

WEST SUBURBAN HUMANE SOCIETY

FINANCIAL STATEMENTS

**Year Ended December 31, 2013 with Comparative Totals
for the Year Ended December 31, 2012**

WEST SUBURBAN HUMANE SOCIETY

TABLE OF CONTENTS

	Pages
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

**George W. Ferenzi CPA
Certified Public Accountant & Consultant
15510 S. Cicero Suite 210
Oak Forest, IL 60452
Phone 708-535-9699
Fax 708-535-9697**

REPORT OF INDEPENDENT AUDITOR

Board of Directors
1901 W. Ogden Ave
Downers Grove, IL

I have audited the accompanying financial statement of West Suburban Humane Society (the Organization) which are comprised of the statement of financial position as of December 31, 2013 and the related statement of activities, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility

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 the financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 assessment of the risk of material misstatement of 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 of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion


In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Suburban Humane Society, as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

Report on Summarized Comparative Information

I have previously audited West Suburban Humane Society financial statements for the year ended December 31, 2012 and my report dated August 14, 2013 expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Oak Forest, Illinois

October 29, 2014


George W. Ferenzi CPA

WEST SUBURBAN HUMANE SOCIETY

STATEMENT OF FINANCIAL POSITION

December 31, 2013 with Comparative Totals as of December 31, 2012

	12/31/2013	12/31/2012
ASSETS		
CURRENT ASSETS		
Cash in Checking & Savings (see note 2)	\$ 449,308	\$ 501,542
Prepaid Expenses		944
Petty Cash	400	400
Other Receivables	<u>-</u>	
Total CURRENT ASSETS	<u>449,708</u>	<u>502,886</u>
PROPERTY AND EQUIPMENT		
Land	523,684	523,684
Buildings (see note 2d)	225,380	225,380
Machinery & Equipment (see note 2d)	36,520	33,032
Less accumulated depreciation	<u>(178,663)</u>	<u>(166,339)</u>
Total PROPERTY AND EQUIPMENT	<u>606,921</u>	<u>615,757</u>
OTHER ASSETS		
Investments (see note 3)	1,907,046	1,358,402
Total OTHER ASSETS	1,907,046	1,358,402
Total ASSETS	<u>\$ 2,963,675</u>	<u>\$ 2,477,045</u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,090	\$ -
Capital Lease	3,383	
Accrued Expenses	17,666	15,688
Accrued Wages		730
Total CURRENT LIABILITIES	<u>22,139</u>	<u>16,418</u>
Total LIABILITIES	<u>22,139</u>	<u>16,418</u>
NET ASSETS		
Unrestricted (see note 5)	2,941,536	2,460,627
Permanently restricted		
Total Net Assets	<u>2,941,536</u>	<u>2,460,627</u>
Total LIABILITIES AND NET ASSETS	<u>\$ 2,963,675</u>	<u>\$ 2,477,045</u>

The accompanying notes are an integral part of these financial statements

WEST SUBURBAN HUMANE SOCIETY
Statement of Activities

December 31, 2013 with Comparative Totals as of December 31, 2012

	<u>Unrestricted</u>	<u>Restricted</u>	12/31/2013	12/31/2012
DUES, GAINS AND OTHER SUPPORT				
Adoption Fees	\$ 86,192		\$ 86,192	\$ 84,253
Bequest	464,632		464,632	640,115
Contributions	193,735		193,735	201,942
Capital Campaign				52,000
Events	87,908		87,908	83,120
Fundraising & Campaigns	84,179		84,179	100,728
IN Memory Contributions	7,748		7,748	12,311
Interest Income	89,308		89,308	29,975
Realized Gains	14,787		14,787	
Unrealized Investment Gains	<u>65,108</u>		<u>65,108</u>	<u>14,024</u>
 Total revenues, gains and support	 <u>\$ 1,093,597</u>		 <u>\$ 1,093,597</u>	 <u>\$ 1,218,468</u>
 EXPENSES				
Program services	\$ 408,302		\$ 408,302	\$ 314,750
Management and general	61,068		61,068	228,410
Investment Fees & Expenses	17,433		17,433	
Fundraising	<u>125,318</u>		<u>125,318</u>	<u>51,761</u>
 Total Expenses	 <u>612,121</u>		 <u>612,121</u>	 <u>594,921</u>
 CHANGE IN ASSETS	 481,476		 481,476	 623,547
 NET ASSETS BEGINNING OF YEAR	 <u>2,460,626</u>		 <u>2,460,626</u>	 <u>1,837,079</u>
 Prior period Adjustment	 (566)		 (566)	
NET ASSETS END OF YEAR	<u>\$ 2,941,536</u>		<u>\$ 2,941,536</u>	<u>\$ 2,460,626</u>

