

PAWS CHICAGO
FINANCIAL REPORT
DECEMBER 31, 2012 AND 2011

BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

O'HARE PLAZA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
PAWS Chicago
Chicago, Illinois

We have audited the accompanying financial statements of PAWS Chicago, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities 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 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.

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 the 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 PAWS Chicago as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bansley and Kiener, L.L.P.

Certified Public Accountants

November 13, 2013

PAWS CHICAGOSTATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

<u>A S S E T S</u>	<u>2012</u>	<u>2011</u>
Cash	\$ 1,324,598	\$ 4,865,625
Investments, at fair value	11,548,173	7,395,407
Unconditional promises to give, net	1,627,254	2,558,839
Accounts receivable	58,478	67,994
Inventories	54,350	55,987
Prepaid expenses	99,710	101,566
Property and equipment, net	11,939,795	10,243,855
Total assets	<u>\$ 26,652,358</u>	<u>\$ 25,289,273</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 241,809	\$ 309,633
Deferred revenue	1,500	43,500
Accrued property taxes	3,388	73,424
Accrued payroll and taxes	70,492	58,379
Total liabilities	<u>317,189</u>	<u>484,936</u>
Net assets		
Unrestricted	14,107,761	12,298,970
Temporarily restricted	12,072,408	12,363,041
Permanently restricted	155,000	142,326
Total net assets	<u>26,335,169</u>	<u>24,804,337</u>
Total liabilities and net assets	<u>\$ 26,652,358</u>	<u>\$ 25,289,273</u>

The accompanying notes are an integral part of the financial statements.

2011

The accompanying notes are an integral part of the financial statements.

PAWS CHICAGO

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 1,783,927	\$ 1,553,662
Cash received from contributors	6,786,956	7,542,703
Investment income received	301,264	228,528
Cash paid to employees and suppliers	(7,472,592)	(6,396,043)
Net cash provided by operating activities	<u>1,399,555</u>	<u>2,928,850</u>
Cash flows from investing activities:		
Purchases of investment securities	(3,882,515)	(1,153,385)
Sale of investment securities	923,188	51,278
Purchases of property and equipment	(2,011,255)	(1,320,730)
Net cash used in investing activities	<u>(4,970,582)</u>	<u>(2,422,837)</u>
Cash flows from financing activities:		
Contributions restricted for long-term purposes	<u>30,000</u>	<u>30,000</u>
Increase (decrease) in cash	(3,541,027)	536,013
Cash at beginning of year	<u>4,865,625</u>	<u>4,329,612</u>
Cash at end of year	<u>\$ 1,324,598</u>	<u>\$ 4,865,625</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	<u>\$ 1,530,832</u>	<u>\$ 2,177,560</u>
Adjustments:		
Net (appreciation) depreciation in investments	(759,732)	176,835
Depreciation	315,315	262,673
Provision for doubtful pledges	204,958	(27,100)
Contributions restricted for long-term purposes	(30,000)	(30,000)
Contributed investments	(433,707)	(262,016)
(Increase) decrease in:		
Unconditional promises to give	726,627	585,348
Accounts receivable	9,516	77,739
Inventories	1,637	(5,874)
Prepaid expenses	1,856	(24,697)
Increase (decrease) in:		
Accounts payable	(67,824)	(108,503)
Deferred revenue	(42,000)	26,425
Accrued property taxes	(70,036)	73,424
Accrued payroll and taxes	12,113	7,036
Total adjustments	<u>(131,277)</u>	<u>751,290</u>
Net cash provided by operating activities	<u>\$ 1,399,555</u>	<u>\$ 2,928,850</u>
Supplemental schedule of non-cash operating and financing activities:		
In-kind contributions	<u>\$ 543,000</u>	<u>\$ 549,053</u>

The accompanying notes are an integral part of the financial statements.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

PAWS Chicago, a nonprofit corporation, was organized on January 29, 1998. PAWS Chicago seeks to end the killing of homeless pets by reducing unwanted litters, increasing adoptions and promoting responsible pet care. PAWS Chicago operates a shelter and facilitates foster care for homeless cats and dogs until they can be placed in loving homes. PAWS Chicago is reducing the city's tragic pet overpopulation problem by providing free and low-cost spay/neuter surgeries at the Lurie Spay/Neuter Clinic located in an area where the highest number of strays originate and where the largest number of residents are living at or below poverty level. PAWS Chicago's Humane Education and Community Outreach Program works in tandem with Chicago Alternative Policing Strategies (CAPS), local churches, schools and community groups to promote the humane treatment of animals and promote responsible pet care in communities reporting the highest incidence of strays, dog bites and crimes against/involving animals. PAWS Chicago has constructed a new Adoption & Humane Center to enable it to help even more homeless animals. PAWS Chicago hosts annual fundraising events to support its programs, increase awareness and recruit volunteers, and is supported entirely by private contributions.

