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MINNESOTA HUMANE SOCIETY

FINANCIAL STATEMENTS

For the Years Ended  
June 30, 1984 and 1983

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**BOECKERMANN HEINEN & MAYER**  
C E R T I F I E D   P U B L I C   A C C O U N T A N T S

MINNESOTA HUMANE SOCIETY

FINANCIAL STATEMENTS

For the Years Ended  
June 30, 1984 and 1983

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# **BOECKERMANN HEINEN & MAYER**

C E R T I F I E D   P U B L I C   A C C O U N T A N T S

Board of Directors  
Minnesota Humane Society  
St. Paul, Minnesota

We have examined the balance sheets of The Minnesota Humane Society as of June 30, 1984 and 1983 and the related statements of revenues and expenses, changes in fund balance and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of The Minnesota Humane Society, as of June 30, 1984 and 1983 and the results of its operations and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis.

*Boeckermann, Heinen and Mayer*

BOECKERMANN, HEINEN & MAYER  
Certified Public Accountants

Minneapolis, Minnesota  
July 31, 1984

## MINNESOTA HUMANE SOCIETY

## BALANCE SHEET

-----  
June 30, 1984 and 1983

<u>ASSETS</u>	<u>1984</u>	<u>1983</u>
<b>CURRENT</b>		
Petty Cash	\$ 25	\$ 25
Restricted Cash (Note 2)	7,915	7,089
Money Market Fund	14,737	33,617
Bequest Receivable	23,070	-
Grant Receivable	15,636	10,273
Miscellaneous Receivables	-	20
Prepaid Expenses	-	116
Total Current Assets	<u>\$61,383</u>	<u>\$51,140</u>
<b>EQUIPMENT</b>		
Less Accumulated Depreciation (1984, \$5,772; 1983, \$3,667)	\$12,925	\$ 5,624
<b>OTHER</b>		
Donated Artwork	2,925	-
Investments (Note 3)	2,067	2,067
<b>TOTAL ASSETS</b>	<u><u>\$79,315</u></u>	<u><u>\$58,841</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<b>CURRENT</b>		
Checks Written In Excess of Cash in the Bank (Exhibit C)	\$ 4,274	\$ 3,323
Accounts Payable	6,255	990
Payroll Taxes Payable	2,091	467
Accrued Payroll	328	-
Loan Payable	932	-
Deferred Revenues (Note 4)	21,900	-
Total Current Liabilities	<u>\$35,780</u>	<u>\$ 4,780</u>
<b>CONTINGENCIES (Note 5)</b>	-	-
<b>FUND BALANCE (Exhibit B)</b>	<u>\$43,535</u>	<u>\$54,061</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$79,315</u></u>	<u><u>\$58,841</u></u>