The accompanying notes are an integral part of these financial statements

**WEST SUBURBAN HUMANE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2013 with Comparative Totals for the Year Ended December 31, 2012

	Program Services	Management and General	Fundraising Events	2013	2012
SALARIES AND RELATED EXPENSES					
Salaries	\$ 127,943		\$ 2,963	\$ 130,906	\$ 70,747
Fringe benefits	502	1,004	1,719	3,225	2,414
Officer Salary	14,398	28,796	28,796	71,990	21,538
Total salaries	142,843	29,800	33,478	206,121	94,699
OPERATING EXPENSES					
Adoption	202			202	857
Advertising & Promotion	2,341			2,341	1,247
Accounting		3,200			
Bank Charges & Credit Card		3,877		3,877	4,691
Barkapaloozza				-	11,871
Boarding	1,974			1,974	2,981
Direct Mail Appeals			6,473	6,473	7,994
Dues and subscriptions	1,221	998	741	2,960	3,164
Equipment Rental	2,967	600	662	4,229	5,094
Exterminating	960	31	41	1,032	891
Fees and Licenses		403		403	1,164
Food				-	10,634
Meals & Gifts		666		666	817
Insurance	6,069	8,634	1,407	16,110	14,162
Internet	3,611		1,203	4,814	14,252
Interest		297		297	
Mileage				-	543
Miscellaneous	165	3,110		3,275	1,011
Newsletter appeal			12,681	12,681	16,255
Office Supplies	1,198	1,199		2,397	1,858
Outside Service	10,168	2,413		12,581	11,145
Payroll Processing	2,245	454	501	3,200	2,791
Plant Sale				-	10,645
Postage & Delivery	1,827	370	408	2,605	1,580
Promotion				-	250
Printing	1,091	395	13,167	14,653	4,398
Professional fees				-	9,691
Repairs	6,281	129	198	6,608	9,327
Seminars				-	250
Spray and neuter	22,816			22,816	23,320
Animal	21,994			21,994	5,939
Supplies Medical	43,131			43,131	38,456
Taxes Payroll	11,138	2,253	2,485	15,876	15,571
Taxes- Sales		119		119	48
Telephone & Utilities	19,422	803	2,081	22,306	20,787
Training	5,290			5,290	10,129
Utilities				-	1,897
Veterinary cost	88,877			88,877	92,201
Volunteer Party				-	659
Welcome Bricks			583	583	
Website	112		500	612	
Walk a Thon				-	
Other		1,021	47,040	48,061	3,205
Total Operating	255,100	30,972	90,171	373,043	456,472
Total expenses before depreciation	397,943	60,772	123,649	582,364	582,597
Depreciation expense	10,359	296	1,669	12,324	12,324
TOTAL EXPENSES	\$408,302	\$ 61,068	\$ 125,318	\$ 594,688	\$ 594,921
Percentage of total	<u>69%</u>	<u>10%</u>	<u>21%</u>	<u>100%</u>	

WEST SUBURBAN HUMANE SOCIETY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2013 with Comparative Totals for the Year Ended December 31, 2012
Increase (Decrease in Cash and Cash Equivalents)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 481,476	\$ 623,548
Adjustments to reconcile net income to net cash provided by operating expenses		
Depreciation expenses	12,324	12,324
Change in Prepaid expenses	945	(829)
Change in accounts payable	661	
Change in accrued payroll taxes		
Change in other Receivables		
Change in Capital Lease Obligations	3,383	(3,383)
Change in accrued payroll taxes	(730)	730
Change in accrued payroll	1,819	3,137
Change in accrued expenses	<u>18,402</u>	<u>11,979</u>
Total adjustments		
Net cash from operating activities	499,878	635,527
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Proceeds from Wayne Hummer	3,098	650,043
Investment Waddell Reed	(217,318)	(991,947)
DuPage Community	(333,644)	
Community Bank	(596)	(2,950)
Equipment Leased	(3,488)	3,383
Change in CD Investments-Ameriprise	<u>(164)</u>	<u>95,118</u>
Net cash from investing activities	(552,112)	(246,353)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASES (DECREASE) IN CASH AND CASH EQUIVALENTS	(52,234)	389,174
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>501,542</u>	<u>112,368</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 449,308</u>	<u>\$ 501,542</u>
INCREASE (DECREASE) IN CASH	(52,234)	389,174

The accompanying notes are an integral part of these financial statements
6.