Basis of Accounting

The financial statements of PAWS Chicago have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the valuation of contributed services received by the Organization.

Recognition of Donor Restrictions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year-end. Based on management's assessment of the credit history with debtors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Promises to Give

Unconditional promises to give are recognized as assets and revenue in the period the promise is received. Promises to give are recorded at net realizable value if expected to be collected in the current year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or market.

Property, Equipment, and Depreciation

Property and equipment are recorded at cost, or if donated, at estimated fair value at date of acquisition. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Leasehold improvements are amortized on the straight-line method over the shorter of the estimated useful lives of the improvements or the terms of the related leases.

Depreciation of property and equipment is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	70
Leasehold improvements	5-20
Equipment	5-10

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. When assets are sold, retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in income.

Deferred Revenue

Revenue collected for programs or services of the succeeding year are classified as deferred revenue.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition, many volunteers also perform a variety of tasks throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Advertising

The Organization recognizes advertising revenue when collected and expenses the costs of advertising as incurred. Advertising revenue was \$58,680 and \$42,001 for the years ended December 31, 2012 and 2011, respectively. Advertising expense totaled \$14,895 and \$9,332 for the years ended December 31, 2012 and 2011, respectively.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income derived from unrelated business activities, as defined under the Internal Revenue Code. There was no provision for tax required for 2012 or 2011. The Organization's federal Forms 990 and 990-T for 2012, 2011, and 2010 are subject to examination by the Internal Revenue Service, generally for three years after they are filed. In addition, the Organization's state Forms AG990-IL and IL990-T are subject to examination by the state tax authority for similar years.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Evaluation of Subsequent Events

Management has evaluated subsequent events through November 13, 2013, the date the financial statements were available to be issued.

Note 2 – Investments

Investments at December 31, 2012 and 2011 are reported at fair value as determined by quoted market prices and are composed of the following:

	<u>2012</u>	<u>2011</u>
Money market	\$ 2,502,983	\$ 168,317
Mutual funds		
International equity	3,088,764	1,449,043
Fixed income	516,649	342,948
Growth and income	87,843	267,975
Balanced	676,178	604,873
Growth	709,581	641,141
Intermediate term bond	293,515	284,130
Stocks		
Technology	894,765	947,292
Financial	241,860	152,564
Oil and natural gas	1,230,229	1,250,410
Alternative energy sources	205,702	143,280
Consumer goods	65,679	66,027
Pharmaceutical	197,602	377,513
Real estate investment trusts	-	165,390
Other	<u>846,823</u>	<u>534,504</u>
	<u>\$11,548,173</u>	<u>\$7,395,407</u>

During the years ended December 31, 2012 and 2011, the Organization's investments (including investments bought, sold, as well as held during the period) appreciated (depreciated) in fair value by \$759,731 and \$(176,835), respectively.

Note 3 – Unconditional Promises to Give

Unconditional promises to give have been received in support of the spay/neuter clinic, the adoption center, and the endowment fund. Unconditional promises to give include the following:

	<u>2012</u>	<u>2011</u>
Promises to give beginning	\$2,909,380	\$ 3,556,404
Amount pledged during the year	75,000	638,650
Amount collected during the year	(981,420)	(1,162,344)
Pledges written off	<u>(212,158)</u>	<u>(123,330)</u>
Promises to give ending	1,790,802	2,909,380
Less:		
Discounts to present value	(163,548)	(343,341)
Allowance for doubtful promises	<u>-</u>	<u>(7,200)</u>
Net promises to give	<u>\$1,627,254</u>	<u>\$ 2,558,839</u>

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

Note 3 – Unconditional Promises to Give (Continued)

Unconditional promises to give at December 31, 2012 and 2011 are as follows.

