



**West Suburban**  
Humane Society

AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2021



**West Suburban Humane Society**  
**Audit Report**  
**For the Year Ended December 31, 2021**

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# Selden Fox

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
West Suburban Humane Society  
Downers Grove, Illinois

### Opinion

We have audited the accompanying financial statements of **West Suburban Humane Society** which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of West Suburban Humane Society as of December 31, 2021 and 2020, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Suburban Humane Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Suburban Humane Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 West Suburban Humane Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Suburban Humane Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Seiden Fox, Ltd.*

July 19, 2022

**West Suburban Humane Society**  
**Statement of Financial Position**  
**December 31,**

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash	\$ 195,394	\$ 280,817
Contributions receivable	34,973	6,075
Prepaid expenses	6,969	7,172
Investments	254,511	262,086
Property and equipment at cost less accumulated depreciation of \$197,522 in 2021 (\$66,422 in 2020)	4,283,257	4,411,663
Other assets, less accumulated amortization of \$9,194 in 2021 and 2020	500	19,076
Beneficial interest in assets held by others	420,526	380,621
<b>Total assets</b>	<b>\$ 5,196,130</b>	<b>\$ 5,367,510</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 20,926	\$ 67,897
Accrued expenses	16,166	15,005
Paycheck Protection Program loan	-	55,103
<b>Total liabilities</b>	<b>37,092</b>	<b>138,005</b>
Net assets:		
Without donor restrictions:		
Undesignated	4,359,038	4,424,907
Board designated	800,000	800,000
Total net assets without donor restrictions	5,159,038	5,224,907
With donor restrictions	-	4,598
<b>Total net assets</b>	<b>5,159,038</b>	<b>5,229,505</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,196,130</b>	<b>\$ 5,367,510</b>

See accompanying notes.

**West Suburban Humane Society**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Adoption fees	\$ 78,123	\$ -	\$ 78,123
Events	125,387	-	125,387
Newsletter and mail appeals	91,545	-	91,545
Contributions	559,226	10,000	569,226
Bequests	21,690	-	21,690
Gain on extinguishment - Paycheck Protection Program	110,205	-	110,205
Interest income	90	-	90
Net investment income	55,445	-	55,445
	<u>1,041,711</u>	<u>10,000</u>	<u>1,051,711</u>
Net assets released from restrictions	<u>14,598</u>	<u>(14,598)</u>	<u>-</u>
<b>Total revenues</b>	<u>1,056,309</u>	<u>(4,598)</u>	<u>1,051,711</u>
Expenses:			
Program services	881,682	-	881,682
Management and general	61,496	-	61,496
Fund-raising	179,000	-	179,000
<b>Total expenses</b>	<u>1,122,178</u>	<u>-</u>	<u>1,122,178</u>
<b>Change in net assets</b>	<u>(65,869)</u>	<u>(4,598)</u>	<u>(70,467)</u>
Net assets, beginning of the year	<u>5,224,907</u>	<u>4,598</u>	<u>5,229,505</u>
Net assets, end of the year	<u>\$ 5,159,038</u>	<u>\$ -</u>	<u>\$ 5,159,038</u>

See accompanying notes.

**West Suburban Humane Society**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Adoption fees	\$ 78,644	\$ -	\$ 78,644
Events	126,490	-	126,490
Newsletter and mail appeals	89,114	-	89,114
Contributions	414,809	45,635	460,444
Bequests	149,167	-	149,167
Interest income	189	-	189
Net investment income	33,884	-	33,884
	<u>892,297</u>	<u>45,635</u>	<u>937,932</u>
Net assets released from restrictions	<u>997,381</u>	<u>(997,381)</u>	<u>-</u>
<b>Total revenues</b>	<u>1,889,678</u>	<u>(951,746)</u>	<u>937,932</u>
Expenses:			
Program services	751,386	-	751,386
Management and general	59,790	-	59,790
Fund-raising	180,746	-	180,746
<b>Total expenses</b>	<u>991,922</u>	<u>-</u>	<u>991,922</u>
<b>Change in net assets</b>	897,756	(951,746)	(53,990)
Net assets, beginning of the year	<u>4,327,151</u>	<u>956,344</u>	<u>5,283,495</u>
Net assets, end of the year	<u>\$ 5,224,907</u>	<u>\$ 4,598</u>	<u>\$ 5,229,505</u>

See accompanying notes.

