

**AUDITED FINANCIAL STATEMENTS**

**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

*Springfield, Massachusetts*

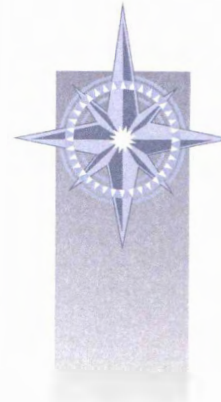
**March 31, 2022**

***Boisselle, Morton & Wolkowicz, LLP***  
*Certified Public Accountants*

# **Dakin Pioneer Valley Humane Society, Inc.**

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## **Independent Auditors' Report**

To the Board of Directors  
**Dakin Pioneer Valley Humane Society, Inc.**  
Springfield, Massachusetts

### **Opinion**

We have audited the accompanying financial statements of Dakin Pioneer Valley Humane Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dakin Pioneer Valley Humane Society, Inc. as of March 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dakin Pioneer Valley Humane Society, Inc. 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 opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 Dakin Pioneer Valley Humane Society, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists.

### **Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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, including omissions, 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 generally accepted 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 Dakin Pioneer Valley Humane Society, Inc.'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 Dakin Pioneer Valley Humane Society, Inc.'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.

### **Report on Summarized Comparative Information**

We have previously audited Dakin Pioneer Valley Humane Society, Inc.'s March 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Boisselle, Morton & Wolkowicz, LLP*

Hadley, Massachusetts  
July 21, 2022



**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

Statement of Financial Position

March 31, 2022

(with comparative totals for March 31, 2021)

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,426,679	\$ 2,271,580
Contributions receivable	1,176	315,601
Prepaid expenses and other assets	1,693	
Investments	2,402,306	2,222,947
Investments - Community Foundation	54,571	51,955
Property and equipment, net	<u>2,163,934</u>	<u>2,306,084</u>
Total assets	<u>\$ 7,050,359</u>	<u>\$ 7,168,167</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 196,794	\$ 195,732
Note payable		498,347
Deferred income	11,224	10,500
Total liabilities	<u>298,018</u>	<u>704,579</u>
Net assets		
Without donor restrictions		
Undesignated	1,878,337	1,460,543
Property and equipment	2,163,934	2,306,084
Board-designated	<u>2,796,798</u>	<u>2,688,361</u>
Total without donor restrictions	6,839,069	6,454,988
With donor restrictions	<u>3,272</u>	<u>8,600</u>
Total net assets	<u>6,842,341</u>	<u>6,463,588</u>
Total liabilities and net assets	<u>\$ 7,050,359</u>	<u>\$ 7,168,167</u>

The accompanying notes are an integral part of these financial statements.

**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

Statement of Activities

For the year ended March 31, 2022

(with comparative totals for the year ended March 31, 2021)

	2022			2021 <u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
Support, revenue and gains				
Contributions and grants	\$ 1,957,062	\$ 10,000	\$ 1,967,062	\$ 2,493,216
Adoption and other shelter programs	1,689,003		1,689,003	1,516,881
Net investment income	125,472		125,472	77,141
Realized gain on sale of investments, net	102,127		102,127	
In-kind contributions	96,778		96,778	28,453
Retail, thrift store, and other income	62,511		62,511	31,919
Special events	3,785		3,785	1,305
Unrealized gain on sale of investments, net				549,920
Net assets released from restrictions	<u>15,328</u>	<u>(15,328)</u>		
Total support, revenue and gains	<u>4,052,066</u>	<u>(5,328)</u>	<u>4,046,738</u>	<u>4,698,835</u>
Expenses and losses				
Program	2,844,293		2,844,293	2,408,985
Administration	289,513		289,513	269,050
Fundraising	420,737		420,737	412,732
Total expenses	<u>3,554,543</u>		<u>3,554,543</u>	<u>3,090,767</u>
Unrealized loss on investments, net	113,442		113,442	
Realized loss on sale of investments, net				<u>2,850</u>
Total expenses and losses	<u>3,667,985</u>		<u>3,667,985</u>	<u>3,093,617</u>
Change in net assets	384,081	(5,328)	378,753	1,605,218
Net assets, beginning of year	<u>6,454,988</u>	<u>8,600</u>	<u>6,463,588</u>	<u>4,858,370</u>
Net assets, end of year	<u>\$ 6,839,069</u>	<u>\$ 3,272</u>	<u>\$ 6,842,341</u>	<u>\$ 6,463,588</u>

The accompanying notes are an integral part of these financial statements.

