



**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**

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## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**Board of Directors  
Animal Welfare League of Montgomery County  
Gaithersburg, Maryland**

We have reviewed the accompanying financial statements of Animal Welfare League of Montgomery County, which comprise the statements of financial condition as of December 31, 2019 and 2018, and the related statements of activity, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*DeLeon & Stang*

**DeLeon & Stang, CPAs and Advisors  
Gaithersburg, Maryland  
August 22, 2020**

**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**  
**Statements of Financial Position**  
**December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 174,342	\$ 104,240
Investments	-	65,137
Prepaid expenses	2,973	2,575
<b>Total Assets</b>	<b>\$ 177,315</b>	<b>\$ 171,952</b>
<b>Liabilities and net assets</b>		
<u>Liabilities:</u>		
Accounts payable and other liabilities	\$ 9,884	\$ 16,479
Total liabilities	9,884	16,479
<u>Net assets:</u>		
Without donor restrictions	167,431	155,473
Total net assets	167,431	155,473
<b>Total Liabilities and net assets</b>	<b>\$ 177,315</b>	<b>\$ 171,952</b>

**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**  
**Statements of Activities**  
**For the Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b><u>Revenue and support without donor restrictions:</u></b>		
Contributions	\$ 108,299	\$ 83,707
Program service fees	18,400	30,940
Grants	15,450	15,450
Adoptions	12,783	11,760
Miscellaneous revenue	2,215	719
Interest income	1,108	623
Total revenue and support	158,255	143,199
<b><u>Expenses:</u></b>		
Program services	120,649	141,693
Supporting services	25,648	22,274
Total expenses	146,297	163,967
Change in net assets	11,958	(20,768)
Net assets, beginning of year	155,473	176,241
Net assets, end of year	\$ 167,431	\$ 155,473

**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2019 and 2018**

<b>2019</b>					
<b>Supporting services</b>					
	<b>Program services</b>	<b>General and administrative</b>	<b>Fundraising</b>	<b>Total supporting services</b>	<b>Total expenses</b>
Medical expenses	\$ 25,997	\$ -	\$ -	\$ -	\$ 25,997
Occupancy	31,364	-	-	-	31,364
Cat care	21,942	-	-	-	21,942
Office expenses	2,683	11,387	6,924	18,311	20,994
Spay/neuter certificates	17,983	-	-	-	17,983
Shelter	12,999	-	-	-	12,999
Program expenses	7,312	-	-	-	7,312
Professional fees	-	3,400	-	3,400	3,400
Insurance	-	2,918	-	2,918	2,918
Supplies	369	1,019	-	1,019	1,388
<b>Total</b>	<b>\$ 120,649</b>	<b>\$ 18,724</b>	<b>\$ 6,924</b>	<b>\$ 25,648</b>	<b>\$ 146,297</b>

<b>2018</b>					
<b>Supporting services</b>					
	<b>Program services</b>	<b>General and administrative</b>	<b>Fundraising</b>	<b>Total supporting services</b>	<b>Total expenses</b>
Medical expenses	\$ 48,406	\$ -	\$ -	\$ -	\$ 48,406
Occupancy	32,646	-	-	-	32,646
Spay/neuter certificates	31,098	-	-	-	31,098
Office expenses	-	8,829	9,351	18,180	18,180
Cat care	12,117	-	-	-	12,117
Shelter	7,677	-	-	-	7,677
Program expenses	6,357	200	-	200	6,557
Professional fees	-	3,200	-	3,200	3,200
Insurance	2,218	-	-	-	2,218
Supplies	1,114	595	-	595	1,709
Other	60	99	-	99	159
<b>Total</b>	<b>\$ 141,693</b>	<b>\$ 12,923</b>	<b>\$ 9,351</b>	<b>\$ 22,274</b>	<b>\$ 163,967</b>

**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 11,958	\$ (20,768)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Decrease (increase) in operating assets:		
Prepaid expenses	(398)	(75)
Deposits	-	2,720
(Decrease) increase in operating liabilities:		
Accounts payable and other liabilities	(6,595)	98
Total adjustments	(6,993)	2,743
Net cash provided by (used in) operating activities	4,965	(18,025)
<b><u>Cash Flows From Investing Activities:</u></b>		
Purchases of investments	65,137	(622)
Net cash provided by (used in) investing activities	65,137	(622)
<b>Net increase (decrease) in cash and cash equivalents</b>	70,102	(18,647)
<b>Cash and cash equivalents at beginning of year</b>	104,240	122,887
<b>Cash and cash equivalents at end of year</b>	\$ 174,342	\$ 104,240