**West Suburban Humane Society  
Statement of Functional Expenses  
For the Year Ended December 31, 2021**

	Program Services	Management and General	Fund-raising	Total
Expenses:				
Salaries	\$ 235,642	\$ 17,023	\$ 109,579	\$ 362,244
Payroll taxes	18,708	1,351	8,699	28,758
Benefits	7,130	1,451	2,177	10,758
Administration	10,468	1,172	3,503	15,143
Animal costs	7,559	-	-	7,559
Animal supplies	59,604	-	-	59,604
Animal training and boarding	10,576	-	-	10,576
Bad debt expense	-	-	500	500
Bank service fees	4,154	-	-	4,154
Depreciation and amortization	131,100	-	-	131,100
Dues and subscriptions	6,040	1,099	240	7,379
Events and newsletters	9,530	-	49,782	59,312
Food	54,959	-	-	54,959
Insurance	2,797	22,205	1,267	26,269
Medical supplies	63,277	-	-	63,277
Office and building maintenance	30,550	294	1,889	32,733
Office supplies	2,277	165	1,059	3,501
Postage	656	47	305	1,008
Professional fees	-	14,500	-	14,500
Sales tax	-	2,189	-	2,189
Spay and neuter	34,411	-	-	34,411
Utilities	30,188	-	-	30,188
Veterinary care	160,691	-	-	160,691
Volunteer education	1,365	-	-	1,365
<b>Total expenses</b>	<b>\$ 881,682</b>	<b>\$ 61,496</b>	<b>\$ 179,000</b>	<b>\$ 1,122,178</b>

See accompanying notes.

**West Suburban Humane Society**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**

	Program Services	Management and General	Fund-raising	Total
Expenses:				
Salaries	\$ 232,303	\$ 17,081	\$ 92,238	\$ 341,622
Payroll taxes	18,584	1,366	7,379	27,329
Benefits	6,619	1,375	2,063	10,057
Administration	13,313	1,499	3,122	17,934
Animal costs	8,434	-	-	8,434
Animal supplies	47,100	-	-	47,100
Animal training and boarding	2,388	-	-	2,388
Bad debt expense	-	-	15,755	15,755
Bank service fees	5,760	-	-	5,760
Depreciation and amortization	77,657	-	-	77,657
Dues and subscriptions	7,261	1,321	289	8,871
Events and newsletters	5,399	-	45,248	50,647
Food	53,985	-	-	53,985
Insurance	3,148	20,753	1,049	24,950
Medical supplies	59,783	-	-	59,783
Office and building maintenance	28,195	517	1,331	30,043
Office supplies	3,154	232	1,252	4,638
Postage	1,123	83	446	1,652
Professional fees	-	14,080	10,574	24,654
Sales tax	-	1,483	-	1,483
Spay and neuter	20,988	-	-	20,988
Utilities	41,971	-	-	41,971
Veterinary care	114,221	-	-	114,221
<b>Total expenses</b>	<b>\$ 751,386</b>	<b>\$ 59,790</b>	<b>\$ 180,746</b>	<b>\$ 991,922</b>

See accompanying notes.