**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

Statement of Functional Expenses

For the year ended March 31, 2022

(with comparative totals for the year ended March 31, 2021)

	2022			2021 Total
	Program	Administration	Fundraising	
Expenses				
Salaries and wages	\$ 1,643,998	\$ 213,624	\$ 256,510	\$ 2,114,132
Payroll taxes	128,200	14,189	20,115	162,504
Employee benefits	103,623	7,850	15,582	127,055
Total employee related	<u>1,875,821</u>	<u>235,663</u>	<u>292,207</u>	<u>2,403,691</u>
Shelter supplies	343,500			343,500
Occupancy	222,303	4,261	5,649	232,213
Depreciation	147,102			147,102
Consultants	64,462	16,578	7,869	88,909
Licenses and fees	37,841	1,924	16,084	55,849
Equipment and maintenance	28,936	2,996	21,095	53,027
Printing and publications	12,158		36,410	48,568
Insurance	45,020	1,520	672	47,212
Postage	11,744	328	29,569	41,641
Legal and professional	9,569	16,538		26,107
Office expenses	12,067	7,969	1,439	21,475
Telecommunications	11,438	917	995	13,350
Veterinarian expenses	11,024			11,024
Conferences and travel	8,821	819	517	10,157
Advertising	2,487		3,606	6,093
Special events			4,625	4,625
Interest expense				266
Total expenses	<u>\$ 2,844,293</u>	<u>\$ 289,513</u>	<u>\$ 420,737</u>	<u>\$ 3,554,543</u>
				<u>\$ 3,090,767</u>

The accompanying notes are an integral part of these financial statements.

**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

## Statement of Cash Flows

For the year ended March 31, 2022

(with comparative totals for the year ended March 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 378,753	\$ 1,605,218
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	147,102	146,989
Unrealized loss (gain) on investments, net	113,442	(549,920)
PPP loan forgiveness	(498,347)	
Realized (gain) loss on sale of investments, net	(102,127)	2,850
Changes in assets and liabilities:		
Contributions receivable	314,425	(40,568)
Prepaid expenses and other assets	(1,693)	
Accounts payable and accrued expenses	1,062	21,096
Deferred income	724	10,500
Net cash provided by operating activities	<u>353,341</u>	<u>1,196,165</u>
Cash flows from investing activities		
Purchases of property and equipment	(4,952)	
Purchase of investments	(966,815)	(89,743)
Sales of investments	773,525	287,741
Net cash (used) provided by investing activities	<u>(198,242)</u>	<u>197,998</u>
Cash flows from financing activities		
Proceeds from notes payable		498,347
Payments on line of credit		(75,000)
Net cash provided by financing activities		<u>423,347</u>
Net increase in cash and cash equivalents	155,099	1,817,510
Cash and cash equivalents, beginning of year	<u>2,271,580</u>	<u>454,070</u>
Cash and cash equivalents, end of year	<u>\$ 2,426,679</u>	<u>\$ 2,271,580</u>

The accompanying notes are an integral part of these financial statements.



# DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.

Notes to the Financial Statements

March 31, 2022

## 1. Summary of Significant Accounting Policies

*Mission:* The mission of Dakin Pioneer Valley Humane Society, Inc., doing business as Dakin Humane Society, is to deliver effective, innovative services that improve the lives of animals in need and the people who care about them. The Organization has facilities in Springfield and Leverett, Massachusetts.

*Income Taxes:* The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. The Organization is exempt from federal and state corporate income taxes and, accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

*Accounting Method:* The financial statements have been prepared on the accrual basis of accounting.

*Basis of Presentation:* The Organization presents its financial statements according to two classes of net assets: those with donor restrictions and those without donor restrictions. Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. The restrictions are temporary in nature and will be met by actions of the Organization or the passage of time. All other net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

*Cash and Cash Equivalents:* Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and highly liquid investments.

