

Cache Humane Society

Audited Financial Statements

For the Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Cache Humane Society
Logan, Utah

Report on the Financial Statements

I have audited the accompanying financial statements of the Cache Humane Society (a nonprofit corporation) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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

My responsibility is to express opinions 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 and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, 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 respective financial position of the Organization, as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

MATTHEW REGEN, CPA, PC

A handwritten signature in blue ink that reads "Matthew Regen, CPA, PC". The signature is written in a cursive style.

August 12, 2019

CACHE HUMANE SOCIETY
(A Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 176,858	199,478
Accounts receivable	<u>3,864</u>	<u>6,903</u>
Total current assets	<u>180,722</u>	<u>206,381</u>
Property and equipment, net	613,652	630,406
Other assets		
Restricted cash	<u>431,700</u>	<u>17,000</u>
Total assets	<u>\$ 1,226,074</u>	<u>853,787</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	\$ 7,759	1,496
Accrued liabilities	<u>281</u>	<u>6,789</u>
Total current liabilities	<u>8,040</u>	<u>8,285</u>
Total liabilities	<u>8,040</u>	<u>8,285</u>
<u>Net Assets</u>		
Unrestricted	1,086,334	828,502
Temporarily restricted	131,700	17,000
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>1,218,034</u>	<u>845,502</u>
Total liabilities and net assets	<u>\$ 1,226,074</u>	<u>853,787</u>

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

CACHE HUMANE SOCIETY
(A Nonprofit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Unrestricted		Temporarily Restricted		Permanently Restricted		Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Support, revenue and reclassifications:								
Contributions and sponsorships	\$ 347,049	198,784	196,366	44,907	-	-	543,415	243,691
Program revenues	416,351	396,821	-	-	-	-	416,351	396,821
Investment income	1,012	474	-	-	-	-	1,012	474
Net assets released from restrictions:								
Satisfaction of restrictions	81,666	27,907	(81,666)	(27,907)	-	-	-	-
Total support, revenue and reclassifications	<u>846,078</u>	<u>623,986</u>	<u>114,700</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>960,778</u>	<u>640,986</u>
Expenses:								
Program services	521,192	480,238	-	-	-	-	521,192	480,238
General and administrative	45,853	41,773	-	-	-	-	45,853	41,773
Fundraising	21,201	20,022	-	-	-	-	21,201	20,022
Total expenses	<u>588,246</u>	<u>542,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>588,246</u>	<u>542,032</u>
Change in net assets	257,832	81,954	114,700	17,000	-	-	372,532	98,954
Net assets - beginning of year	<u>828,502</u>	<u>746,548</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,502</u>	<u>746,548</u>
Net assets - end of year	<u>\$ 1,086,334</u>	<u>828,502</u>	<u>131,700</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>1,218,034</u>	<u>845,502</u>

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

CACHE HUMANE SOCIETY
(A Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Program Services		General and Administrative		Fundraising		Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Expenses:								
Payroll:								
Salaries and wages	\$ 258,301	236,312	33,825	30,946	15,375	14,066	307,501	281,324
Payroll taxes	21,152	20,798	3,305	3,250	1,983	1,950	26,440	25,997
Total payroll expenses	<u>279,453</u>	<u>257,110</u>	<u>37,130</u>	<u>34,195</u>	<u>17,358</u>	<u>16,016</u>	<u>333,941</u>	<u>307,321</u>
Other expenses:								
Shelter supplies	73,505	54,529	3,869	2,870	-	-	77,374	57,399
Veterinary expenses	48,625	41,757	-	-	-	-	48,625	41,757
Depreciation and amortization	25,806	24,341	824	777	824	777	27,453	25,895
Office expense	20,408	16,317	2,401	1,920	1,200	960	24,009	19,197
Utilities	20,403	17,014	651	543	651	543	21,705	18,100
Education and volunteer expenses	21,126	21,219	-	-	-	-	21,126	21,219
Repairs and maintenance	13,920	33,544	444	1,071	444	1,071	14,808	35,685
Insurance	12,635	9,311	403	297	403	297	13,442	9,905
Training and licensing	2,351	1,803	131	100	131	100	2,612	2,003
Advertising	1,708	2,322	-	-	190	258	1,898	2,580
Travel	936	637	-	-	-	-	936	637
Dues and subscriptions	317	334	-	-	-	-	317	334
Total other expenses	<u>241,739</u>	<u>223,128</u>	<u>8,722</u>	<u>7,577</u>	<u>3,843</u>	<u>4,006</u>	<u>254,305</u>	<u>234,711</u>
Total expenses	<u>\$ 521,192</u>	<u>480,238</u>	<u>45,853</u>	<u>41,773</u>	<u>21,201</u>	<u>20,022</u>	<u>588,246</u>	<u>542,032</u>