**West Suburban Humane Society**  
**Statement of Cash Flows**  
**For the Year Ended December 31,**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (70,467)	\$ (53,990)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net loss (gain) on investments	284	(1,660)
Donated stock	(37,171)	(20,163)
In-kind contributions to new building	-	(69,325)
Depreciation	131,100	77,657
Contributions receivable written off	500	15,755
Gain on extinguishment of Paycheck Protection Program loan	(110,205)	-
Change in beneficial interest in assets held by others	(55,705)	(32,193)
Changes in operating assets and liabilities:		
Receivables	(29,398)	297,181
Prepaid expenses	203	(321)
Other assets	18,576	101,356
Accounts payable and accrued expenses	1,747	(7,613)
<b>Net cash from operating activities</b>	<b>(150,536)</b>	<b>306,684</b>
Cash flows from investing activities:		
Purchase of investments	-	(360,000)
Proceeds from the sale of investments	44,462	844,930
Distribution from assets held by others	15,800	15,300
Purchase of equipment	(2,694)	(19,722)
Construction in progress paid for new adoption center	(47,557)	(970,384)
<b>Net cash from investing activities</b>	<b>10,011</b>	<b>(489,876)</b>
Cash flows from financing activities - proceeds from Paycheck Protection Program loan	55,102	55,103
<b>Net cash from financing activities</b>	<b>55,102</b>	<b>55,103</b>
<b>Net change in cash</b>	<b>(85,423)</b>	<b>(128,089)</b>
Cash, beginning of the year	280,817	408,906
<b>Cash, end of the year</b>	<b>\$ 195,394</b>	<b>\$ 280,817</b>

See accompanying notes.

## West Suburban Humane Society Notes to the Financial Statements

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### 1. Summary of Significant Accounting Policies

**Organization and Purpose** – West Suburban Humane Society (WSHS) is an animal shelter, first incorporated in 1973, that provides animals with shelter, food and veterinary care. WSHS's purpose is to operate as a no-kill animal shelter that finds permanent homes for cats and dogs in its care. Within this role, it has programs that educate the public on spaying and neutering and encourage the charitable treatment and care of animals.

**Basis of Accounting** – WSHS maintains its accounts on the accrual basis in accordance with generally accepted accounting principles. WSHS classifies net assets and transactions into two classes:

**Net Assets Without Donor Restrictions** – Net assets not subject to donor-imposed stipulations.

**Net Assets With Donor Restrictions** – Net assets restricted by donors to be maintained by the WSHS in perpetuity and net assets subject to donor-imposed stipulations that may or will be met by actions of the WSHS or the passage of time.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expiration of donor restrictions on net assets (i.e., the donor imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give are reported at fair value at the date the gift is received, or as soon as the promise becomes unconditional. Subsequent adjustments to the fair value are recognized as public support consistent with the initial recording of the gift. Bequests are considered unconditional when the probate court declares the testamentary instrument valid and the proceeds are measurable. Intentions to give which are not legally enforceable are recorded as contribution revenue when collected.

Contributions of exhaustible long-lived assets, or of cash or other assets used to acquire them, without donor-imposed stipulations concerning the use of such long-lived assets, are reported as revenues with donor restrictions. Unless donor stipulations limit the use of contributed assets for a period of time or for a particular purpose, the restrictions are considered to be released when the contributed asset is placed in service.

WSHS did not have any net assets with donor restrictions that must be maintained in perpetuity at December 31, 2021.

**West Suburban Humane Society**  
**Notes to the Financial Statements (cont'd)**

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**1. Summary of Significant Accounting Policies (cont'd)**

**Use of Estimates** – The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and activities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Certain significant estimates used in the preparation of these financial statements include investments being recorded at fair value, recording contributions receivable at fair value, with no allowance for losses at December 31, 2021 and 2020, and the determination of useful lives for property and equipment. The ultimate realization of investments and contributions receivable are based upon future economic factors. It is reasonably possible that the recorded amounts or related disclosures could significantly change in the near future as new information is available.

**Fair Value Measurements** – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is categorized in three levels based on the reliability of observable inputs as follows:

**Level 1** – Valuations are based on quoted prices in active markets for identical assets or liabilities that WSHS has the ability to access at the measurement date.

**Level 2** – Valuations are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-derived valuations whose significant inputs are observable.

**Level 3** – Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

Following is a description of the valuation methodologies used for investments measured at fair value, including the beneficial interest in assets held by others, as well as the general classification of such investments pursuant to the valuation hierarchy.