**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**NOTE 1 - ORGANIZATION**

The Animal Welfare League of Montgomery County (the Organization) was founded September 8, 2005. The Organization's mission is to improve animal welfare in Montgomery County, Maryland by operating a no-kill shelter for adoptable cats and promoting responsible pet ownership.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Description of Net Assets

Net assets are classified based on the existence or absence of donor imposed restrictions as follows:

- *Net Assets Without Donor Imposed Restrictions* – Net assets that are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.
- *Net Assets With Donor Restrictions* – Net assets that are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose. There were no net assets with donor restrictions at December 31, 2019 or 2018.



**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**  
**Notes to Financial Statements (Continued)**  
**December 31, 2019 and 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

The Organization considers demand deposits held at banks and highly liquid securities with an original maturity of three months or less to be cash and cash equivalents.

Investments

Investments consist of certificates of deposit reported at cost, which approximates fair value, in the accompanying statements of financial position.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances.

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis, and any specific known trouble accounts. Management believes all receivables are fully collectible; therefore, no allowance for doubtful accounts was required as of December 31, 2019 and 2018.

Deferred Revenue

Income from medical service fees are deferred and recognized over the periods to which the fees relate.

Revenue Recognition

Contributions received are considered to be available for general operations in the year received, unless specifically restricted by the donor.

Support that is not restricted by the donor is reported as an increase in net assets without restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as such in the statements of activities.

**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**  
**Notes to Financial Statements (Continued)**  
**December 31, 2019 and 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Expense Allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Shared costs are allocated based on various identifiable bases (i.e. allowable occupancy costs are allocated based on the percentage of space occupied).

Income Taxes

The Animal Welfare League of Montgomery County is a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code (IRC). No provision for income taxes has been established, as the Organization has no related business activity.

The Animal Welfare League of Montgomery County has determined that there are no uncertain tax positions which require accrual or disclosure under the Income Taxes Topic of the FASB Accounting Standards Codification.

The tax returns of the Animal Welfare League of Montgomery County may be subject to audit for three years after filing, hence, the returns for tax years 2016 onward are open to tax examination.

Reclassifications

Certain reclassifications have been made to the 2018 format statements to enhance comparability with the 2019 presentation.

Subsequent Events

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Organization's revenues, expenses and cash flows cannot be determined at this time. All subsequent events have been evaluated through August 22, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require and adjustment to or disclosure in the accompanying financial statements.

**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**  
**Notes to Financial Statements (Continued)**  
**December 31, 2019 and 2018**

**NOTE 3 - COMMITMENTS**

In June 2011, the Animal Welfare League of Montgomery County entered into a lease agreement for office space located in Gaithersburg, MD. The lease required monthly payments of \$2,000 per month, which are subject to annual escalations of \$100 per month. The term of the lease was 5 years from the date it was executed. In April 2016, the lease was extended for 5 years, to expire June 30, 2021. The amended lease requires monthly payments of \$2,575, with 3% annual increases beginning July 2018.

Future minimum payments under the lease are as follows:

**Year ending December 31:**

2020	\$ 32,304
2021	<u>16,391</u>
	<u>\$ 48,695</u>

Rent expense for the years ended December 31, 2019 and 2018 was \$31,364 and \$30,450, respectively, included in total occupancy costs.

**NOTE 4 - LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year and board designated endowments. These board designations could be drawn upon if the board approves that action.

**ANIMAL WELFARE LEAGUE OF MONTGOMERY COUNTY**  
**Notes to Financial Statements (Continued)**  
**December 31, 2019 and 2018**

**NOTE 4 - LIQUIDITY AND FUNDS AVAILABLE** (Continued)

Financial assets available to meet cash needs for general expenditures within one year as of December 31:

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash	\$ 174,342	\$ 104,240
Investments, certificates of deposit	-	65,137
	<u>                    </u>	<u>                    </u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 174,342</u>	<u>\$ 169,377</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.