See Accompanying Notes to the Financial Statements

## EXHIBIT B

## MINNESOTA HUMANE SOCIETY

## STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES

For the Years Ended June 30, 1984 and 1983

	1984			1983
	Operating Funds	Grant	Total	
<b>REVENUES</b>				
State Appropriation	\$ 21,900	\$ -	\$ 21,900	\$ -
Contributions and				
Bequests	78,722	-	78,722	69,446
Memberships	12,321	-	12,321	31,958
Special Events	6,176	-	6,176	4,274
Interest	4,438	-	4,438	1,933
Workshops	1,582	-	1,582	1,440
Foundation Grant	3,000	-	3,000	-
Grant-Share the Care	-	35,000	35,000	35,000
Gain on Sale of Asset	-	-	-	75
Dividends	-	-	-	20
Total Revenues	<u>\$128,139</u>	<u>\$ 35,000</u>	<u>\$163,139</u>	<u>\$144,146</u>
<b>EXPENSES</b>				
Salaries	\$ 60,794	\$ 18,681	\$ 79,475	\$ 63,755
Payroll Taxes	6,302	1,302	7,604	7,402
Special Events	9,205	-	9,205	3,958
Printing & Publications	8,780	2,433	11,213	13,071
Auto & Travel	3,301	1,351	4,652	4,484
Postage	5,886	-	5,886	2,841
Telephone	5,507	-	5,507	1,402
Audit & Accounting	2,298	-	2,298	1,645
Supplies	5,285	-	5,285	2,817
Rent	6,900	-	6,900	2,863
County & Association Dues	155	-	155	62
Insurance	6,761	513	7,274	2,984
Investigation & Animal				
Care	20	-	20	1,102
Workshops	1,191	-	1,191	912
Convention	1,721	-	1,721	213
Repairs	1,353	-	1,353	1,288
Depreciation	2,104	-	2,104	1,199
Miscellaneous	340	-	340	1,707
Education	726	-	726	1,381
Legal & Consultant Fees	-	925	925	1,170
Curriculum Development	-	1,995	1,995	-
In Service	-	6,015	6,015	-
Typist	-	1,785	1,785	-
Interest	326	-	326	-
Retirement Expenses	4,101	-	4,101	-
Development Fundraising	1,024	-	1,024	-
Library Books-Mat/Films	1,057	-	1,057	-
Board Meeting & Per Diem	2,870	-	2,870	2,390
Total Expenses	<u>\$138,007</u>	<u>\$ 35,000</u>	<u>\$173,007</u>	<u>\$118,646</u>

See Accompanying Notes to the Financial Statements

## MINNESOTA HUMANE SOCIETY

## STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES

For the Years Ended June 30, 1984 and 1983

	<u>1984</u>			<u>1983</u>
	<u>Operating Funds</u>	<u>Grants</u>	<u>Total</u>	
EXCESS OF REVENUES OVER EXPENSES (Exhibit C)	<u>\$ (9,868)</u>	<u>\$ -</u>	\$ (9,868)	\$ 25,500
FUND BALANCE, Beginning			54,061	28,561
PRIOR PERIOD ADJUSTMENT (Note 7)			<u>(658)</u>	<u>-</u>
FUND BALANCE, End (Exhibit A)			<u>\$ 43,535</u>	<u>\$ 54,061</u>

See Accompanying Notes to the Financial Statements



## MINNESOTA HUMANE SOCIETY

## STATEMENT OF CHANGES IN FINANCIAL POSITION

-----  
For the Years Ended June 30, 1984 and 1983

FUNDS PROVIDED BY:	<u>1984</u>	<u>1983</u>
Excess of Revenues Over Expenses (Exhibit B)	\$ -	\$25,500
Items Not Requiring Cash Outlay:		
Depreciation	2,104	1,199
Gain on Sales of Fixed Assets	-	(75)
Decrease in Restricted Fund	-	112
Decreased in Money Market Fund	18,880	-
Proceeds From Sales of Fixed Assets	-	241
Decrease in Prepaid Expenses & Miscellaneous Receivables	136	-
Increase in Current Liabilities	<u>30,049</u>	<u>522</u>
 Total Funds Provided	 <u>\$51,169</u>	 <u>\$27,499</u>
 FUNDS APPLIED TO:		
Excess of Expenses over Revenue (Exhibit B)	\$ 9,868	\$ -
Purchase of Office Equipment	12,335	5,033
Increase in Receivables	28,433	10,259
Increase in Restricted Cash	826	-
Increase in Prepaid Expenses	-	116
Increase in Investments	-	1,067
Increase in Money Market	-	24,638
Decrease due to Prior Period Adjustments	<u>658</u>	<u>-</u>
 Total Funds Applied	 <u>\$52,120</u>	 <u>\$41,113</u>
 INCREASE (Decrease) in Cash	 \$ (951)	 \$(13,614)
 BEGINNING Cash or Checks Written in Excess of Cash in the Bank	 <u>(3,323)</u>	 <u>10,291</u>
 ENDING Checks written in Excess of Cash in the Bank (Exhibit A)	 <u><u>\$(4,274)</u></u>	 <u><u>\$(3,323)</u></u>

See Accompanying Notes to the Financial Statements

MINNESOTA HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1984 and 1983

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Minnesota Humane Society have been prepared on the accrual basis.