Mutual funds are valued using quoted market prices. Accordingly, these assets are categorized in Level 1 of the fair value hierarchy, see Note 2.

The fair value of the beneficial interest in assets held by others is based on a percentage interest of the underlying assets held. Accordingly, these assets are categorized in Level 2 of the fair value hierarchy, see Note 4.

**West Suburban Humane Society**  
**Notes to the Financial Statements (cont'd)**

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**1. Summary of Significant Accounting Policies (cont'd)**

**Cash** – For the purpose of the statement of cash flows, the WSHS considers all cash on hand and in banks to be cash. Money market funds at brokerages are considered investments.

**Contributions Receivable** – Contributions receivable consist of unconditional promises to give recorded at fair value. Management believes all amounts will be collected within one year and, accordingly, no discount is present. Management determines the allowance for uncollectible contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. No allowance was deemed necessary at December 31, 2021 or 2020.

**Property and Equipment** – Property and equipment are stated at cost if purchased or constructed and fair value for contributed items. Depreciation of buildings and equipment is provided by the straight-line method over the estimated useful life of the assets. Buildings at 40 years, land improvements at 15 years, and equipment at 3 – 7 years.

**Paycheck Protection Program Loan** – In April 2020, WSHS received \$55,103 of proceeds in the form of a potentially forgivable loan under the CARES Act's Paycheck Protection Program (PPP), which is administered by the U.S. Small Business Association (SBA). The loan and accrued interest are forgivable after an 8-week or a maximum 24-week timeframe beginning on the date of receipt of loan proceeds, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, maintaining payroll levels on an employee-by-employee basis, and maintaining headcount, all within PPP parameters. The WSHS has elected to account for its potentially forgivable PPP loan payable under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 470, *Debt*. Under this guidance, extinguishment of the loan would be recognized when WSHS has been legally released as the primary obligor of the loan. This would occur if and when the SBA approves the WSHS's forgiveness application. The organization had not applied for loan forgiveness as of December 31, 2020, and the entire loan was recorded as a liability at December 31, 2020. During the year ended December 31, 2021, the organization applied for loan forgiveness and was notified that the entire loan was forgiven as of May 24, 2021. This amount has been recorded as gain on extinguishment of the PPP loan in the statement of activities for the year ended December 31, 2021.

Additionally, in March 2021, the organization received \$55,102 of proceeds from a second PPP loan. The organization applied for loan forgiveness and was notified that the entire loan was forgiven as of November 2, 2021. This amount has been recorded as gain on extinguishment of the PPP loan in the statement of activities for the year ended December 31, 2021.

**West Suburban Humane Society**  
**Notes to the Financial Statements (cont'd)**

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**1. Summary of Significant Accounting Policies (cont'd)**

**Revenue Recognition** – The primary sources of program revenue streams are as follows:

The main purpose of the organization is to find permanent homes for cats and dogs in its care. Adoption fees for these animals fall under ASC 606 guidance. The performance obligation is satisfied when ownership of the animal transfers from the WSHS to the owner.

The WSHS holds various fund-raising events including a walk-a-thon and plant sale. For event fees, the performance obligation is satisfied after these events have occurred. Most of the revenue from these events are contributions, which are outside ASC 606 guidance.

The remaining revenue on the statement of activities include various contributions, donations, gain on extinguishment – Paycheck Protect Program and investment income. These revenues do not fall under ASC 606 guidance.

**Donated Services** – A substantial number of volunteers have donated significant amounts of time toward the program activities of the WSHS; however, no amount has been reflected in the financial statements. These services did not satisfy the criteria for recognition under generally accepted accounting principles.

**Donated Items** – The WSHS accepts gifts of tangible personal property to help fulfill their mission. Such items to be used by the WSHS are valued by type, based on an average fair market value. They are recorded in contribution revenue and are expensed, based on their natural classification. The value of donated items recorded in 2021 was \$84,226 (\$66,308 in 2020).

