

CEDAR BEND HUMANE SOCIETY, INC.

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

**CEDAR BEND HUMANE SOCIETY, INC.
WATERLOO, IOWA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Cedar Bend Humane Society, Inc.

I have audited the accompanying financial statements of Cedar Bend Humane Society, Inc (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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 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 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.

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 Cedar Bend Humane Society, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maureen Praisner CPA, PLLC

Maureen Praisner CPA, PLLC
Certified Public Accountant

Cedar Falls, IA
August 20, 2019

CEDAR BEND HUMANE SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION**JUNE 30, 2019 AND 2018**

- ASSETS -

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash on Hand	\$ 435	\$ 435
Cash in Bank	90,420	146,418
Savings	64,132	61,184
Cash Donor Restricted	33,089	31,192
Accounts Receivable	2,290	3,937
Pet Cemetery Supplies	433	433
Resale Items Inventory	1,635	4,469
Kennel Supplies Inventory	<u>15,511</u>	<u>9,928</u>
Total Current Assets	<u>207,945</u>	<u>257,996</u>
PROPERTY AND EQUIPMENT (AT COST)		
Land	67,694	67,694
Building and Improvements	2,564,307	2,545,290
Equipment, Furniture, and Fixtures	336,017	304,942
Pet Cemetery	15,996	15,996
Less: Accumulated Depreciation	<u>(1,111,857)</u>	<u>(1,031,818)</u>
Total Property and Equipment Net	<u>1,872,157</u>	<u>1,902,104</u>
OTHER ASSETS		
Long-term Investments	<u>415,856</u>	<u>402,818</u>
Total Assets	<u><u>\$ 2,495,958</u></u>	<u><u>\$ 2,562,918</u></u>

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

CEDAR BEND HUMANE SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION**JUNE 30, 2019 AND 2018**

- LIABILITIES AND NET ASSETS -

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 14,184	\$ 21,529
Accrued Wages	12,919	9,746
Accrued Expenses	3,008	5,839
Current Portion Long-term Debt	<u>7,381</u>	<u>7,074</u>
Total Current Liabilities	<u>37,492</u>	<u>44,188</u>
LONG-TERM DEBT	173,089	181,045
NET ASSETS		
Without Donor Restrictions	2,252,288	2,306,493
With Donor Restrictions	<u>33,089</u>	<u>31,192</u>
Total Net Assets	<u>2,285,377</u>	<u>2,337,685</u>
Total Liabilities and Net Assets	<u>\$ 2,495,958</u>	<u>\$ 2,562,918</u>

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

CEDAR BEND HUMANE SOCIETY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

- CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS-

	<u>2019</u>	<u>2018</u>
REVENUES AND SUPPORT		
Contract Income - City of Cedar Falls	\$ 33,980	\$ 34,069
Contract Income - City of Waterloo	92,087	87,797
Contract Income - Black Hawk County	27,350	26,932
Contract Income - Other Municipalities	760	1,390
Shelter Income - Black Hawk County	273,500	286,890
Shelter Income - Out of County	7,670	10,315
Pet Cemetery	5,089	6,557
Cremations	40,523	46,021
Miscellaneous Income	25,395	19,940
Contributions	306,676	404,168
Grant Income	28,570	8,851
Fundraising Events	78,767	80,302
Boarding Income	117,803	118,211
Interest and Dividends	12,817	9,768
Net Unrealized Gain (Loss) on Securities (Note 4)	9,873	12,822
Realized Gain (Loss)	<u>(133)</u>	<u>(61)</u>
Total Revenues and Gains Without Donor Restrictions	<u>1,060,727</u>	<u>1,153,972</u>
Net Assets Released from Restrictions		
Satisfaction of Program Restrictions	<u>1,072</u>	<u>29,820</u>
Total Net Assets Released from Restrictions	<u>1,072</u>	<u>29,820</u>
Total Revenues, Gains, and Other Support Without Donor Restrictions	<u>1,061,799</u>	<u>1,183,792</u>
EXPENSES		
Program Services Expenses		
Shelter:		
Salaries and Wages	461,376	432,543
Payroll Taxes	36,577	33,954
Employee Benefits	4,513	8,570
Maintenance - Buildings and Grounds	16,233	14,403
Maintenance - Truck and Equipment	3,078	3,154
Kennel Feed, Medicine, and Supplies	124,367	127,303
Education, Promotion, and Advertising	34,611	18,543
Office Supplies	1,749	2,312
Insurance	28,910	25,257
Utilities and Telephone	34,504	33,333
Waste Disposal and Rendering Services	3,312	3,053