WEST SUBURBAN HUMANE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2013

1. Nature of activity

The objectives of the West Suburban Humane Society are to encourage the charitable treatment of animals, to provide education on the humane treatment of domesticated animals, to ensure the human care of domesticated animals, and to help control the canine and feline population. West Suburban Humane Society also operates an animal shelter, which provides animals with shelter, food, and veterinary care. Adoption services are offered to the general public. Primary sources of support and revenue come from donations, fundraising activities, and adoption fees.

2. Summary of Significant Accounting Policies

A summary of significant accounting policies, not described elsewhere in the notes to financial statements is as follows:

a. Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts and US Government Savings Bonds. For purposes of cash flows, the organization considers liquid investments with maturity of three months or less to be cash equivalents.

b. Investments

Investments are carried at the readily determinable fair value. The realized and unrealized gains and losses are reflected in the statement of activities as increases or decreases in unrestricted net assets.

c. Permanently Restricted Net Assets

Permanently restricted net assets represent gifts and bequests which have been accepted with donor stipulation that the principal be maintained intact with only income to be utilized for the organization's operations.

**WEST SUBURBAN HUMANE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2013**

d. Property and Equipment

Property and equipment is recorded at cost and is depreciated using straight line over the estimated useful lives. Land is carried at cost. Maintenance and repair cost are charged to income when incurred. The organization depreciates its fixed assets over the estimated useful lives of between 5 and 10 years. Building and improvements are depreciated over 25-39 years.

e. 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 affects certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f. Income Taxes

The Organization is currently exempt from Federal income taxation under the Internal Revenue Code 501(c) (3). Federal 990 and an Illinois AG990-II are filed annually.

3. Investments

The cost and market values of investments at December 31, 2012-2013 are summarized follows:

	12/31 <u>2013</u>	12/31 <u>2012</u>
Money Market & Certificates of deposits	114,136	113,358
Waddell Reed	1,459,265	1,241,947
Wayne Hummer	0	3,097
DuPage Community	<u>333,644</u>	
Total Investments	<u>\$ 1,907,045</u>	<u>\$ 1,358,402</u>

WEST SUBURBAN HUMANE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2013

4. Risks and Uncertainties

The organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statement of financial position.

5. Net Assets

The financial statement presentation follows the requirement of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No 117, West Suburban Humane Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net assets categories follows.

1. Unrestricted net assets have no donor-imposed restrictions
2. Temporarily restricted net assets have donor-imposed restrictions that will expire in the future. There were no temporarily restricted net assets at December 31, 2013.
3. Permanently restricted net assets have donor-imposed restrictions which do not expire. There were no permanently restricted net assets at December 31, 2013.

6. Fair Value

Measurements,
FAS 157 set forth a fair market value hierarchy for different investments. Most, if not all (in some cases), of the investments qualify as "Level 1."

WEST SUBURBAN HUMANE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2013

Note 6
FAIR VALUE MEASUREMENTS (continued)

Level 1 Inputs—are quoted prices in active markets for identical assets that the plan has the ability to access at the measurement date (for example, prices derived from NYSE, NASDAQ and the Chicago Board of Trade). If a Level 1 input is available for a particular investment; it should be used to value that investment.

Level 2 Inputs—are inputs other than quoted prices included within Level 1 that is observable for the asset, either directly or indirectly. Observable inputs are those that reflect the assumptions market would use in pricing the asset developed on market data obtained from sources independent of the organization (for example, matrix pricing, yield curves and indices).

Level 3 Inputs—are unobservable inputs for the asset. Unobservable inputs are those that reflect the plan's own assumptions about the assumptions that market participants would use in pricing the asset developed, based on the best information available in the circumstances (for example, investment manager pricing for private placements, private equities and hedge funds).

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Mutual Funds: Valued at net asset value (NAV) of shares held by the organization at year end.

Money Market: Valued at the net asset value (NAV) of shares held by the organization at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other markets of certain financial instruments could result in a different fair value measurement at the reporting date.

**WEST SUBURBAN HUMANE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2013**

Note 6
FAIR VALUE MEASUREMENTS (continued)

The following tables set forth by level, within the fair value hierarchy, the organizations Investments at fair value as of December 31, 2013.

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTALS</u>
Certificates of deposits	\$ 114,136			\$ 114,136
Waddell Reed	1,459,265			1,459,265
DuPage Community	<u>333,644</u>			<u>333,644</u>
Total Investments	<u>\$ 1,907,045</u>			<u>\$ 1,907,045</u>