**Income Taxes** – WSHS is tax exempt under Section 501(c)(3) of the Internal Revenue Code, except for income not related to its exempt purpose. WSHS had no income unrelated to its exempt purpose. Accordingly, no provision for income taxes has been provided for in the financial statements. WSHS's federal and state tax returns for the years ended December 31, 2018 through 2020, remain subject to examination.

**Concentration** – In 2020, the WSHS received totaled bequest revenue of \$100,000 from one donor, which was 67% of total bequest revenue and 11% of total revenue in that year. There were no significant contributions in 2021.

**Functional Allocation of Expenses** – Expenses have been summarized by function and nature on the statement of functional expenses. Salaries, payroll taxes and benefits are allocated based on estimates of time and effort incurred by each employee. The same allocation is used to allocate office supplies, postage and workers' compensation insurance. Newsletter and annual appeal costs are allocated based on the pages of those documents dedicated to each function.

All other expenses can be specifically identified to a function and do not require allocation.

**West Suburban Humane Society**  
**Notes to the Financial Statements (cont'd)**

**2. Investments**

Investments in mutual funds are held at a single investment brokerage firm. Fair values of investments measured on a recurring basis at December 31, 2021, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds- money market	<u>\$ 254,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,511</u>

Fair values of investments measured on a recurring basis at December 31, 2020, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds- money market	<u>\$ 262,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,086</u>

Net investment income for the years ended December 31, consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 6,849	\$ 7,842
Net realized and unrealized gains	53,431	30,550
Investment fees	<u>(4,835)</u>	<u>(4,508)</u>
Net investment income	<u>\$ 55,445</u>	<u>\$ 33,884</u>

**3. Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 523,684	\$ 523,684
Building and improvements	3,836,635	3,835,529
Equipment	<u>120,460</u>	<u>118,872</u>
	<b>4,480,779</b>	<b>4,478,085</b>
Less accumulated depreciation	<u>(197,522)</u>	<u>(66,422)</u>
	<u>\$ 4,283,257</u>	<u>\$ 4,411,663</u>

Depreciation expense totaled \$131,100 for the year ended December 31, 2021 (\$77,657 for the year ended December 31, 2020).

**West Suburban Humane Society**  
**Notes to the Financial Statements (cont'd)**

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**4. Beneficial Interest in Assets Held by Others – DuPage Foundation**

WSHS established an Agency Fund (Fund) in 2013, with the DuPage Foundation (Foundation) to strengthen the future of the WSHS. The Fund was created with an original gift of \$300,000. The Board of Directors designates the use of the monies in the Fund. The intent of the Board is to maintain the original gift in perpetuity and only draw on earnings. WSHS understands that the Foundation's Board of Trustees shall have ultimate control over the assets deposited in the Fund, excepting and providing that if WSHS's Board determines that it is in the WSHS's best interest, it may elect to withdraw any funds transferred to the Foundation upon written notice, not less than three months in advance of the date needed.

The Fund had a balance of \$420,526 at December 31, 2021 (\$380,621 at December 31, 2020). Net gain on the Fund for 2021, was \$39,905, of which \$44,565 is included in the investment gain and \$4,660 was for investment fees. Net gain on the Fund for 2020, was \$32,194, of which \$36,202 is included in the investment gain and \$4,008 was for investment fees. The Foundation maintains an investment pool for all its funds which consists primarily of marketable equity securities (common stock and mutual funds), fixed income securities, funds of hedge funds, real estate funds and commodity funds. No specific securities are designated for a specific fund. Realized gains/losses, unrealized gains/losses, and dividend and interest income net of fees are divided monthly on a prorated basis across all funds of the Foundation.

**5. Concentration of Credit Risk**

The WSHS maintains cash with one financial institution. WSHS periodically has deposits in excess of federally insured limits. WSHS has not experienced any loss in such accounts. At December 31, 2021, WSHS did not have any uninsured cash deposits. WSHS believes it is not exposed to any significant credit risk on its cash and deposits.