*Capitalization of Expenses:* The cost, if purchased, and fair value, if donated, of property and equipment is capitalized. The Organization capitalizes property and equipment with a cost of \$2,000 or more. Costs of maintenance and repairs are expensed as incurred.

*Depreciation:* Depreciation is computed by the straight-line method over the estimated useful lives of the assets of three to forty years.

*Use of Estimates:* The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

Notes to the Financial Statements (Continued)

March 31, 2022

**1. Summary of Significant Accounting Policies (Continued)**

*Revenue Recognition:* Contributions and grants are recognized as revenue when received, or as receivables and revenue, when unconditional promises to give (pledges) are made. Contributions and grants with a right of return and measurable performance or other barriers are not recognized until the conditions on which they depend have been met. The contribution and grant revenue is recorded within the appropriate net asset category based on the existence or absence of donor-imposed restrictions.

Adoption and other shelter program income is recognized as revenue when adoptions occur, or other shelter services are provided. Retail, thrift store, and other income is recorded when sales are made or other income is received.

*Fair Value Measurements:* Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

- |         |  |
|---------|--|
| Level 1 | Unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.   |
| Level 2 | Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Unobservable and significant to the fair value measurement.  |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Expense Allocation:* The costs of providing the various programs and other activities have been summarized on the functional basis in the statement of activities and statement of functional expenses. Expenses associated with a particular function are charged directly to that function. Other costs have been allocated to the programs and supporting services benefitted based primarily on allocations of employee time.

**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

Notes to the Financial Statements (Continued)

March 31, 2022

1. Summary of Significant Accounting Policies (Continued)

*Advertising:* Advertising and promotional costs are expensed as incurred.

*Comparative Information:* The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2021, from which the summarized information was derived.

2. Contributions Receivable

Contributions receivable consisted of the following at March 31:

	<u>2022</u>	<u>2021</u>
Bequests receivable		\$315,000
Other contributions	\$ <u>1,176</u>	<u>601</u>
Total contributions receivable	\$ <u>1,176</u>	\$ <u>315,601</u>

3. Investments

Investments are recorded at fair market value as Level 1 investments. Major classifications by investment risk and the related market values of investments were as follows at March 31, 2022:

	<u>Cost</u>	<u>Market Value</u>
Domestic equity mutual funds	\$ 694,688	\$ 844,671
International equity mutual funds	262,898	399,113
Domestic bonds mutual funds	<u>1,150,012</u>	<u>1,158,522</u>
Total	\$ <u>2,107,598</u>	\$ <u>2,402,306</u>

Major classifications by investment risk and the related market values of investments were as follows at March 31, 2021:

	<u>Cost</u>	<u>Market Value</u>
Domestic equity mutual funds	\$ 905,522	\$1,123,509
International equity mutual funds	303,442	488,261
Domestic bonds mutual funds	<u>603,743</u>	<u>611,177</u>
Total	\$ <u>1,812,707</u>	\$ <u>2,222,947</u>



**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

Notes to the Financial Statements (Continued)

March 31, 2022

**3. Investments (Continued)**

Fair values were determined by reference to quoted market prices and other relevant information generated by market transactions.

**4. Investments - Community Foundation**

The Organization has designated endowment funds at the Community Foundation of Western Massachusetts recorded at fair market value as Level 3 investment. The funds are an investment of the Organization and will distribute to the Organization only amounts that will preserve the principal in perpetuity. The balance in the endowment fund was \$54,571 and \$51,955 at March 31, 2022 and 2021, respectively.

The endowment fund activity was as follows for the years ended March 31:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 51,955	\$ 36,804
Investment income	1,213	874
Net unrealized gain (loss) in market value	2,090	14,846
Fees	<u>(687)</u>	<u>(569)</u>
Ending balance	<u>\$ 54,571</u>	<u>\$ 51,955</u>

**5. Property and Equipment**

The Organization's property and equipment, at cost, consisted of the following at March 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 129,276	\$ 129,276
Buildings and improvements	3,167,452	3,162,500
Motor vehicles	15,500	15,500
Furniture and fixtures	<u>370,448</u>	<u>370,448</u>
	3,682,676	3,677,724
Less accumulated depreciation	<u>1,518,742</u>	<u>1,371,640</u>
	<u>\$2,163,934</u>	<u>\$2,306,084</u>

Depreciation expense was \$147,102 and \$146,989 for the years ended March 31, 2022 and 2021, respectively.

