

Friends of Chicago Animal Care and Control, Inc.
Financial Statements
December 31, 2018 and 2017

Friends of Chicago Animal Care and Control, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Friends of Chicago Animal Care
P.O. Box 4414
Chicago, IL 60680

We have audited the accompanying financial statements of Friends of Chicago Animal Care (an Illinois nonprofit organization), which comprise the statements of assets, liabilities and net assets - cash basis of December 31, 2018 and 2017, and the related statements of support, revenue, and expenses - cash basis and functional expenses - cash basis 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 the cash basis of accounting as described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 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, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Friends of Chicago Animal Care as of December 31, 2018 and 2017, and its support, revenue, and expenses for the years then ended in accordance with the cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Respectfully submitted,

fk advisors

FK Advisors
Northbrook, IL
June 25, 2019

Friends of Chicago Animal Care and Control, Inc.
Statements of Assets, Liabilities and Net Assets
Cash Basis
As of December 31, 2018 and 2017

	Assets	
	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,004,519	\$ 889,352
Investments	<u>47,771</u>	<u>57,330</u>
Total Current Assets	<u>1,052,290</u>	<u>946,682</u>
Total Assets	<u><u>\$ 1,052,290</u></u>	<u><u>\$ 946,682</u></u>
 Liabilities and Net Assets		
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Assets		
Without Donor Restrictions	1,052,290	896,401
With Donor Restrictions	<u>-</u>	<u>50,281</u>
Total Net Assets	<u>1,052,290</u>	<u>946,682</u>
Total Liabilities and Net Assets	<u><u>\$ 1,052,290</u></u>	<u><u>\$ 946,682</u></u>

See Accompanying Notes and Independent Auditor's Report.

Friends of Chicago Animal Care and Control, Inc.
Statements of Support, Revenue, and Expenses
Cash Basis
For The Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Operating Activities:				
Net Assets without Donor Restrictions:				
Support and Revenue				
Bequests	\$ 117,607	22.57	\$ 698,093	66.05
Direct Public Grants	142,569	27.36	29,031	2.75
Direct Public Support	156,281	30.00	77,684	7.35
Adoption Fees	19,729	3.79	16,503	1.56
Special Events	92,570	17.77	177,895	16.83
Net Assets Released from Restrictions	<u>50,281</u>	<u>9.65</u>	<u>50,000</u>	<u>4.73</u>
Total Support and Revenue	<u>579,037</u>	<u>111.14</u>	<u>1,049,206</u>	<u>99.27</u>
Expenses				
Program Services	364,454	69.95	179,453	16.98
Management and General	25,859	4.96	27,311	2.58
Fundraising	<u>25,071</u>	<u>4.81</u>	<u>59,468</u>	<u>5.63</u>
Total Expenses	<u>415,384</u>	<u>79.73</u>	<u>266,232</u>	<u>25.19</u>
Changes in Net Assets without Donor Restrictions from Operating Activities	<u>163,653</u>	<u>31.41</u>	<u>782,974</u>	<u>74.08</u>
Net Assets with Donor Restrictions:				
In-Kind Donation	-	-	50,281	4.76
Net Assets Released from Restrictions	<u>(50,281)</u>	<u>(9.65)</u>	<u>(50,000)</u>	<u>(4.73)</u>
Changes in Net Assets with Donor Restrictions from Operating Activities	<u>(50,281)</u>	<u>(9.65)</u>	<u>281</u>	<u>0.03</u>
Changes in Net Assets from Operating Activities	<u>113,372</u>	<u>21.76</u>	<u>783,255</u>	<u>74.10</u>
Nonoperating Activities:				
Net Assets without Donor Restrictions:				
Net Investment Earnings	<u>(7,764)</u>	<u>(1.49)</u>	<u>7,502</u>	<u>0.71</u>
Changes in Net Assets without Donor Restrictions from Nonoperating Activities	<u>(7,764)</u>	<u>(1.49)</u>	<u>7,502</u>	<u>0.71</u>
Changes in Net Assets from Nonoperating Activities	<u>(7,764)</u>	<u>(1.49)</u>	<u>7,502</u>	<u>0.71</u>

See Accompanying Notes and Independent Auditor's Report.

Friends of Chicago Animal Care and Control, Inc.
Statements of Support, Revenue, and Expenses
Cash Basis
For The Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Changes in Net Assets	105,608	<u>20.27</u>	790,757	<u>74.81</u>
Net Assets at Beginning of Year	<u>946,682</u>		<u>155,925</u>	
Net Assets at End of Year	<u>\$ 1,052,290</u>		<u>\$ 946,682</u>	

See Accompanying Notes and Independent Auditor's Report.

