

Humane Society of Westchester, Inc.

Financial Statements

**For the years ended
October 31, 2017 and 2016**

Humane Society of Westchester, Inc.
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October 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Frank A. Salandra, CPA
Nancy A. Vernali, CPA

To the Board of Directors of Humane Society of Westchester, Inc.

We have audited the accompanying financial statements of Humane Society of Westchester, Inc., which comprise the statements of financial position as of October 31, 2017 and 2016, and the related statements of activities and changes in net assets 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 the 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 controls 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 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, 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 financial position of Humane Society of Westchester, Inc. as of October 31, 2017 and 2016 and the results of its operations and changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Harrison, New York
November 30, 2017

Humane Society of Westchester, Inc.
Statement of Financial Position
As of October 31, 2017 and 2016

	Oct 31, 2017	Oct 31, 2016
Assets		
<i>Current Assets</i>		
Cash in Bank	\$ 931,573	\$ 973,399
Short-Term Investments	594,903	507,102
Accounts Receivable	5,931	7,793
Prepaid Expenses	5,498	3,962
Total Current Assets	<u>1,537,905</u>	<u>1,492,256</u>
Fixed Assets		
Equipment and Vehicles	208,955	208,955
P. Carey Clinic	75,238	75,238
Thrift Shop Improvements	2,900	2,900
Accumulated Depreciation	<u>(163,978)</u>	<u>(143,619)</u>
Net Fixed Assets	<u>123,115</u>	<u>143,474</u>
Other Assets		
Security Deposit-Thrift Shop	<u>3,000</u>	<u>3,000</u>
Total Other Assets	<u>3,000</u>	<u>3,000</u>
Total Assets	<u>\$ 1,664,020</u>	<u>\$ 1,638,730</u>
Liabilities and Net Assets		
Liabilities		
<i>Current Liabilities</i>		
Accrued Expenses	\$ <u>8,334</u>	\$ <u>11,711</u>
Total Current Liabilities	<u>8,334</u>	<u>11,711</u>
Total Liabilities	<u>8,334</u>	<u>11,711</u>
Net Assets		
Unrestricted	1,595,686	1,041,869
Restricted	<u>60,000</u>	<u>585,150</u>
Total Net Assets	<u>1,655,686</u>	<u>1,627,019</u>
Total Liabilities and Net Assets	<u>\$ 1,664,020</u>	<u>\$ 1,638,730</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Humane Society of Westchester, Inc.
Statement of Activities and Changes in Net Assets
As of October 31, 2017 and 2016

	Oct 31, 2017		Oct 31, 2017		Oct 31, 2017		Oct 31, 2016		
	Unrestricted		---Restricted---		Total		Total		
	Operating Fund	Special Project Fund	Long Term Fund	Help Heal Fund	Cat Rescue Fund	TNR Fund	Unrestricted Funds	Conclusion Fund	Total Funds
Revenues and Support									
Municipal Income	\$ 410,921						410,921	\$	\$ 410,921
Operating Income	210,169						210,169		210,169
Regular Fund-Raising Income	92,022						92,022		92,022
Special Fund-Raising	129,721			9,324		16,563	155,608		155,608
Gift Income	145,253	151,000					296,253		296,253
Total Revenues and Support	988,086	151,000		9,324		16,563	1,164,973		1,164,973
Functional Expenses									
Animal Expenses	242,043	3,000		19,508		25,350	289,901		289,901
Payroll Expenses	673,572						673,572		673,572
Administrative Expenses	18,168					18,168	18,168		18,464
Bank Charges	7,883					7,883	7,883		7,484
Automotive Expenses	2,399					2,399	2,399		3,279
Maintenance & Utility Expenses	27,927					27,927	27,927		24,285
Fund-Raising Expenses	36,621					36,621	36,621		48,214
Professional Fees	10,800					10,800	10,800		8,817
Insurance	91,635					91,635	91,635		112,832
Total Functional Expenses	1,111,048	3,000		19,508		25,350	1,158,906		1,220,584
Operating Income or (Loss)	(122,962)	148,000		(10,184)		(8,787)	6,067		(69,354)
Other Income:									
Interest	16,951						16,951		16,951
Total Other Income	16,951						16,951		14,788
Change in Net Assets before Depreciation	(106,011)	148,000		(10,184)		(8,787)	23,018		(54,566)
Depreciation	20,358						20,358		22,198
Change in Net Assets	(126,369)	148,000		(10,184)		(8,787)	2,660		(76,764)
Net Assets, Beginning of Year	1,041,869	225,148	240,795	25,629	15,630	17,948	1,567,019	60,000	1,695,061
Unrealized Gain/(Loss)	26,007						26,007		8,792
Realized Gain/(Loss)									(70)
Net Assets, Prior to Fund Adjustments	941,507	373,148	240,795	15,445	15,630	9,161	1,595,686	60,000	1,627,019
Capitalization of Expenditures									
Transfer of Fund Balances		240,795	(240,795)		(15,630)	15,630			
Net Assets, End of Year	\$ 941,507	\$ 613,943	\$ -	\$ 15,445	\$ -	\$ 24,791	\$ 1,595,686	\$ 60,000	\$ 1,627,019

See Independent Auditor's Report and Notes to the Financial Statements.