**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

Notes to the Financial Statements (Continued)

March 31, 2022

**6. Line of Credit**

The Organization has a \$250,000 line of credit from a bank. Any outstanding balance is payable on demand. Monthly interest is payable on any outstanding balance at a variable rate based on the bank's prime rate (3.50% at March 31, 2022) with a floor of 3.50%. Any outstanding balance is secured by investment funds. There was no outstanding balance at March 31, 2022 or 2021.

**7. Note Payable**

The Organization received a United States Small Business Administration Paycheck Protection Program (PPP second round) loan on February 4, 2021, in the amount of \$498,347. The full amount of this loan was forgiven by the Small Business Administration and was recognized as grant income during the year ended March 31, 2022.

**8. Board-Designated Net Assets**

The Board-designated net assets without donor restrictions consisted of net assets for the future building improvements and operation. The net assets are in an investment account with a market value of \$2,796,798 and \$2,688,361 (including \$394,492 and \$465,414 reported as cash equivalents on the statement of financial position) at March 31, 2022 and 2021, respectively.

**9. Net Assets With Donor Restrictions**

Net assets with donor restrictions consisted of the following at March 31:

	<u>2022</u>	<u>2021</u>
Workforce training grant		\$ 5,400
Other program-related	\$ 3,272	3,200
Total restrictions	\$ <u>3,272</u>	\$ <u>8,600</u>

**10. Net Assets Released From Restrictions**

Net assets released from restrictions consisted of the following for the years ended March 31:

	<u>2022</u>	<u>2021</u>
License plate grant		\$ 4,293
ASPCA surgery capacity grant		15,309
Workforce training grant	\$ 5,400	5,400
Community Foundation		5,000
Shirley Shattuck Windsor Charitable Trust	<u>9,928</u>	<u>6,800</u>
	\$ <u>15,328</u>	\$ <u>36,802</u>



**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

Notes to the Financial Statements (Continued)

March 31, 2022

**11. Retirement Plan**

The Organization maintains a 401(k) retirement plan that covers all eligible employees. The plan provides that employees who have attained the age of 21 and completed six months of service may voluntarily defer a portion of their compensation up to the maximum contribution allowed by the IRS. Such deferrals accumulate on a tax-deferred basis, unless the funds are invested by the employee in an after-tax Roth component, until the employee withdraws the funds. The Organization makes discretionary matching contributions to the plan. There were no employer contributions to this plan for the years ended March 31, 2022 or 2021.

**12. Available Resources and Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at March 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$2,426,679	\$2,271,580
Less Board-designated portion	(394,492)	(465,414)
Contributions receivable	<u>1,176</u>	<u>315,601</u>
Total financial assets available for general expenditure within one year	<u>\$2,033,363</u>	<u>\$2,121,767</u>

The Organization also has a \$250,000 line of credit from a bank that is available, if needed, to meet short-term liquidity needs as described in Note 6.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**13. COVID-19 Relief Funding and Related Contingencies**

The global outbreak of COVID-19 continues to evolve, and the ultimate impact of the pandemic is highly uncertain. While management expects that the COVID-19 outbreak might adversely impact the Organization's fiscal year ending March 31, 2023 results, the Organization cannot at this time accurately predict the full extent to which the COVID-19 outbreak will affect the Organization's finances and operations.

The Organization received a grant of \$10,000 from the United State Small Business Administration's Economic Injury Disaster Loan program. The Organization also received a Paycheck Protection Program (PPP) loan of \$498,300, that was forgiven on February 19, 2021. Both of these were recorded as grant income during the year ended March 31, 2021.

**DAKIN PIONEER VALLEY HUMANE SOCIETY, INC.**

Notes to the Financial Statements (Continued)

March 31, 2022

13. COVID-19 Relief Funding and Related Contingencies (Continued)

The Organization received \$498,347 from the second round of PPP loans that was forgiven on November 11, 2021, and recorded as grant income during the year ended March 31, 2022.

14. Subsequent Events

The Organization evaluated subsequent events after the statement of financial position date of March 31, 2022, through July 21, 2022, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were needed.