**6. Board Designated Net Assets**

At both December 31, 2021 and 2020, the Board has designated \$800,000 as an operating reserve from its net assets without donor restrictions.

**7. Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following:

	<u>2021</u>		<u>2020</u>
Construction of new facility	\$	-	\$ 4,598

During 2020, the new facility was placed into service and all amounts received that were restricted for that construction were released from restriction. The \$4,598 that was donor-restricted at December 31, 2020, represents pledge receivables for the new facility that were subsequently received in 2021.

**West Suburban Humane Society**  
**Notes to the Financial Statements (cont'd)**

**8. Liquidity and Availability**

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions, consist of the following:

	2021	2020
Cash	\$ 195,394	\$ 280,817
Contributions receivable	34,973	6,075
Investments	254,511	262,086
Beneficial interest in assets held by others	420,526	380,621
	<b>905,404</b>	929,599
Less:		
Net assets with donor restrictions:		
Construction of new facility	-	(4,598)
Board designated net assets:		
Operating reserve	(800,000)	(800,000)
	<b>\$ 105,404</b>	<b>\$ 125,001</b>

Although it is not the Board's intention, the operating reserve Board designated net assets above could be used for general expenditures in the next year if the Board approved such an action.

As part of WSHS's liquidity management, it has a policy to place most of its financial assets in highly liquid, short-term investments. See Note 2.

**9. Contributed Services and In-kind Revenue**

WSHS recognizes contribution revenue for certain services and in-kind property received at fair value at the date of receipt. For the year ended December 31, 2020, such contributed services and property included various construction related materials and services for the new building and paving services in the aggregate of \$69,325. There were no contributed services and property received during the year ended December 31, 2021.

**West Suburban Humane Society**  
**Notes to the Financial Statements (cont'd)**

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**10. Operating Leases**

WSHS has entered into various operating leases for office equipment payable in monthly installments of \$332 expiring in June 2023 and \$459 expiring in January 2023. Future minimum lease payments under the leases are as follows:

2022	\$	9,492
2023		<u>2,451</u>
	\$	<u>11,943</u>

Rental expense under these agreements for the year ended December 31, 2021, was \$10,370 (\$8,993 for the year ended December 31, 2020).

**11. Website**

WSHS launched a new website in 2016, at a total cost of \$9,194. This cost is recorded as an other asset on the statement of financial position. The website costs were amortized over a three-year period, and was fully amortized in 2019.

**12. Related Parties**

WSHS incurred expenses for veterinary care received from an animal hospital owned by one member of the Board. Expenses incurred in 2021 up to when this member resigned from the Board in May 2021 totaled approximately \$6,000 (\$27,000 incurred in 2020). These services were provided at a cost that was similar or below the cost of services obtained elsewhere.

**13. Uncertainties**

The COVID-19 outbreak in the United States has caused business disruption. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption and impact on the economy. The related financial impact and duration cannot be reasonably estimated at this time.

**14. Subsequent Events**

Subsequent events have been evaluated through July 19, 2022, which is the date the financial statements were available to be issued.

The organization has been named the recipient of several bequests that are expected to be received in 2022, which is when they will be recorded as revenue. The total amount to be received is indeterminable at this time.

**West Suburban Humane Society**  
**Notes to the Financial Statements (cont'd)**

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**15. Future Accounting Standards**

**Leases** – During 2016, the Financial Accounting Standards Board issued new standards relating to lease accounting. The new standard will require WSHS to recognize on its balance sheet, the asset and liability of their leasing agreements relating to the rights and obligations created by the leases. The standard will be effective for 2022. WSHS has not determined the effect of adopting the new standard.

**Contributed Nonfinancial Assets** – During 2020, the Financial Accounting Standards Board issued new standards relating to contributed nonfinancial assets. The purpose of this standard is to provide a clearer understanding of what types of nonfinancial assets are received and how they are used and recognized by the organization. The standard will be effective for 2022. WSHS has not determined the effect of adopting the new standard.