Office equipment purchased and owned by the Society is depreciated using the straight-line method over periods from four to eight years. Office furniture and equipment provided to the Society by the State of Minnesota are not carried in the Society's financial statements.

The Society records income from unrestricted grants in the period designated by the grantor. Grants restricted by grantor are deemed to be earned and are reported as revenues when expenditures are incurred in compliance with specific restrictions of the grant.

NOTE 2 RESTRICTED CASH

The Minnesota Humane Society has the following dedicated funds.

Lewis Fund-this fund is dedicated to be used exclusively for expenses for the care and treatment of animal incurred during an investigation conducted by the Society.

Harris Fund-this fund is dedicated to be used exclusively for the development and/or purchase of educational materials for children.

The balance in the funds were as follows:

	<u>June 30, 1984</u>	<u>June 30, 1983</u>
Lewis Fund	\$ 4,602	\$ 1,937
Harris Fund	3,313	5,152
TOTAL	<u>\$ 7,914</u>	<u>\$ 7,089</u>

NOTE 3 INVESTMENTS

Investments are presented in the financial statements at the lower of cost or market value. Investments contributed to the Society are recorded at their fair market value on the date of contribution.



MINNESOTA HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

-----  
June 30, 1984 and 1983

NOTE 4 DEFERRED REVENUE

The Minnesota Humane Society receives appropriations from the State of Minnesota biannually. The appropriation is funding for two fiscal years. The funding for the fiscal year ended June 30, 1985 has been deferred and will be recognized as revenue during that fiscal year.

NOTE 5 CONTINGENCIES

The Society is a defendant in a lawsuit in which the plaintiff alleges sexual harrassment and discrimination. At an initial fact finding conference the case was dismissed; however, it has subsequently been appealed.

The Society is a defendant in a lawsuit in which the plaintiff is seeking actual and punitive damages for deprivation of civil rights, trespass, conversion, destruction of business opportunity, malicious prosecution and slander. The plaintiff is seeking actual damages in excess of \$500,000 and punitive damages of \$500,000. The outcome of this lawsuit cannot be predicted.

The Society is a defendant in a lawsuit in which the plaintiff alleges that the Society and others invaded their privacy. The plaintiff is seeking damages from the Society and other defendants of approximately \$100,000. The outcome of this lawsuit cannot be predicted and special counsel for the Society is of the opinion that the plaintiff has little or no chance of prevailing. Estimates of potential losses, if any, from the above lawsuits would be minimal.

NOTE 6 CHANGE IN PRESENTATION

At June 30, 1984 the Society changed the presentation and classification of its cash funds to identify restricted cash. The Society believes that the new classifications provides a better accounting for funds donated to the Society for specific purposes. The balance sheet and statement of change in financial position for fiscal 1983 have been restated to conform with fiscal 1984 presentation.

NOTE 7 PRIOR PERIOD ADJUSTMENT.

The Society incurred expenses during fiscal year ended June 30, 1983 that did not come to the Society's attention until November of 1983 after the financial statements had been issued for that period.

MINNESOTA HUMANE SOCIETY

SOCIETY COMMENTARY

-----  
June 30, 1984

BUSINESS ADDRESS	529 Jackson Street, Suite 223 St. Paul, Minnesota 55101
SOCIETY PURPOSE	Prevention of Cruelty to Animals through Education, Legislation, Investigation and Enforcement
BOARD OF DIRECTORS AND OFFICERS	Barbara Raye , Executive Director Judy Hughes, Chair Norman Larson, Vice Chair Esther Udenberg, Secretary/Treasurer Kay Zwernik, member Ron Evans, member Sharon Christison, member Lene Graziano, member Ex Officio Loni Kawamure, Governor's Office Ann Russell, Attorney General's Office John Miller, Department of Education
AUTHORIZED DEPOSITORY	Northwestern National Bank of St. Paul, Minnesota
LEGAL COUNSEL	Attorney General Office St. Paul, Minnesota
AUDITOR	Boeckermann, Heinen & Mayer Certified Public Accountants Minneapolis, Minnesota

# **BOECKERMANN HEINEN & MAYER**

C E R T I F I E D   P U B L I C   A C C O U N T A N T S

August 15, 1984

Board of Directors  
Minnesota Humane Society  
529 Jackson Street  
St. Paul, Minnesota 55101

During our recent examination of your financial statements for the year ended June 30, 1984, we noted certain phases of the operational and accounting functions which could be improved. This letter identifies these areas, together with our recommendations. Positive changes, in our opinion, would not only strengthen the internal control, but would increase the efficiency of personnel.