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

CEDAR BEND HUMANE SOCIETY, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Depreciation	67,176	68,452
Crematory Expenses	3,096	6,110
Boarding Expenses	84,708	87,620
Cost of Adoption	<u>60,941</u>	<u>69,818</u>
Total Shelter Expenses	<u>965,151</u>	<u>934,425</u>
Cemetery:		
Cemetery Expenses	<u>2,596</u>	<u>3,270</u>
Total Cemetery Expenses	<u>2,596</u>	<u>3,270</u>
Total Program Services Expenses	<u>967,747</u>	<u>937,695</u>
Supporting Services Expenses		
Fundraising	67,787	62,074
Management and General	<u>80,470</u>	<u>86,300</u>
Total Supporting Services Expenses	<u>148,257</u>	<u>148,374</u>
Total Expenses	<u>1,116,004</u>	<u>1,086,069</u>
Increase (Decrease) In Net Assets Without Donor Restrictions	<u>(54,205)</u>	<u>97,723</u>
- CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS-		
Contributions	2,500	15,000
Interest Income	469	289
Net Assets Released from Restrictions	<u>(1,072)</u>	<u>(29,820)</u>
Increase In Net Assets With Donor Restrictions	<u>1,897</u>	<u>(14,531)</u>
Increase (Decrease) in Net Assets	(52,308)	83,192
Net Assets at Beginning of Year	<u>2,337,685</u>	<u>2,254,493</u>
Net Assets at End of Year	<u><u>\$ 2,285,377</u></u>	<u><u>\$ 2,337,685</u></u>

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

CEDAR BEND HUMANE SOCIETY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contract and Shelter Income	\$ 436,994	\$ 443,578
Cremations	40,523	46,021
Pet Cemetery	5,089	6,557
Boarding Income	117,803	118,211
Investment Income	5,988	6,445
Donations, Walk-A-Thon, and Miscellaneous Income	441,908	525,206
Cash Paid to Suppliers and Employees	(1,038,435)	(1,004,090)
Interest Paid	<u>(7,283)</u>	<u>(8,087)</u>
Net Cash Flow Provided by Operating Activities	<u>2,587</u>	<u>133,841</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Building Equipment, Furniture, and Fixtures	(50,092)	(30,047)
Net Proceeds From (To) Long-term Investments	<u>4,000</u>	<u>(1,705)</u>
Net Cash Flow Used by Investing Activities	<u>(46,092)</u>	<u>(31,752)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(7,648)	(6,855)
Net Cash Flow Used by Financing Activities	<u>(7,648)</u>	<u>(6,855)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(51,153)	95,234
Cash and Cash Equivalents at Beginning of Year	<u>239,229</u>	<u>143,995</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 188,076</u></u>	<u><u>\$ 239,229</u></u>

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

CEDAR BEND HUMANE SOCIETY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ (52,308)	\$ 83,192
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	80,039	81,315
Unrealized (Gain) Loss on Investments	(9,873)	(12,822)
Realized (Gain) Loss on Investments	133	61
(Increase) Decrease in Accounts Receivable	1,647	(3,765)
(Increase) Decrease in Investments	(7,298)	(9,552)
(Increase) Decrease in Inventory	(2,749)	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>(7,004)</u>	<u>(4,588)</u>
Total Adjustments	<u>54,895</u>	<u>50,649</u>
Net Cash Provided by Operating Activities	<u>\$ 2,587</u>	<u>\$ 133,841</u>

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

CEDAR BEND HUMANE SOCIETY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

Note 1. Nature of Operations and Summary of Significant Accounting Policies**Nature of Operations**

Cedar Bend Humane Society, Inc. is a nonprofit corporation that was established to provide animal care. Its purpose is to place animals in lifelong, loving homes, educate the public on the issues of humane care, teach responsible pet ownership, and provide shelter for stray, neglected and unwanted animals. The Society's operations also include a boarding facility for dogs and cats, and pet cemetery.

Basis of Accounting

The Society maintains its records and prepares its financial statements on an accrual basis.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash, savings, and certificates of deposits with six-month liquidity.