Friends of Chicago Animal Care and Control, Inc.
Statements of Functional Expenses
Cash Basis
For the Years Ended December 31, 2018 and 2017

	2018					2017				
	<u>Foster Program</u>	<u>Care and Control Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Foster Program</u>	<u>Care and Control Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and Payroll Taxes	\$ 15,085	\$ 24,286	\$ -	\$ -	\$ 39,371	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Charges	-	-	432	1,668	2,100	-	-	24	1,967	1,991
Communications and Marketing	-	-	444	1,567	2,011	-	-	785	1,377	2,162
Contract Services	(340)	57,496	6,081	-	63,237	-	37,673	12,057	-	49,730
Dog Boarding	16,928	-	-	-	16,928	5,273	-	-	-	5,273
Dog Care	27,463	-	-	-	27,463	-	-	-	-	-
Dog Training	5,435	-	-	-	5,435	283	-	-	-	283
Donations	-	-	-	-	-	-	-	-	2,500	2,500
Insurance	-	-	4,505	-	4,505	-	-	3,880	-	3,880
License and Fees	1,126	-	-	-	1,126	750	-	112	-	862
Medical Expenses	117,976	9,357	-	-	127,333	94,481	8,272	-	-	102,753
Photography	800	-	-	-	800	2,500	-	-	-	2,500
Postage and Delivery	-	-	-	3,702	3,702	-	-	-	1,464	1,464
Printing and Copying	-	-	2,261	9,316	11,577	-	-	1,482	10,866	12,348
Storage	-	1,584	1,968	-	3,552	-	924	1,092	-	2,016
Supplies	1,328	71,559	7,701	1,160	81,748	523	22,301	6,012	4,344	33,180
Telephone	-	-	2,467	-	2,467	34	-	1,867	358	2,259
Travel, Meetings and Events	-	14,371	-	7,658	22,029	-	6,439	-	36,592	43,031
Total	<u>\$ 185,801</u>	<u>\$ 178,653</u>	<u>\$ 25,859</u>	<u>\$ 25,071</u>	<u>\$ 415,384</u>	<u>\$ 103,844</u>	<u>\$ 75,609</u>	<u>\$ 27,311</u>	<u>\$ 59,468</u>	<u>\$ 266,232</u>

See Accompanying Notes and Independent Auditor's Report.

Friends of Chicago Animal Care and Control, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Note 1 - Nature of Operations

Friends of Chicago Animal Care and Control, Inc. (the Organization) is a not-for-profit organization incorporated under the laws of Illinois. The Organization was founded to raise awareness of Chicago Animal Care and Control, provide extra care for the animals at the shelter beyond the City's resources, and help more animals find new homes. The Organization was created on July 11, 2000. The Organization's most significant program is the Foster Program where the Organization coordinates with the Chicago Animal Care and Control shelter in Chicago, Illinois. The Organization transfers animals from the shelter that are too young for adoption, medically fragile, or animals that have special needs and places them in licensed foster homes until they are ready for adoption. The primary sources of revenues are public support and fundraising events.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The cash basis of accounting differs from GAAP primarily because it recognizes revenue when received rather than when earned and expenses when paid rather than when the obligation is incurred.

Financial Statement Presentation

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For the purposes of the financial statements, cash and cash equivalents include cash funds deposited in checking, savings, money market funds and deposits with PayPal and Network for Good.

Friends of Chicago Animal Care and Control, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Investments

Investments are stated at fair value. Donated investments are recorded at the fair value as of the date of receipt.

Net appreciation (depreciation) in the fair value of investments, which consists of dividends and interests, realized gains or losses and unrealized gains and losses on those investments, is presented in the statements of support, revenue, and expenses - cash basis in accordance with donor restrictions as net investment earnings. Net investment earnings is presented net of investment fees. The original cost method is primarily used to determine the basis for computing realized gains or losses.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the Organization and the amounts reported in the financial statements.

Measure of Operations

The statements of support, revenue, and expenses - cash basis reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

New Accounting Pronouncement

In August 2016, a new accounting standard was issued to address the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The standard is effective for fiscal years beginning after December 15, 2017. The Organization has adjusted the presentation of these statements accordingly. The standard has been applied retrospectively to all periods presented.

Donated Services and In-Kind Donation

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services that are not recognized as contributions in the financial statements since the revenue recognition criteria were not met. There were no donated services that met the revenue recognition criteria during the years ended December 31, 2018 and 2017.

The Organization also receives in-kind donations for which the values are readily determinable. In-kind donations include foster care supplies, silent auction and other fundraising related expenses. These donations are reflected as revenue and expenses in the statements of support, revenue, and expenses - cash basis.