The points brought out in this management letter should not be considered to be all inclusive of changes that could be made to strengthen the internal control, increase the efficiency of personnel or increase the financial condition of the Society. However, we do feel that the items we have covered in this letter are among the most important and should be given your attention. We have also included graphic representation of key elements of your financial status.

It should be noted that a letter of this type is critical in nature and that we do not intend to imply that our review failed to disclose commendable features in the present accounting and operating procedures of the Society.

We would be pleased to meet and discuss any of our findings or recommendations with your personnel at any time convenient to you.

Very truly yours,

*Boeckermann, Heinen and Mayer*

BOECKERMANN, HEINEN & MAYER  
Certified Public Accountants

Minneapolis, Minnesota

## **MINNEAPOLIS, MN**

Suite 245/10901 Red Circle Drive  
Minnetonka, MN 55343

(612) 933-9965

## **MOORHEAD, MN**

Suite 4/3505 South 8th Street  
Moorhead, MN 56560

(218) 236-8504



**Current Situation:**

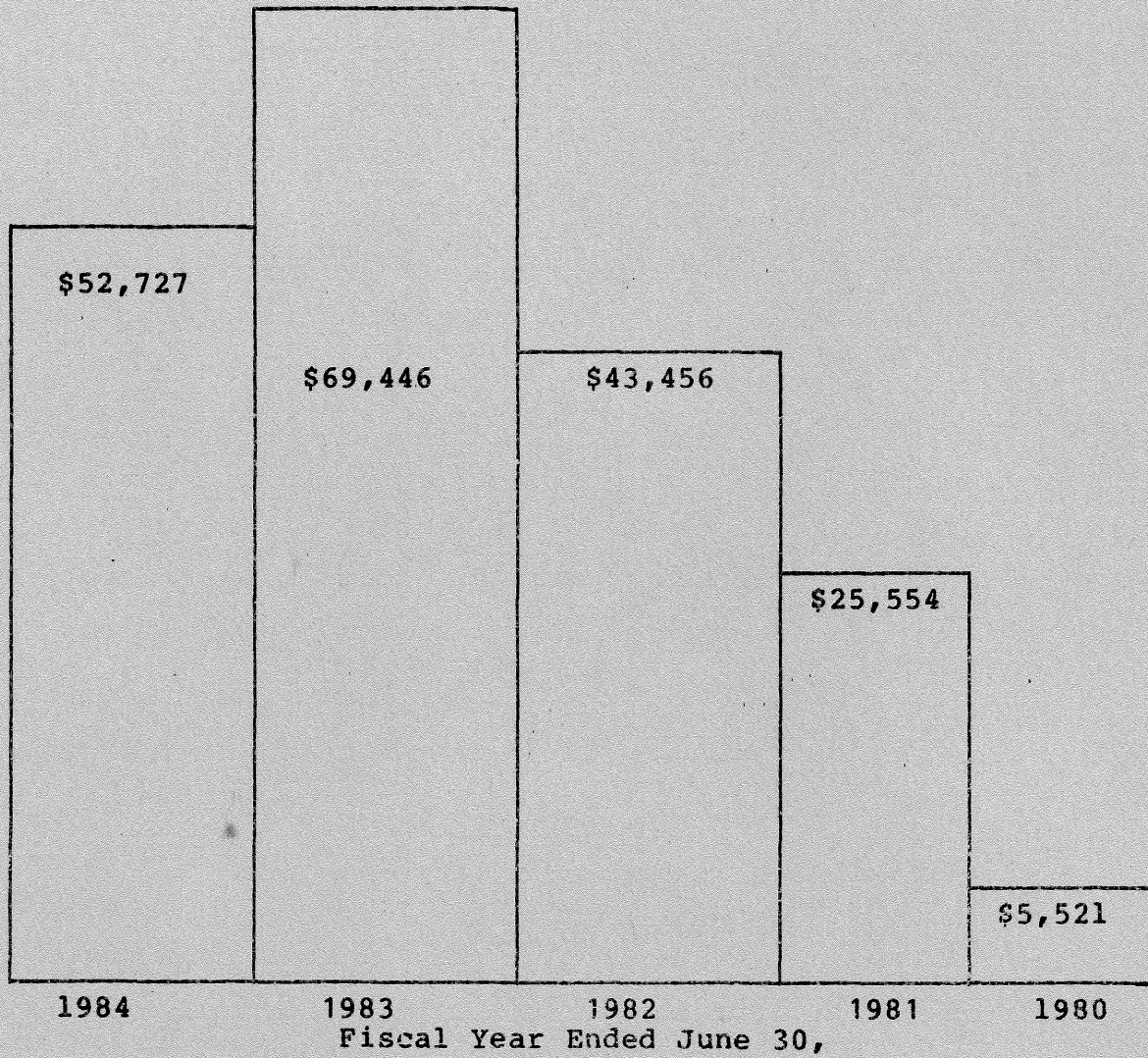
The Humane Society operated at a \$9,800 deficit for the year due to a decrease in contributions and memberships totaling approximately \$36,500 and a significant increase in expenses.