Inventories

Inventories consist of kennel and cemetery supplies and resale items. Each is stated at the lower of cost or market. Cost is determined by the FIFO (first-in first-out) method.

Depreciation

Property and equipment are capitalized at cost. The Society provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets over their estimated useful lives. The Society uses straight-line method of depreciation on all depreciable assets acquired. Building and Improvements utilizes straight-line. Depreciation for the year ended June 30, 2019 and 2018 was \$80,039 and \$81,315 respectively.

Use of Estimates

The Society uses estimates in preparing these financial statements, in accordance with generally accepted accounting principles. Those estimates affect the reported amount of assets, revenues, and expenses.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Revenue

The Society's support comes primarily through donor contributions, contract revenue from surrounding municipalities and adoption fees.

CEDAR BEND HUMANE SOCIETY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

Note 1. Nature of Operations and Summary of Significant Accounting Policies-(continued)**Income Taxes**

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC). As such, the Organization is not taxed on income derived from its exempt functions. However, the Organization is subject to tax on unrelated business income, which is generated from the Organization's activities not related to their stated exempt purposes, which includes the Kennel Facility and Pet Cemetery. The Organization had no significant deferred income tax assets or liabilities as of June 30, 2019. As of June 30, 2019, the Organization applied the remaining net operating loss carryforward for income tax purposes of \$12,800. Unrelated business income tax expense for the year ended June 30, 2019 was \$3,245 for federal and \$927 for state.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2015, 2016 and 2017 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal year ended June 30, 2019.

Recognition of Donor Restricted Contributions

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2019 and June 30, 2018, were \$1,600 and \$1,205 respectively.

Note 2. Restrictions on Net Assets

The following list includes donor-restricted support as of June 30, 2019 and 2018 remains restricted.

	2019	2018
<i>Leslie Stevens Karm Memorial Fund</i> Disbursements of principal and interest limited to the costs of spaying and neutering of pets acquired by private individuals who are unable to assume this expense	\$ 8,513	\$ 8,318
<i>Pet Cemetery Perpetual Care Fund</i> Contributions are made with burial fees for the perpetual care of the cemetery. Disbursements of interest are made to defray maintenance costs.	11,968	11,694
<i>Facility Expansion</i> Contributions are made for the future Outreach facility	12,608	11,180
Total	<u>\$ 33,089</u>	<u>\$ 31,192</u>

CEDAR BEND HUMANE SOCIETY, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

Note 3. Evaluation of Subsequent Events

The Organization has evaluated subsequent through August 20, 2019, the date which the financial statements were available to be issued.

Note 4. Investments

Investments are stated at market value. Unrealized gains and losses are reflected on the statement of activities. These funds represent board-designated amounts set aside in prior years for the purpose of subsidizing the income stream for annual operations.

Year Ended June 30, 2019	Cost	Market Value	Unrealized Gain (Loss)
Money Market Funds	\$ 33,310	\$ 33,310	\$ -
Bonds	205,449	207,063	1,614
Equity Funds	84,864	175,482	90,618
	<u>\$ 323,623</u>	<u>\$ 415,855</u>	<u>\$ 92,232</u>

Year Ended June 30, 2018	Cost	Market Value	Unrealized Gain (Loss)
Money Market Funds	\$ 23,780	\$ 23,780	\$ -
Bonds	205,242	261,170	55,928
Equity Funds	92,364	117,868	25,504
	<u>\$ 321,386</u>	<u>\$ 402,818</u>	<u>\$ 81,432</u>

Note 5. Fair Value Measurement

FASB ASC 820-10 establishes 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs are unobservable inputs for the asset or liability.

Available for Sale Securities

Available-for-sale securities are measured at fair value on a recurring basis using Level 1 inputs. There are no changes in the methodologies used at June 30, 2019 or 2018.

CEDAR BEND HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 6. Long-Term Debt

	2019	2018
Notes Payable bank, due in monthly installments of \$1,244.38, interest rate 4.25%, matures September 24, 2021, secured by real estate	180,470	188,119
Current maturities	(7,381)	(7,074)
Total	<u>\$ 173,089</u>	<u>\$ 181,045</u>

Future maturities of long-term debt are as follows:

2020	\$ 7,381
2021	7,701
2022	165,388
	<u>\$ 180,470</u>

Interest payments totaled \$7,283 for year ended June 30, 2019, and \$8,087 for the year ended June 30, 2018. Interest expense is allocated to boarding expenses.