



FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

CJBS, LLC

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FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friends of Chicago Animal Care and Control, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of Chicago Animal Care and Control, Inc (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of December 31, 2020, and the related statements of support, revenue, and expenses – cash basis and functional expenses – cash basis for the year 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 A; 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 audit. We conducted our audit 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 and Control, Inc. as of December 31, 2020, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note A.

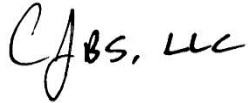
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Basis of Accounting

We draw attention to Note A 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 this matter.

A handwritten signature in black ink that reads "CJBS, LLC". The letters are cursive and somewhat stylized.

CJBS, LLC
Northbrook, IL

November 2, 2021

FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS

DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$	117,068
Investments		<u>894,382</u>
TOTAL ASSETS	\$	<u>1,011,450</u>

LIABILITIES AND NET ASSETS

NET ASSETS WITHOUT DONOR RESTRICTIONS	\$	<u>1,011,450</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,011,450</u>

See auditor's report and accompanying notes to financial statements

FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

STATEMENT OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

SUPPORT AND REVENUE COLLECTED

Adoption fee	\$	4,689
Government Grant		18,750
Contributions		356,393
Gross special events revenue		1,125
Less cost of direct benefit to donors	(12,158)
Net special events revenue	(11,033)
Investment income, net		61,918

TOTAL SUPPORT AND REVENUE COLLECTED

430,717

EXPENSES PAID

Program services expense		398,274
Management and general expense		29,344

TOTAL EXPENSES

427,618

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

3,099

NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR

1,008,351

NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR

\$ 1,011,450

See auditor's report and accompanying notes to financial statements

FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES PAID			
Payroll and payroll tax	\$ 120,301	\$ -	\$ 120,301
Professional fees	7,703	7,372	15,075
Occupancy - storage, utilities, telephone	4,121	5,154	9,275
Insurance	-	6,821	6,821
Supplies	23,170	6,520	29,690
Printing and postage	-	3,477	3,477
Licenses	100	-	100
Dog care	20,415	-	20,415
Dog training	2,388	-	2,388
Medical expenses	211,570	-	211,570
Travel and meetings	8,506	-	8,506
TOTAL EXPENSES	<u>\$ 398,274</u>	<u>\$ 29,344</u>	<u>\$ 427,618</u>

See auditor's report and accompanying notes to financial statements

FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

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.

Basis of Accounting

The Organization prepares its financial statements on the cash basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Under the cash basis of accounting, the effects of outstanding payables and receivables at the date of the financial statement are not included in the financial statement, and noncash transactions are not recognized.

Basis of Presentation

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

Net assets without donor restrictions are available for use in general operations and not subject to donor (or certain grantor) restrictions. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or Board approved spending policy.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor-restricted contributions and grants whose restrictions are met in the same reporting period are reported as *net assets without donor restrictions*.

FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. For purposes of the statement of cash flows, the Organization considers highly liquid investments with an original maturity of three months or less to be cash equivalents, except those held for long term investment.

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 interest, realized gains or losses and unrealized gains and losses on those investments, is presented in the statement of support, revenue, and expenses – cash basis in accordance with donor restrictions as net investment earnings. Net investment earnings are presented net of investment fees. The original cost method is primarily used to determine the basis for computing realized gains or losses.

Revenue and Support Recognition

Contributions and adoption fees are recognized in the appropriate category of net assets when cash is received. Contributions of assets other than cash are not recognized at the time of receipt, but rather only if subsequently sold.

Revenue from Donated-In-Kind Goods and Services

The volunteers have a significant impact on making the Organization effective. Donated in-kind goods and services are noncash transactions which are not recognized under the cash basis of accounting.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures. Although estimates are considered to be fairly stated at the time that the estimates are made, actual results could differ.

Functional Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statement of support, revenue, expenses and other changes in net assets - cash basis. The statement of functional expenses - cash basis present the natural classification detail of expenses by function.

Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among various functional areas using a variety of cost allocation techniques such as time and effort. Costs, such as insurance, occupancy, telephone, office supplies and professional fees are charged to management and general unless related to a specific program.

FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Advertising

All advertising costs are expensed when paid.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision has been made for income taxes in the financial statements. There was no unrelated business income for the year ended December 31, 2020. The Organization has filed for and received state income tax exemptions in the jurisdictions where it is required to do so.

The Organization follows the guidance of Accounting Standards Codification (ASC 740), *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the years ended December 31, 2020. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns. The Organization is generally no longer subject to examinations by the Internal Revenue Service for years prior to 2017.