**Recommendation:**

We recommend that the Board monitor its expenses and eliminate any that can be eliminated and review your current fund raising activities to increase where possible.

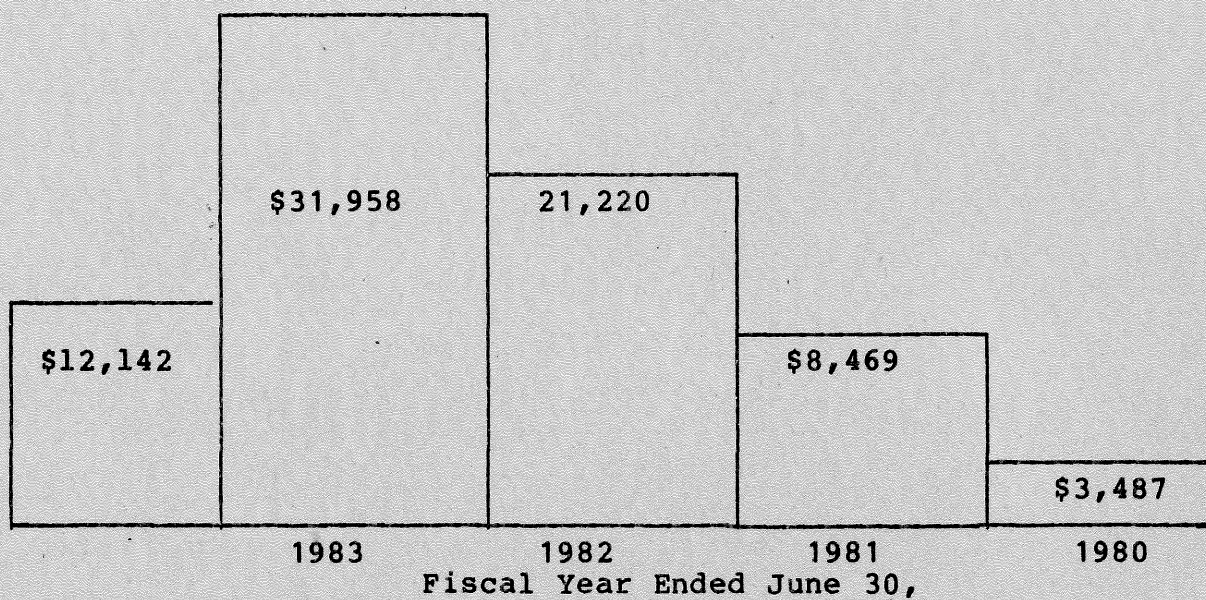


CONTRIBUTIONS



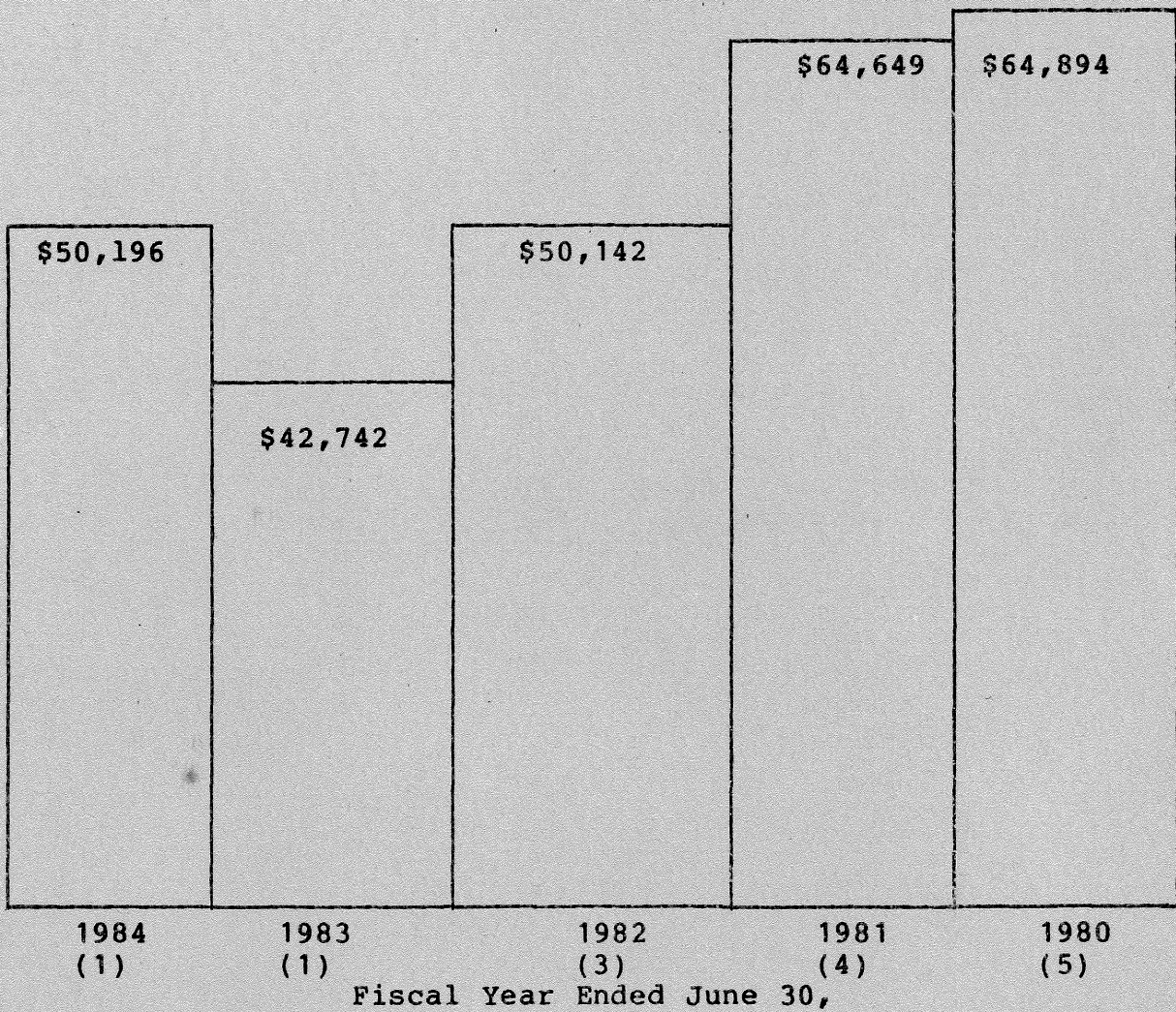


MEMBERSHIPS





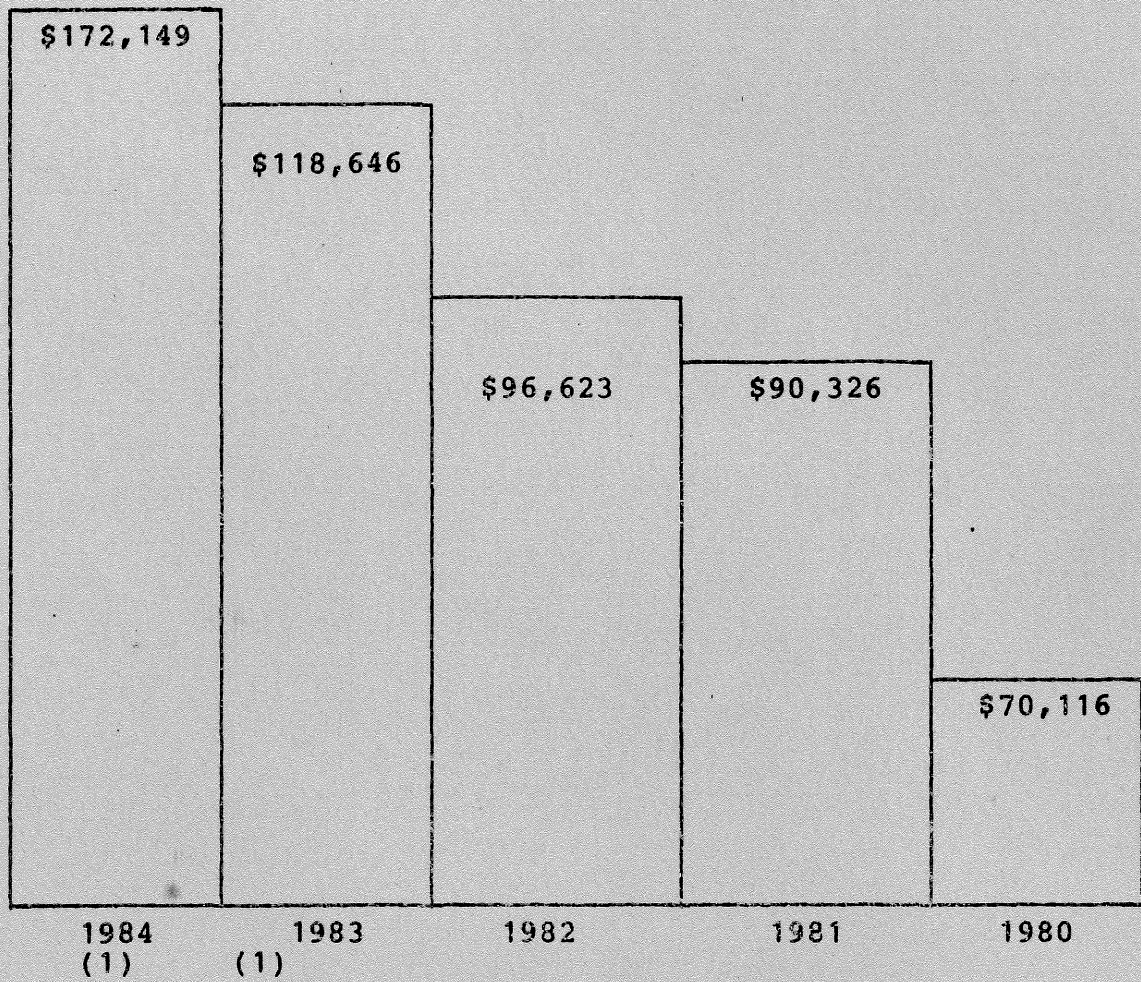
OTHER REVENUES



- (1) Includes a \$35,000 Grant
- (2) 1982 includes \$43,800 State Appropriation
- (3) 1981 includes \$55,000 State Appropriation
- (4) 1980 includes \$55,000 State Appropriation



TOTAL EXPENSES



(1) Includes \$35,000 Grant Expenses