Friends of Chicago Animal Care and Control, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of support, revenue, and expenses – cash basis. Accordingly, direct expenses are charged to programs, management and general, or fundraising categories based upon the combination of specific identification and allocation by management. Costs, such as insurance, occupancy, telephone, supplies and professional fees are charged to management and general unless related to a specific program.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Organization qualifies as a tax exempt organization under section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. It is also exempt from state income tax under the Illinois Charitable Trust Act.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Note 3 - Liquidity

The following reflects the Organization's financial assets reduced by amounts not available for general use as of December 31, 2018:

Financial Assets:

Cash and Cash Equivalents	\$ 1,004,517
Investment	<u>47,771</u>

Financial Assets, at year-end:	<u><u>\$ 1,052,288</u></u>
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As part of the Organization's liquidity management, its policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations when they come due. To help manage unanticipated liquidity needs, and although it has not done in the past, the Organization will suspend certain programs for a period of time.

Friends of Chicago Animal Care and Control, Inc.
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Note 4 - Fair Value Measurements

Fair value measurements and disclosures accounting establishes a framework for measuring fair value. As defined, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Unadjusted quoted prices in active markets, such as the New York Stock Exchange, for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgement or estimation.

The asset's 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.

In determining the appropriate levels, the Organization performed a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The Organization assesses the levels of the investments at each measurement date, and transfers between levels are recognized at the end of the reporting period in accordance with the Organization's policy regarding the recognition of transfers between levels of hierarchy. There were no transfers between levels for the years ended December 31, 2018 and 2017.

The fair value of equities are based on quoted market prices in active markets. There have been no changes in the methodologies used at December 31, 2018 and 2017.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. The Organization's management gives consideration to the reasonableness of the methodology for measuring fair value for certain Level 2 and Level 3 assets. The Organization believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date,

Friends of Chicago Animal Care and Control, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

and it is reasonably possible that the difference could be material. As such, there is no assurance that upon liquidation, the Organization will realize the fair values presented therein.

Fair values of assets measured on a recurring basis are as follows at December 31,

	<u>2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stocks	\$ 47,771	\$ -	\$ -	\$ 47,771
Total	<u>\$ 47,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,771</u>

	<u>2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stocks	\$ 57,330	\$ -	\$ -	\$ 57,330
Total	<u>\$ 57,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,330</u>

Note 5 - Investments

Investments consist of the following as of December 31,

	<u>2018</u>	<u>2017</u>
Corporate Stocks	\$ 47,771	\$ 57,330
Total	<u>\$ 47,771</u>	<u>\$ 57,330</u>

Net investment earnings are comprised of the following for the years ended December 31,

	<u>2018</u>	<u>2017</u>
Interests and Dividends	\$ 1,795	\$ 453
Unrealized gains and losses	<u>(9,559)</u>	<u>7,049</u>
Total	<u>\$ (7,764)</u>	<u>\$ 7,502</u>

Friends of Chicago Animal Care and Control, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Note 6 - Support and Revenue

The Organization's support and revenue are recognized in the period received. Contributions, grants and bequests received are recorded as support within net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions, grants and bequests are considered available for use without restrictions unless specifically restricted by the donor. Donor-restricted contributions, grants and bequests whose restrictions are met in the same reporting period are reported as support within net assets without donor restriction.

Investment income and gains or losses are recorded as support within net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted investment income and gains or losses whose restrictions are met in the same reporting period are reported as support within net assets without donor restrictions.

Gifts of cash and other assets are reported as support within net assets with donor restrictions if they are received with donor stipulations that limit their use by specific purpose or subject to time restrictions.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, support within net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statements of support, revenue, and expenses - cash basis as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

In-kind donations are recorded as support at their estimated fair value at the date of receipt. Gifts of publicly-traded securities are recorded at estimated fair value at the date of receipt.

Note 7 - Net Assets With Donor Restrictions

In 2016, the Organization received \$50,000 from The Humane Society of the United States ("HSUS") to be used for its Pets for Life Program ("PFL") in Chicago which the Organization oversaw beginning January 1, 2017. The funds have been expended as of December 31, 2017.

In 2017, the Organization received a \$50,281 stock donation to be used for PFL. The funds have been expended as of December 31, 2018.

Note 8 - Concentration of Risk

The Organization maintains its cash in bank deposits, which, at times, may exceed federally insured limits of \$250,000. The Organization has not experienced any losses in such accounts.

Note 9 - Subsequent Events

Subsequent events were evaluated through June 25, 2019, which is the date of the financial statements.