Promises to give expected to be collected in:

	<u>2012</u>	<u>2011</u>
Less than one year	\$ 955,472	\$1,063,433
One to five years	830,330	1,845,947
More than five years	<u>5,000</u>	<u>-</u>
	<u>\$1,790,802</u>	<u>\$2,909,380</u>

Note 4 – Inventories

Inventories at December 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Merchandise	\$19,392	\$29,429
Clinic inventory	<u>34,958</u>	<u>26,558</u>
	<u>\$54,350</u>	<u>\$55,987</u>

Note 5 – Property, Equipment, and Depreciation

Property and equipment at December 31, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 3,514,619	\$ 2,403,099
Buildings	7,692,715	7,069,567
Building improvements	1,084,040	1,078,767
Equipment	<u>1,129,877</u>	<u>858,563</u>
	13,421,251	11,409,996
Less accumulated depreciation	<u>1,481,456</u>	<u>1,166,141</u>
	<u>\$11,939,795</u>	<u>\$10,243,855</u>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$315,315 and \$262,673, respectively. During the year ended December 31, 2012, the Organization completed the purchase of a building for \$1,350,000 to be utilized as a development and training center. During the year ended December 31, 2011, the Organization completed the purchase of a building for \$1,100,000 that it had previously leased.

Note 6 – Net Assets

Board-designated Endowment

The Board of Directors has designated a portion of unrestricted net assets as a general endowment fund to support the mission of the Organization. The amounts of the designation at December 31, 2012 and 2011 were \$4,444,863 and \$2,480,362, respectively. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

Note 6 – Net Assets (Continued)

Board-designated Endowment (Continued)

The Organization has not appropriated for distribution any of its board-designated endowment.

Composition of and changes in board-designated endowment net assets for the years ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Beginning designated balance	\$2,480,362	\$1,211,772
Contributions	<u>1,964,501</u>	<u>1,268,590</u>
Ending designated balance	<u>\$4,444,863</u>	<u>\$2,480,362</u>

Donor-designated Endowment

The Organization's permanently restricted net assets consist of one donor-restricted endowment fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period of time. The endowment assets are invested in a manner to accept prudent levels of short and long-term volatility consistent with the near-term cash flow needs, funding level, and long-term liability structure of the investment portfolio.

To achieve long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

PAWS CHICAGO

NOTES TO FINANCIAL STATEMENTS

Note 6 – Net Assets (Continued)

Endowment net asset composition by type of fund as of December 31, 2012 and 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
<i>December 31, 2012</i>				
Endowment Funds:				
Donor-restricted	\$ -	\$12,072,408	\$155,000	\$12,227,408
Board-designated	<u>4,444,863</u>	<u>-</u>	<u>-</u>	<u>4,444,863</u>
	<u>\$4,444,863</u>	<u>\$12,072,408</u>	<u>\$155,000</u>	<u>\$16,672,271</u>
<i>December 31, 2011</i>				
Endowment Funds:				
Donor-restricted	\$ -	\$12,363,041	\$142,326	\$12,505,367
Board-designated	<u>2,480,362</u>	<u>-</u>	<u>-</u>	<u>2,480,362</u>
	<u>\$2,480,362</u>	<u>\$12,363,041</u>	<u>\$142,326</u>	<u>\$14,985,729</u>

Changes in endowment net assets as of December 31, 2012 and 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
<i>December 31, 2012</i>				
Endowment Funds:				
Beginning of year	\$2,480,362	\$12,363,041	\$142,326	\$14,985,729
Contributions	1,964,501	741,420	30,000	2,735,921
Investment income	-	300,714	-	300,714
Net appreciation of investments	-	759,731	-	759,731
Bad debt write-off	-	-	(17,326)	(17,326)
Appropriated for expenditure	-	(2,092,498)	-	(2,092,498)
End of year	<u>\$4,444,863</u>	<u>\$12,072,408</u>	<u>\$155,000</u>	<u>\$16,672,271</u>
<i>December 31, 2011</i>				
Endowment Funds:				
Beginning of year	\$1,211,772	\$11,296,535	\$112,326	\$12,620,633
Contributions	1,268,590	2,358,414	30,000	3,657,004
Investment income	-	227,405	-	227,405
Net depreciation of investments	-	(176,835)	-	(176,835)
Appropriated for expenditure	-	(1,342,478)	-	(1,342,478)
End of year	<u>\$2,480,362</u>	<u>\$12,363,041</u>	<u>\$142,326</u>	<u>\$14,985,729</u>

PAWS CHICAGO

NOTES TO FINANCIAL STATEMENTS

Note 6 – Net Assets (Continued)

Temporarily Restricted Net Assets

Following is a summary of the activity in temporarily restricted net assets for the years ended December 31, 2012 and 2011:

	2012			
	Beginning Balance	Additions	Assets Released	Ending Balance
Spay/neuter clinic	\$ 52,759	\$ 45,185	\$ 33,802	\$ 64,142
GUS Mobile	413,442	126,973	107,207	433,208
Adoption center	<u>11,896,840</u>	<u>1,629,707</u>	<u>1,951,489</u>	<u>11,575,058</u>
	<u>\$12,363,041</u>	<u>\$1,801,865</u>	<u>\$2,092,498</u>	<u>\$12,072,408</u>

	2011			
	Beginning Balance	Additions	Assets Released	Ending Balance
Spay/neuter clinic	\$ 168,000	\$ 900	\$ 116,141	\$ 52,759
GUS Mobile	431,353	84,619	102,530	413,442
Adoption center	<u>10,697,182</u>	<u>2,323,465</u>	<u>1,123,807</u>	<u>11,896,840</u>
	<u>\$11,296,535</u>	<u>\$2,408,984</u>	<u>\$1,342,478</u>	<u>\$12,363,041</u>

Temporarily restricted net assets at December 31, 2012 and 2011 consists of the following:

	2012	2011
Cash	\$ -	\$ 2,426,120
Investments	10,445,154	7,395,407
Unconditional promises to give	<u>1,627,254</u>	<u>2,541,514</u>
	<u>\$12,072,408</u>	<u>\$12,363,041</u>

Permanently Restricted Net Assets

The following is a summary of permanently restricted net assets for the years ended December 31:

	2012	2011
General Endowment	<u>\$155,000</u>	<u>\$142,326</u>

Permanently restricted assets consist of the following:

	2012	2011
Cash	\$155,000	\$125,001
Unconditional promises to give	<u>-</u>	<u>17,325</u>
	<u>\$155,000</u>	<u>\$142,326</u>

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

Note 6 – Net Assets (Continued)

When donors amend or clarify intent for applicable gifts and contributions reported in a previous fiscal year, revisions are separately reflected as donor designated changes within the statement of activities.

Earnings on permanently restricted net assets may be used to support the general operations for the Organization.

Note 7 – Related Party Transactions

During 2012 and 2011, the Organization paid \$110,055 and \$372,000, respectively, to related corporations for marketing, accounting and administrative services.

Note 8 – Employee Benefit Plan

The Organization adopted a 401(k) savings plan covering substantially all employees that have completed the service requirement. For each year, the Board of Directors determines the amount of the discretionary contribution to be made to the Plan. No contributions were made for 2012 and 2011.

Note 9 – Fair Value Measurements

Information related to the Organization's assets measured at fair value on a recurring basis at December 31, 2012 and 2011 is as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<i>December 31, 2012</i>				
Investment securities	\$11,548,173	\$11,548,173	\$ -	\$ -
Unconditional promises to give	<u>1,627,254</u>	<u>-</u>	<u>-</u>	<u>1,627,254</u>
Total	<u>\$13,175,427</u>	<u>\$11,548,173</u>	<u>\$ -</u>	<u>\$1,627,254</u>
<i>December 31, 2011</i>				
Investment securities	\$7,395,407	\$7,395,407	\$ -	\$ -
Unconditional promises to give	<u>2,558,839</u>	<u>-</u>	<u>-</u>	<u>2,558,839</u>
Total	<u>\$9,954,246</u>	<u>\$7,395,407</u>	<u>\$ -</u>	<u>\$2,558,839</u>

Fair values for investments are determined by quoted market prices. Fair Value of unconditional promises to give are determined by calculating the present values of estimated future pledge payments expected to be received, over the expected term of the agreements, using a discount rate of 6%.

Mutual funds above determine fair value using a calculated net asset value per share, or its equivalent. As of December 31, 2012 and 2011, the fair value of the mutual funds was \$5,372,530 and \$3,636,980, and there were no unfunded commitments related to these investments. These investments can be redeemed daily with no redemption notice required. This category of investments primarily includes investments in stocks, bonds, and short-term investments.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

Note 9 – Fair Value Measurements (Continued)

Assets measured on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

	<u>2012</u>	<u>2011</u>
Unconditional promises to give:		
Beginning of year	\$2,558,839	\$ 3,117,087
New pledges	75,000	638,650
Pledge payments received	(981,419)	(1,270,452)
Provision for bad debts	(204,958)	27,100
Change in present value discount	<u>179,792</u>	<u>46,454</u>
End of year	<u>\$1,627,254</u>	<u>\$ 2,558,839</u>

Note 10 – Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 11 – Concentrations

The Organization maintains cash balances with two banks. Accounts at financial institutions may at times exceed the amount insured by the Federal Deposit Insurance Corporation.