

WHITMAN COUNTY HUMANE SOCIETY, INC
(A NOT-FOR-PROFIT ASSOCIATION)

Pullman, Washington

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2017

GEHRING & ASSOCIATES, PLLC
Certified Public Accountants
Pullman, Washington

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Independent Accountants' Review Report

To the Board of Directors
Whitman County Humane Society, Inc
PO Box 453
Pullman, WA 99163

We have reviewed the accompanying financial statements of Whitman County Humane Society, Inc (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, functional expenses, and cash flows for the twelve months then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads 'Gehring & Associates' followed by a long horizontal line.

Gehring & Associates, PLLC

October 3, 2018

WHITMAN COUNTY HUMANE SOCIETY, INC
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS	<u>2017</u>
Current Assets	
Cash and cash equivalents	\$ 171,275.63
Receivables (no allowance)	<u>4,491.33</u>
TOTAL CURRENT ASSETS	\$ 175,766.96
Property and Equipment	
Buildings & Land	1,313,017.41
Furniture, Fixtures, & Equipment	28,571.02
Automobiles & Other Vehicles	<u>24,418.92</u>
Subtotal	1,366,007.35
Less: Accumulated Depreciation	<u>(358,960.00)</u>
TOTAL PROPERTY AND EQUIPMENT	\$ 1,007,047.35
TOTAL ASSETS	<u>\$ 1,182,814.31</u>
 LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 28,768.24
Payroll Tax Liabilities	3,087.86
Excise Tax Payable	<u>1,156.42</u>
TOTAL CURRENT LIABILITIES	\$ 33,012.52
Net Assets	
Unrestricted Funds	\$ 1,041,577.72
Temporarily Restricted Funds	107,813.49
Restricted Funds	<u>410.58</u>
TOTAL NET ASSETS	<u>\$ 1,149,801.79</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,182,814.31</u>

See accompanying notes and accountant's review report.

WHITMAN COUNTY HUMANE SOCIETY, INC
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Changes in Net Assets:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Gains:				
Program Service Revenue	\$ 172,724.92	16,226.82		\$ 188,951.74
Fundraising Revenue	82,974.16	19,635.39		102,609.55
Investment Income	11.00	563.72		574.72
Miscellaneous Income	1,414.50			1,414.50
Total Revenues, Gains, Other Support	<u>\$ 257,124.58</u>	<u>\$ 36,425.93</u>	<u>\$ -</u>	<u>\$ 293,550.51</u>
Expenses and Losses:				
Program Services	\$ 171,522.19	\$ 17,974.37	\$ 1,286.14	\$ 190,782.70
General Administration	92,397.42	3,605.18		96,002.60
Fundraising Expenses	20,351.69	12,114.92		32,466.61
Total Expenses and Losses	<u>\$ 284,271.30</u>	<u>\$ 33,694.47</u>	<u>\$ 1,286.14</u>	<u>\$ 319,251.91</u>
Increase in Net Assets	<u>\$ (27,146.72)</u>	<u>\$ 2,731.46</u>	<u>\$ (1,286.14)</u>	<u>\$ (25,701.40)</u>
Net Assets at Beginning of Year	1,076,212.42	97,364.49	696.72	1,174,273.63
Designated transfers from Unrestricted Funds	(8,269.04)	7,269.04	1,000.00	(0.00)
Prior Period Adjustments	781.06	448.50	-	1,229.56
Net Assets at End of Year	<u>\$ 1,041,577.72</u>	<u>\$ 107,813.49</u>	<u>\$ 410.58</u>	<u>\$ 1,149,801.79</u>

See accompanying notes and accountant's review report.