Humane Society of Westchester, Inc.
Statement of Cash Flows
As of October 31, 2017 and 2016

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	2017	2016
Cash Flows from Operating Activities		
- (Decrease) Increase in Net Assets	\$ 2,660	\$ (76,764)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
- Depreciation and Amortization	20,358	22,198
- Realized Gain (Loss)	-	(70)
Changes in operating assets and liabilities:		
- (Increase) in Accts Receivable	1,863	(3)
- (Increase)Decrease in Prepaid Expenses	(1,536)	(308)
- (Decrease) in Accts Payable and Accrued Exp	(3,378)	(1,008)
- (Decrease) Increase in Deferred Revenue	-	-
Net Cash Provided by Operating Activities	<u>19,967</u>	<u>(55,955)</u>
Cash Flows from Investing Activities		
- (Increase) in Fixed Assets	-	-
- (Increase) in Investments	(87,800)	(23,977)
- Increase(Decrease) in Unrealized Gain/Loss	26,007	8,792
Net Cash Applied to Investing Activities	<u>(61,793)</u>	<u>(15,185)</u>
Net (Decrease)Increase in Cash	(41,826)	(71,140)
Cash, Beginning	<u>973,399</u>	<u>1,044,539</u>
Cash, Ending	<u>\$ 931,573</u>	<u>\$ 973,399</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Humane Society of Westchester, Inc.
Notes to Financial Statements
October 31, 2017 and 2016

NOTE A - Summary of significant accounting policies

Humane Society of Westchester, Inc. (the "Organization") was organized in 1911 as New Rochelle Humane Society under the not for profit laws of New York, as well as being exempt under Section 501 (c) (3) of the Internal Revenue Code. The principal activity is animal control, rescue and adoption funded through municipal contracts and public donation. (See NOTE E)

Revenue & Expense Recognition – Revenues and expenses are recognized on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Revenues are reported as increase in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Temporarily restricted net assets – net assets subject to donor-imposed restrictions that may or will be met by actions of the Organization, or that expire by the passage of time.

Unrestricted net assets – net assets that are not subject to any donor-restrictions.

Revenues are primarily received from either fees from various municipalities, fund raising or donations. Expenses are reported as decreases in unrestricted net assets. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as temporarily restricted net assets. When donor-imposed time conditions expire, or a donor-imposed purpose restriction is fulfilled, the temporarily restricted net assets are released to unrestricted net assets. These satisfactions of donor-imposed restrictions are reported as net assets released from restrictions. Conditional promises to give are not recognized until they become unconditional, that is, the conditions on which they depend are substantially met.

Income taxes – As an IRC 501(c)(3) entity, the Organization is tax exempt, and no provision for federal or state income tax has been made.

Cash and short term investments – is defined to include all bank deposits, including money market accounts and certificates of deposit that have an original maturity if three months or less as well as money market mutual funds that maintain a constant value of \$1.00 per share and can be readily converted into cash.

Use of estimates – The Organization uses estimates in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. The Organization regularly assesses these estimates and while actual results may differ from these estimates, the board believes that material changes will not occur in the near future.

NOTE B- FIXED ASSETS

The Organization has fixed assets stated at cost less accumulated depreciation and amortization. Depreciation has been calculated on a straight line basis over a three to ten year estimated useful life. As of October 31, 2017 and 2016 the net fixed asset amount is the salvage value remaining after being fully depreciated.

Humane Society of Westchester, Inc.
Notes to Financial Statements
October 31, 2017 and 2016

NOTE C- CONTINGENCIES

The Organization has no contingencies that are pending as a result of operations.

NOTE D- CONCENTRATION OF CREDIT RISK

Cash and cash equivalents are maintained with various financial institutions. Deposits held with banks may exceed the \$250,000 of Federal Deposit Insurance Corporation ("FDIC") insurance on such deposits. The FDIC protects depositors of insured banks located in the United States against the loss of their deposits if an insured bank fails. The FDIC will cover balances up to \$250,000 per depositor through December 31, 2017. The Organization continually monitors its deposits in the financial institution and does not anticipate any financial losses. As of October 31, 2017 and 2016 the Organization's uninsured cash balances were \$60,578 and \$102,013, and the total held within institutions which were not FDIC insured was \$594,903 and \$507,102, respectively.