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

CACHE HUMANE SOCIETY
(A Nonprofit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 372,532	98,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	27,453	25,895
Decrease accounts receivable	3,039	2,273
Increase (decrease) in accounts payable	6,263	(2,359)
Decrease (increase) in accrued liabilities	(6,509)	5,435
Net cash provided by operating activities	<u>402,778</u>	<u>130,198</u>
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	<u>(10,698)</u>	<u>(27,317)</u>
Net cash used in investing activities	<u>(10,698)</u>	<u>(27,317)</u>
<u>Cash flows from financing activities:</u>		
Payments on long-term debt	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	392,080	102,881
Cash and cash equivalents at beginning of year	<u>216,478</u>	<u>113,597</u>
Cash and cash equivalents at end of year	<u>\$ 608,558</u>	<u>216,478</u>
<u>Supplemental cash flow information:</u>		
As reported on statement of financial condition:		
Cash and cash equivalents	\$ 176,858	199,478
Restricted cash	<u>431,700</u>	<u>17,000</u>
Total	<u>\$ 608,558</u>	<u>216,478</u>
Interest paid	<u>\$ -</u>	<u>-</u>

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

CACHE HUMANE SOCIETY
(A nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 – Summary of Significant Accounting Policies

Nature of Organization

Cache Humane Society (the Organization) is a non-profit corporation located in Logan, Utah, that serves as an animal shelter for most of Cache Valley, Utah, including Logan, North Logan, Providence, and surrounding areas. Services include affordable vaccinations, spays and neuters, animal adoptions, and community education. The Organization operates through support received from the federal and state governments, individuals, corporations, other Societies, and program fees.

Basis of Presentation

Financial statement preparation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Foundations*. Under SFAS No. 117, the Organization 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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line and accelerated methods over the following estimated useful lives:

Buildings	10 to 39 Years
Real property and land improvements	7 to 25 Years
Equipment and Vehicles	5 to 15 Years

Property and equipment whose value exceeds \$2,500 is capitalized. All other property and equipment is expensed when purchased. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CACHE HUMANE SOCIETY
(A nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 – Summary of Significant Accounting Policies (continued)

Property and equipment consist of the following at December 31:

	2018	2017
Buildings & land improvements	\$ 607,393	\$ 603,025
Equipment	35,339	29,009
Vehicles	24,267	24,267
	666,999	656,301
Less: accumulated depreciation	(53,347)	(25,895)
	\$ 613,652	\$ 630,406

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designed for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments. The carrying value of cash and cash equivalents approximates fair value because of the short maturities and liquidity of those financial instruments.

Restricted Cash

The Organization has placed internal restrictions on the use of their excess cash. This restricted cash is intended to be invested and the principal retained, similar to an endowment. Investment earnings on this cash will be used for program expenses and capital improvements.

CACHE HUMANE SOCIETY
(A nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal or state income taxes in the accompanying financial statements.

Advertising

The Organization capitalizes advertising costs for specific programs. Costs are expensed when the related program is presented. Advertising expense for the years ended 2018 and 2017 were \$1,898 and \$2,580, respectively.

Subsequent Events

The Organization has evaluated all subsequent events through August 12, 2019, the date the financial statements were available to be issued.

Note 2 – Donated Services and Materials

The Organization receives a significant amount of donated services from unpaid volunteers who assist in programs and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Advertising expenses and program supplies were donated to the Organization by various local businesses and are included in contributions and expenses in the statement of activities. The Organization has estimated the approximate fair value of the advertising expenses and program supplies to be \$8,407 and \$664 for the years 2018 and 2017, respectively.

Note 3 – Concentration of Credit Risk

The Organization maintains bank accounts at different financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The uninsured portion of the Organization's bank balances was \$346,523 on December 31, 2018. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

CACHE HUMANE SOCIETY
(A nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that they be used to sponsor specific future performances. When a restriction has been satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets total \$431,700 and \$17,000 on December 31, 2018 and 2017, respectively, and consist of cash and cash equivalents to be used for future operations.

Note 5 – Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 6 – Legal Matters

The Organization has not been the subject of lawsuits or claims arising in the ordinary course of business. Based upon present information, the Organization determined that there were no matters that required an accrual as of August 12, 2019, nor were there any asserted or unasserted claims for which material losses are reasonably possible.