

HEAVEN CAN WAIT ANIMAL SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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Independent Auditor's Report

To the Board of Directors of
Heaven Can Wait Animal Society

We have audited the accompanying financial statements of Heaven Can Wait Animal Society (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heaven Can Wait Animal Society as of December 31, 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.

Ellsworth & Stout, LLC

Las Vegas, Nevada
November 10, 2020



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**HEAVEN CAN WAIT ANIMAL SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Current Assets:

Cash and cash equivalents	\$	327,007
Certificates of deposit		150,087
Investments		5,667
Contributions receivable		<u>10,748</u>
Total current assets		493,509

Property and Equipment, net 87,940

Other Assets:

Deposits		<u>7,791</u>
Total Assets	\$	<u>589,240</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	22,562
Accrued expenses		<u>7,289</u>
Total current liabilities		29,851

Net Assets:

Without donor restrictions		<u>559,389</u>
Total Liabilities and Net Assets	\$	<u>589,240</u>

See accompanying notes to the financial statements

**HEAVEN CAN WAIT ANIMAL SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Assets without Donor Restrictions

Revenue and other support:	
Contributions	\$ 882,493
Program revenues	322,286
In-kind donations	50,005
Special events, net of expenses of \$15,867	21,018
Investment income	4,841
Other income	1,736
	<u>1,282,379</u>
Expenses:	
Program services	1,069,556
Supporting services:	
Management and general	154,487
Fundraising	21,230
	<u>1,245,273</u>
Increase in Net Assets	37,106
Net Assets, Beginning of Year	<u>522,283</u>
Net Assets, End of Year	<u><u>\$ 559,389</u></u>

See accompanying notes to the financial statements

**HEAVEN CAN WAIT ANIMAL SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program services	Management and general	Fundraising	Total
Auto	\$ 9,630	\$ 2,163	\$ -	\$ 11,793
Depreciation	22,215	-	-	22,215
Fundraising	-	-	21,230	21,230
Insurance	32,687	3,536	-	36,223
Office expense and other	17,855	17,733	-	35,588
Professional services	12,371	5,450	-	17,821
Program expenses	458,306	-	-	458,306
Rent	68,956	71,240	-	140,196
Repairs and maintenance	5,874	6,203	-	12,077
Salaries, wages and related	424,653	25,473	-	450,126
Travel and meals	1,817	1,847	-	3,664
Utilities	15,192	20,842	-	36,034
	<u>\$ 1,069,556</u>	<u>\$ 154,487</u>	<u>\$ 21,230</u>	<u>\$ 1,245,273</u>

See accompanying notes to the financial statements

**HEAVEN CAN WAIT ANIMAL SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

Cash Flows from Operating Activities:

Increase in net assets without restrictions	\$	37,106
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		22,215
Net unrealized gain on investments		(1,616)
Changes in operating assets and liabilities:		
(Increase) decrease in contributions receivable		121,334
Increase (decrease) in accounts payable		11,042
Increase (decrease) in accrued expenses		<u>(1,970)</u>
Net cash provided by operating activities		<u>188,111</u>

Cash Flows from Investing Activities:

Purchases of investments		<u>(150,000)</u>
Net cash used in investing activities		<u>(150,000)</u>

Net Change in Cash and Cash Equivalents 38,111

Cash and Cash Equivalents, Beginning of Year 288,896

Cash and Cash Equivalents, End of Year \$ 327,007

See accompanying notes to the financial statements

**HEAVEN CAN WAIT ANIMAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Heaven Can Wait Animal Society (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

The Organization was incorporated in the state of Nevada on March 16, 2000 as a nonprofit organization that is dedicated to improving the welfare of animals. The Organization's mission is to eliminate companion animal suffering and pet overpopulation through aggressive spay/neuter, adoptions, community outreach programs, and education.

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 judgments that affect the reported amounts of assets, liabilities, revenues, and expenses. Accordingly, actual results could differ from those estimates.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit organizations, principally Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Cash and Cash Equivalents

For the purpose of the statement cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities are reported at their fair value in the statement of financial position based on quoted prices in active markets. Unrealized gains and losses are included in change in net assets in the reporting period earned.

Property and Equipment

The Organization capitalizes significant expenditures for property and equipment at cost, generally those that exceed \$500. Property and equipment that are contributed to the Organization are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**HEAVEN CAN WAIT ANIMAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Organization has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded. Donated professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization recognized the following in-kind donations for the year ended December 31, 2019:

Veterinarian services	\$ 48,980
Donated materials	<u>1,025</u>
	<u>\$ 50,005</u>

Unpaid volunteers have donated their time to the Organization’s programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers’ time does not meet the criteria for recognition as contributed services.

Revenue Recognition

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Income Taxes

In August 2000, the Organization received notification from the Internal Revenue Service that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). As such, the Organization is exempt from Federal income tax. Therefore, no provision for income taxes is made in the accompanying financial statements.

As defined by ASC Topic 740, *Income Taxes*, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2019, the tax years that remain subject to potential examination by taxing authorities begin with 2016.

Advertising

Advertising costs are expensed as incurred. No significant advertising costs were incurred during the year ended December 31, 2019.

**HEAVEN CAN WAIT ANIMAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated directly for fundraising and program expenses. All other expenses are allocated based on management's estimate of time and effort.

New Accounting Pronouncements

In August 2015 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 (Topic 606) pertaining to revenue from contracts with customers. This pronouncement was amended by ASU 2015-14 to extend the effective date of this pronouncement for nonprofit organizations to become effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Management does not believe the effects of this standard will have a material impact on the Organization's financial statements.

In February 2016, the FASB issued ASU 2016-02 (Topic 842) pertaining to leases. This pronouncement is effective for nonprofit organizations for fiscal years beginning after December 15, 2021, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Organization's financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

As of December 31, 2019, the Organization had \$493,509 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisted of cash and cash equivalents of \$327,007, certificates of deposit of \$150,087, investments of \$5,667 and contributions receivable of \$10,748. Contractual or donor-imposed restrictions are not available for general expenditure. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Organization measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

**HEAVEN CAN WAIT ANIMAL SOCIETY
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 YEAR ENDED DECEMBER 31, 2019**

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

As of December 31, 2019, fair values of assets and liabilities measured on a recurring basis consisted of the following:

	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>Recurring fair value measurements:</u>				
Stocks	\$ 5,667	\$ 5,667	\$ -	\$ -
	<u>\$ 5,667</u>	<u>\$ 5,667</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – PROPERTY AND EQUIPMENT

As of December 31, 2019, property and equipment consisted of the following:

Leasehold improvements	\$ 196,705
Vehicles	<u>81,920</u>
	278,625
Less: accumulated depreciation	<u>(190,685)</u>
	<u>\$ 87,940</u>

Depreciation expense for the year ended December 31, 2019 was \$22,215.

NOTE 5 – OPERATING LEASE AGREEMENTS

The Organization entered into leases for building space. The monthly rent ranges from \$4,454 to \$5,937. The leases expire at various times ending in December 2024. Rent expense under these agreements was \$140,196 for the year ended December 31, 2019.

HEAVEN CAN WAIT ANIMAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 2019

NOTE 5 – OPERATING LEASE AGREEMENTS (Continued)

Future minimum rental payments are due as follows as of December 31:

2020	\$ 61,049
2021	62,700
2022	64,041
2023	66,153
2024	67,634
	<u>\$ 321,578</u>

NOTE 6 – SUBSEQUENT EVENTS

In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Organization's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Organization's future financial statements.

Subsequent events have been evaluated through November 10, 2020, which is the date the financial statements were available to be issued. No additional events were identified that would require additional disclosure.