NOTE E- ORGANIZATIONAL NAME CHANGE

The Organization formally known as New Rochelle Humane Society was approved for an amendment to their Certificate of Incorporation for a name change to Humane Society of Westchester, Inc. by the New York Secretary of State on October 27, 2015. The Organization requested a Name Change and Request for Affirmation Letter from the Internal Revenue Service on November 30, 2015. The Name Change and Request for Affirmation Letter was received from the Internal Revenue Service on December 31, 2015, therefore, the Organization will operate under the new name of Humane Society of Westchester, Inc. In addition, the Organization filed for an assumed name (d/b/a New Rochelle Humane Society).

NOTE F- LEASES

On October 24, 2014, Humane Society of Westchester, Inc. Inc. signed a twenty year lease with the City of New Rochelle for the property at 70 Portman Road, New Rochelle, New York. The annual rent will be one dollar (\$1.00) per year. The lease also includes an option to renew for an additional twenty years beyond the duration of the lease upon renewal in 2034. The rent will remain the same at one dollar (\$1.00) per year upon renewal in 2034.

NOTE G- RECLASSIFICATION OF TEMPORARILY RESTRICTED FUND BALANCES

After careful consideration, the board has determined that \$654,179 of the temporarily restricted funds were not in fact restricted by their donors, therefore, placed into the unrestricted funds category. They are accounted for in separate unrestricted funds for use determined by the board. The board has also determined that a consolidation of these unrestricted funds is appropriate due to the similar intentions of specific funds. As a result, the Long Term Fund balance of \$240,795 was consolidated into the Special Projects Fund, and the Cat Rescue Fund balance of \$15,630 was consolidated into the Trap/Neuter/Return(TNR) Fund. This leaves a balance of \$613,943 in the Special Projects Fund and a balance of \$24,791 in the TNR Fund. This is stated on page 11 which contains the Schedule of Unrestricted and Restricted Net Assets.



INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Humane Society of Westchester, Inc.

We have audited the financial statements of Humane Society of Westchester, Inc. for the years ended October 31, 2017 and 2016, and our report thereon dated November 30, 2017, which expressed an unmodified opinion on those financial statements, appears on Page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supporting Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Harrison, New York

November 30, 2017

Humane Society of Westchester, Inc.
Schedule of Income (Detailed)
As of October 31, 2017 and 2016

	Oct 31,	Oct 31,
	0	2016
<u>Miscellaneous Support</u>		
Municipal Income		
Eastchester	\$ 10,800	\$ 10,800
Greenburgh	82,391	80,991
New Rochelle	171,910	169,461
Pelham Manor	11,973	10,901
Pelham Village	10,373	10,200
Scarsdale	10,836	10,708
Larchmont	5,379	7,127
Mamaroneck Village	22,829	22,577
Mamaroneck Town	10,764	10,704
Harrison	34,212	33,835
City Of Rye	24,486	24,178
Rye Brook	14,968	13,628
Total Municipal Income	<u>410,921</u>	<u>405,110</u>
Operating Income		
Adoptions	67,030	72,235
Spay & Neuter Programs	87,539	94,075
Return to Owner	4,620	4,565
Thrift Shop	68,273	53,048
Less: Thrift Shop Expenses	(48,636)	(38,452)
Microchips	30,783	28,624
Dog License	560	463
Total Operating Income	<u>210,169</u>	<u>214,558</u>
Regular Fund-Raising Income		
Mailing	64,899	86,771
Merchandise/Apparel	1,791	2,676
News Letter & others	23,049	26,722
Photo Fundraising	2,283	1,831
Total Regular Fund-Raising Income	<u>92,022</u>	<u>118,000</u>
Special Fund-Raising		
Spay/Neuter	20,496	7,923
Sponsor a Pet/Sponser a Kennel	15,472	9,028
Calendar	680	4,935
Building Expansion Fund	51,000	-
Grants	11,100	84,500
Car Donations	497	35
Online Auction	3,751	4,628
Transport Sponsorship	600	500
Miscellaneous	-	880
Dog Park	2,010	4,995
Help Heal/Paulie's Pets	9,324	8,482
Special Events/Dog Wash	16,318	9,229
Hounds on the Sound	7,796	14,784
Trap/Neuter/Return Fund	16,564	9,435
Total Special Fund-Raising Income	<u>155,608</u>	<u>159,354</u>
Gift Income		
Bequests	27,535	-
Appleyard Trust Income	100,000	80,000
Contributions	115,562	105,287
In Memorium	29,007	40,488
Matching Gifts	6,655	3,751
Honor Of	10,295	11,245
Canisters	7,199	6,964
Misc	-	1,448
Contributions - Stock Donation	-	5,025
Total Gift Income	<u>296,253</u>	<u>254,208</u>
Total Income	<u>\$ 1,164,973</u>	<u>\$ 1,151,230</u>

See Independent Auditor's Report on Supplementary Information.