WHITMAN COUNTY HUMANE SOCIETY, INC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	Program Services	General Administration	Fundraising	Total Expenses
Advertising		11,346.50		11,346.50
Automobile Expenses	477.47			477.47
Campaign Development Expenses	36.00			36.00
Dues and Subscriptions		375.00		375.00
Employee Benefits - Medical Insurance	2,541.67			2,541.67
Finance Charges		2,949.00		2,949.00
Hope Fund Expenses	11,318.51			11,318.51
Insurance		4,547.00		4,547.00
Licenses and Permits		30.00		30.00
Meals	94.18			94.18
Office Supplies		72.62		72.62
Other Administrative Expenses		3,652.11		3,652.11
Payroll Taxes	12,682.91			12,682.91
Post Office Box Rental Fee		88.00		88.00
Postage and Delivery		653.59		653.59
Professional Fees		620.92		620.92
Repairs and Maintenance	4,964.52			4,964.52
Shelter Office		4,461.73		4,461.73
SNAP Fund Expenses	7,906.00			7,906.00
Special Project Expenses			32,466.61	32,466.61
Supplies		16,310.58		16,310.58
Utilities		12,405.12		12,405.12
Veterinary Expenses	48,712.53			48,712.53
Wages and Salaries	102,048.91			102,048.91
Web Support		650.43		650.43
Subtotal	\$ 190,782.70	\$ 58,162.60	\$ 32,466.61	\$ 281,411.91
Total before Non-Cash Bearing Expenses				
Depreciation Expense	-	37,840.00		37,840.00
Total Functional Expenses	\$ 190,782.70	\$ 96,002.60	\$ 32,466.61	\$ 319,251.91

See accompanying notes and accountant's review report.

WHITMAN COUNTY HUMANE SOCIETY, INC
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	2017
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in net assets	\$ (25,701.40)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	37,840.00
Increase (decrease) in operating liabilities:	
Accounts Payable	27,663.98
Payroll Tax Liabilities	(27.33)
Excise Tax Payable	(332.49)
Other Current Liabilities	(3,794.00)
	61,350.16
Adjustments to prior periods	
Prior period adjustments to Fund Balance	1,229.56
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 36,878.32
 CASH FLOWS FROM INVESTING ACTIVITIES	
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ -
 CASH FLOWS FROM FINANCING ACTIVITIES	
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ -
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 36,878.32
BEGINNING CASH AND CASH EQUIVALENTS	\$ 134,397.31
ENDING CASH AND CASH EQUIVALENTS	\$ 171,275.63

See accompanying notes and accountant's review report.

WHITMAN COUNTY HUMANE SOCIETY, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A) Reporting Entity --

The Whitman County Humane Society (WCHS) was organized in April 2000 for the exempt purpose of providing an adequate and humane animal shelter in Pullman and surrounding community. A contract was formally written and finalized with the City of Pullman on June 28, 2000, giving the society the responsibility of operating an animal shelter and providing care for abandoned and abused animals. It's membership includes businesses and other concerned community members.

B) Use of Estimates --

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

C) Cash and Cash Equivalents --

For the purpose of the statement of cash flows, the WCHS considers currency on hand and demand deposits with financial institutions to be cash. The WCHS considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. Undeposited funds on hand as of December 31, 2017 were treated as cash.

D) Receivables --

For accounts receivable, the allowance for doubtful accounts is based on management's assessment of the collectability of specific customer's accounts and the aging of the account receivable. Trade receivables are recorded at net realizable value. Interest is not accrued on past due balances. The company uses the direct write-off method to account for uncollectible accounts that are not recoverable. Using the direct write-off method, trade receivable balances are written off to bad debt expense when an account is deemed to be uncollectible.

E) Financial Statement Presentation --

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, 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.

F) Accounting Changes and/or Discrepancies --

Due to changes in categorization, some revenue and expenses were recorded under different account headings. There is no net difference to the overall financial statements, however, it could cause someone reviewing the statements to question the amount of change from one year to the next. Adjustments to correct the prior year have been made to present a more comparative set of financial statements.

NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H) Property and Equipment --

The organization capitalizes all property and equipment with a cost of \$2,500 if purchased, and a fair value of \$2,500 at date of donation if received by contribution. Donations of property and equipment are recorded as support at their estimated fair value. Such donations would be reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

I) Capital Assets --

Capital assets are reported at historical cost. Depreciation is computed over the estimated useful lives using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. Expenditures for maintenance, repairs, renewals and betterments that do not extend the useful lives of the assets are expensed as incurred. Beginning in 2014, the tangible asset IRS safe harbor limit of \$2,500 was used as a base when determining whether an asset was capitalized or expensed. As of December 31, 2017, the total capitalized asset register total was \$1,366,007.35; generating depreciation expense of \$37,840 during the 2017 calendar year.

SUBSEQUENT EVENTS:

- J) The WCHS noted no transactions that would provide evidence about material conditions that did not exist at the balance sheet date but arose subsequently, through the date these financial statements were available to be issued, October 5, 2018.