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity to be able to meet its operating needs. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets:		
Cash and cash equivalents	\$	117,068
Investments		<u>894,382</u>
Total financial assets available within one year	\$	<u>1,011,450</u>

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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The investment portfolio, at fair value, as of December 31, 2020, consisted of the following:

Common stock	\$ 198,847
Mutual funds	152,601
Exchange traded products	<u>206,839</u>
Total Investments	<u>558,287</u>
Cash and cash equivalents held in investment account	<u>336,095</u>
	\$ <u>894,382</u>

The following summarizes the investment return from both cash equivalents and investments:

Interest and Dividends	\$ 15,106
Realized/ Unrealized Gains (Losses)	53,054
Investment Fees	<u>(6,242)</u>
	\$ <u>61,918</u>

The Accounting Standards Codification for *Fair Value Measurements* (ASC 820) establishes a framework for measuring fair value. That framework provides 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

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. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Money Market: Valued at cost plus interest earned, which approximates fair value.

The preceding approach described might produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Organization believes its 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.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

	<u>Assets at Fair Value as of December 31, 2020</u>			
<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks:				
Communication Services	\$ 28,301	\$ -	\$ -	\$ 28,301
Consumer Discretionary	21,598	-	-	21,598
Consumer staples	13,397	-	-	13,397
Energy	4,170	-	-	4,170
Financials	15,469	-	-	15,469
Health Care	31,999	-	-	31,999
Industrials	22,208	-	-	22,208
Information technology	52,595	-	-	52,595
Other	9,110	-	-	9,110
	<u>198,847</u>	<u>-</u>	<u>-</u>	<u>198,847</u>
Mutual funds	152,601	-	-	152,601
Exchange traded products	206,839	-	-	206,839
	<u>359,440</u>	<u>-</u>	<u>-</u>	<u>359,440</u>
Total Investments in the Fair Value Hierarchy	<u>\$ 558,287</u>	<u>\$ -</u>	<u>\$ -</u>	
Money market accounts				<u>336,095</u>
TOTAL INVESTMENTS				<u>\$ 894,382</u>

FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE D – CONCENTRATION

The Organization received approximately 22% of its contributions from two donors in 2020.

NOTE E – RISKS AND UNCERTANTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and statements of activities. Because a significant portion of the Organization's assets are marketable securities, there is an inherent concentration of risk for associated income and loss tied to market performance. However, the Organization's board of directors seeks to mitigate this risk through diversification of the investment portfolio, ongoing monitoring, and consultation with third-party investment professionals.

NOTE F – RELATED PARTY

During the year ended December 31, 2020, the Organization received \$500 in contributions from board members.

NOTE G – GOVERNMENT GRANT

The Organization determines whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met, or the donor has explicitly released the restriction.

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act or the Act) signed into law on March 27, 2020, temporarily permits Small Business Administration (SBA) to guarantee 100 percent of 7(a) loans under a new program titled the "Paycheck Protection Program." Section 1106 of the Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the Paycheck Protection Program (PPP). The actual amount of loan forgiveness depends, in part, on the total amount spent over the covered period that begins on the date the lender makes the first disbursement of the PPP loan to the borrower on certain expenses as defined in the Act. The Covered Period is either (1) the twenty-four week (168-day) period beginning on the PPP loan disbursement date, or (2) if the borrower received its PPP loan before June 5, 2020, the borrower may elect to use an eight-week (56-day) Covered Period. During the fiscal year ended December 31, 2020, the Organization obtained a PPP loan totaling \$18,750. Subject to the PPP loan terms, the forgiven balance will reduce the loan's principal balance and the related accrued interest balance. The remaining principal and accrued interest at a 1% fixed rate are due and payable five years from the note's date after a ten months deferral period. As of December 31, 2020, the loan conditions have been substantially met. Following the guidance for conditional contributions, the Organization recognized as grant income the full loan amount of \$18,750. During the year ended December 31, 2021, the Organization obtained another PPP loan totaling \$23,452 which was similarly recognized as grant income.

FRIENDS OF CHICAGO ANIMAL CARE AND CONTROL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE H – SUBSEQUENT EVENTS

The management of the Organization has evaluated events subsequent to the statement of financial position date of December 31, 2020, through November 2, 2021, the date the financial statements were available to be issued. It has concluded that there are no effects that provide additional evidence about conditions that existed at the statement of financial position date that require recognition in the 2020 financial statements or related note disclosures in accordance with FASB ASC 855, *Subsequent Events*.