Change in Net Position	241,415	122,218
Net Position, Beginning of Year	2,468,869	613,586
Net Position, End of Year	<u>\$ 2,710,284</u>	<u>\$ 735,804</u>

Foothills Animal Shelter

Statement of Cash Flows

Year Ended December 31, 2021

	Primary Government Shelter	Component Unit Friends
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,276,499	\$ -
Cash received from donors	157,063	1,639,157
Dog licensing fees received	739,053	-
Cash received from IGA assessments	875,171	-
Cash received by (paid to) primary government	1,394,543	(1,394,543)
Cash paid to vendors and others	(518,806)	(104,296)
Cash paid to employees	(3,589,051)	-
	<u>334,472</u>	<u>140,318</u>
Net cash provided by operating activities		
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(21,021)	-
	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities		
Investment income received	2,515	-
	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	315,966	140,318
Cash and Cash Equivalents, Beginning of Year	<u>2,548,962</u>	<u>556,280</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,864,928</u></u>	<u><u>\$ 696,598</u></u>
Reconciliation of Net Operating Income to Net Cash Provided by (Used In) Operating Activities		
Net operating income	\$ 238,900	\$ 122,218
Depreciation	27,173	-
Changes in assets and liabilities		
Accounts receivable	1,592	(12,412)
Prepaid expenses	-	2,154
Due to (from) primary government	(27,340)	27,340
Accounts payable and accrued liabilities	80,421	1,018
Accrued compensated absences	13,726	-
	<u>334,472</u>	<u>-</u>
Net cash provided by operating activities	<u><u>\$ 334,472</u></u>	<u><u>\$ 140,318</u></u>

Foothills Animal Shelter

Notes to Financial Statements

December 31, 2021

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 Friends of Foothills Animal Shelter (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.

Foothills Animal Shelter

Notes to Financial Statements

December 31, 2021

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, 2021, 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.

Foothills Animal Shelter

Notes to Financial Statements

December 31, 2021

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 Shelter	Component Unit Friends
Cash on hand	\$ 300	\$ -
Deposits	84,664	696,598
CSAFE Local Government Investment Pool	2,779,964	-
	<u>\$ 2,864,928</u>	<u>\$ 696,598</u>

Foothills Animal Shelter

Notes to Financial Statements

December 31, 2021

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, 2021, the Shelter had bank deposits of \$90,436, collateralized with securities held by the financial institution's agent but not in the Shelter's name. At December 31, 2021, Friends had bank deposits in excess of FDIC insurance limits totaling approximately \$447,000.

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, 2021, the Shelter had \$2,779,964 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.

Foothills Animal Shelter

Notes to Financial Statements

December 31, 2021

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 statutes 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, 2021, was:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Capital Assets				
Buildings and improvements	\$ 139,950	\$ 21,021	\$ -	\$ 160,971
Furniture and equipment	177,672	-	-	177,672
Vehicles	21,649	-	-	21,649
	<u>339,271</u>	<u>21,021</u>	<u>-</u>	<u>360,292</u>
Accumulated Depreciation				
Buildings and improvements	(88,090)	(11,315)	-	(99,405)
Furniture and equipment	(111,805)	(15,858)	-	(127,663)
Vehicles	(21,649)	-	-	(21,649)
	<u>(221,544)</u>	<u>(27,173)</u>	<u>-</u>	<u>(248,717)</u>
Capital Assets, Net	<u>\$ 117,727</u>	<u>\$ (6,152)</u>	<u>\$ -</u>	<u>\$ 111,575</u>

Foothills Animal Shelter

Notes to Financial Statements

December 31, 2021

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, 2021, the Shelter contributed approximately \$28,000 to the plan and employees contributed approximately \$70,000 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.

Required Supplementary Information

Foothills Animal Shelter

Budgetary Comparison Schedule and Related Notes

Year Ended December 31, 2021

	Original & Final		
	Budget	Actual	Variance
Revenues			
Charges for services	\$ 965,350	\$ 1,276,499	\$ 311,149
Dog licensing fees	744,830	737,461	(7,369)
IGA assessments	875,170	875,171	1
Donations and events	209,800	157,063	(52,737)
Distributions from component unit	1,083,800	1,421,883	338,083
Investment income	20,000	2,515	(17,485)
Total revenues	3,898,950	4,470,592	571,642
Expenditures			
Communications	13,500	1,090	12,410
Personnel	2,860,527	3,084,798	(224,271)
Volunteer management	8,700	64,228	(55,528)
Professional services	122,180	96,957	25,223
Animal care	334,883	169,598	165,285
Property maintenance and repairs	143,000	189,465	(46,465)
Administration	136,635	449,678	(313,043)
Utilities	101,000	133,538	(32,538)
Dog licensing administration	150,200	4,073	146,127
Fundraising	-	8,579	(8,579)
Capital outlay	21,000	21,021	(21)
Total expenditures	3,891,625	4,223,025	(331,400)
Change in Net Position, Budgetary Basis	<u>\$ 7,325</u>	<u>247,567</u>	<u>\$ 240,242</u>
Reconciliation to GAAP basis			
Add/(less)			
Depreciation		(27,173)	
Capital outlay		21,021	
Other		-	
Change in Net Position, GAAP Basis		<u>\$ 241,415</u>	

Foothills Animal Shelter
Budgetary Comparison Schedule and Related Notes (continued)
Year Ended December 31, 2021

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.

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, 2021, and the related notes to the financial statements, which collectively comprise the Shelter's basic financial statements, and have issued our report thereon dated July 29, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity'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 or significant deficiencies may exist that were not identified.

Board of Directors
Foothills Animal Shelter

Report on 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 financial statements. 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.

FORVIS,LLP

Denver, Colorado
July 29, 2022