Humane Society of Westchester, Inc.
Statement of Functional Expenses
As of October 31, 2017 and 2016

	Oct 31, 0	Oct 31, 2016
Animal Expenses		
Food for Shelter	\$ 18,910	\$ 20,222
Medicines	96,070	107,597
Surgical Expenses	21,567	24,530
Spay & Neuter Expenses	91,074	89,290
Microchips	12,008	10,739
Program Services	7,671	6,363
Animal Supplies	11,843	10,912
Miscellaneous	-	958
Transport Costs	9,209	11,119
Animal Care Program	-	1,008
Help Heal Fund	19,521	40,623
Animal Training	2,028	10,635
Total Animal Expenses	289,901	333,996
Payroll Expenses		
Salaries	612,560	600,929
Xmas Expense	8,549	8,195
FICA Expenses	46,827	45,691
NYS Unemployment Insurance	3,276	3,633
Other Payroll Costs	2,360	4,765
Total Payroll Expenses	673,572	663,213
Administrative Expenses		
Office Supplies & Equipment	5,464	4,511
Computers & Systems	4,541	5,627
Postage	1,336	1,378
Telephone	4,981	5,372
Advertising	1,015	25
Staff Training and Seminar	20	451
Gratuities & Seasonal Expense	-	500
Administrator Other	811	600
Total Administrative Expenses	18,168	18,464
Bank Charges		
Bank Charges	206	232
Credit Cards Fees	5,599	5,439
Pay Pal Fees	1,513	1,328
Square Fees	565	485
Total Bank Charges	7,883	7,484

See Independent Auditor's Report on Supplementary Information.

Humane Society of Westchester, Inc.
Statement of Functional Expenses (Continued)
As of October 31, 2017 and 2016

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Automotive Expenses

Auto Service & Supplies	2,399	3,279
Total Automotive Expenses	<u>2,399</u>	<u>3,279</u>

Maintenance & Utility Expenses

Repair & Maintenance	7,363	5,076
Cleaning	11,057	10,464
Water	9,507	8,745
Total Maintenance & Utility Expense	<u>27,927</u>	<u>24,285</u>

Fund-Raising Expenses

Regular	382	3,146
Digital Expense	1,148	3,729
Promotional Expenses	4,467	989
Calendar	-	6,596
Christmas Mailing	7,604	7,304
Photo Expense	453	779
T-shirts	1,921	5,764
Newsletter Spring	9,926	9,017
Newsletter Fall	9,843	9,281
Dog Park	519	1,561
Misc.	358	48
Total Fund-Raising Expenses	<u>36,621</u>	<u>48,214</u>

Professional Fees

Accountant/CPA	7,800	5,400
Attorney	-	917
Architect	3,000	2,500
Total Professional Fees	<u>10,800</u>	<u>8,817</u>

Insurance

Health Care Plan	61,263	77,501
Directors & Officers	2,997	2,997
Property Coverage	10,202	11,429
Auto Coverage	5,703	5,505
Workers Compensation Premium	7,501	11,219
Umbrella	3,348	3,585
Disability Premium	621	596
Total Insurance	<u>91,635</u>	<u>112,832</u>

Total Expenses

<u>\$ 1,158,906</u>	<u>\$ 1,220,584</u>
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See Independent Auditor's Report on Supplementary Information.

Humane Society of Westchester, Inc.
Schedule of Unrestricted and Restricted Net Assets (Detailed)
As of October 31, 2017 and 2016

	-----Unrestricted-----					Restricted		
	Special Project Fund	Long Term Fund	Help Heal Fund	Cat Rescue Fund	TNR Fund	Total Unrestricted	Conclusion Fund	Total Restricted
Balance at 10/31/16:	\$ 225,148	\$ 240,795	\$ 25,629	\$ 15,630	\$ 17,948	\$ 525,150	\$ 60,000	\$ 60,000
Increases:								
Donations	151,000	-	9,324		16,563	\$ 176,887	-	-
Transfers	240,795	(240,795)	-	(15,630.00)	15,630.00	\$ -	-	-
Decreases:								
Expenditures	(3,000)	-	(19,508)	-	(25,350)	\$ (47,858)	-	-
Balance at 10/31/17:	<u>\$ 613,943</u>	<u>\$ -</u>	<u>\$ 15,445</u>	<u>\$ -</u>	<u>\$ 24,791</u>	<u>\$ 654,179</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>

See Independent Auditor's Report on Supplementary Information.