

*Love is a Pet Away*



**West Suburban Humane Society**

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AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019



**West Suburban Humane Society**  
**Audit Report**  
**For the Year Ended December 31, 2019**

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# Selden Fox

Accounting for your future

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
West Suburban Humane Society  
Downers Grove, Illinois

We have audited the accompanying financial statements of **West Suburban Humane Society** which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses 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 audits 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 financial position of West Suburban Humane Society as of December 31, 2019 and 2018, 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.

*Selden Fox, Ltd.*

July 23, 2020

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

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash	\$ 408,906	\$ 404,336
Bequests receivable	-	79,838
Contributions receivable	319,011	186,594
Prepaid expenses	6,851	7,996
Investments	725,193	3,242,364
Property and equipment at cost less accumulated depreciation of \$248,659 in 2019 (\$202,981 in 2018)	535,888	586,465
Construction in progress - New Adoption Center	3,054,045	101,508
Other assets, less accumulated amortization of \$9,194 in 2019 (\$7,662 in 2018)	120,432	1,532
Beneficial interest in assets held by others	363,728	322,695
<b>Total assets</b>	<b>\$ 5,534,054</b>	<b>\$ 4,933,328</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 240,520	72,780
Accrued expenses	10,039	7,962
<b>Total liabilities</b>	<b>250,559</b>	<b>80,742</b>
Net assets:		
Without donor restrictions:		
Undesignated	926,614	1,260,304
Board designated	3,400,537	3,129,555
Total net assets without donor restrictions	4,327,151	4,389,859
With donor restrictions	956,344	462,727
<b>Total net assets</b>	<b>5,283,495</b>	<b>4,852,586</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,534,054</b>	<b>\$ 4,933,328</b>

See accompanying notes.

**West Suburban Humane Society**  
**Statement of Activities**  
**For the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Adoption fees	\$ 65,712	\$ -	\$ 65,712
Events	162,996	-	162,996
Newsletter and mail appeals	55,887	-	55,887
Contributions	324,735	569,563	894,298
Bequests	42,276	-	42,276
Grants	-	15,000	15,000
Interest income	1,124	-	1,124
Net investment income	113,562	-	113,562
	<u>766,292</u>	<u>584,563</u>	<u>1,350,855</u>
Net assets released from restrictions	<u>90,946</u>	<u>(90,946)</u>	<u>-</u>
<b>Total revenues</b>	<u>857,238</u>	<u>493,617</u>	<u>1,350,855</u>
Expenses:			
Program services	681,889	-	681,889
Management and general	49,578	-	49,578
Fund-raising	188,479	-	188,479
<b>Total expenses</b>	<u>919,946</u>	<u>-</u>	<u>919,946</u>
<b>Change in net assets</b>	<u>(62,708)</u>	<u>493,617</u>	<u>430,909</u>
Net assets, beginning of the year	<u>4,389,859</u>	<u>462,727</u>	<u>4,852,586</u>
Net assets, end of the year	<u>\$ 4,327,151</u>	<u>\$ 956,344</u>	<u>\$ 5,283,495</u>

See accompanying notes.

**West Suburban Humane Society**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Adoption fees	\$ 58,410	\$ -	\$ 58,410
Events	147,320	-	147,320
Newsletter and mail appeals	57,065	-	57,065
Contributions	296,282	371,781	668,063
Bequests	1,269,218	79,838	1,349,056
Grants	-	11,108	11,108
Interest income	1,766	-	1,766
Net investment income	21,274	-	21,274
	<u>1,851,335</u>	<u>462,727</u>	<u>2,314,062</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>1,851,335</u>	<u>462,727</u>	<u>2,314,062</u>
Expenses:			
Program services	592,634	-	592,634
Management and general	55,874	-	55,874
Fund-raising	198,221	-	198,221
<b>Total expenses</b>	<u>846,729</u>	<u>-</u>	<u>846,729</u>
<b>Change in net assets</b>	1,004,606	462,727	1,467,333
Net assets, beginning of the year	<u>3,385,253</u>	<u>-</u>	<u>3,385,253</u>
Net assets, end of the year	<u>\$ 4,389,859</u>	<u>\$ 462,727</u>	<u>\$ 4,852,586</u>

See accompanying notes.



**West Suburban Humane Society  
Statement of Functional Expenses  
For the Year Ended December 31, 2019**

	Program Services	Management and General	Fund-raising	Total
Expenses:				
Salaries	\$ 190,369	\$ 15,029	\$ 45,087	\$ 250,485
Payroll taxes	15,611	1,232	3,697	20,540
Benefits	13,225	1,323	1,984	16,532
Administration	11,747	1,637	7,416	20,800
Animal costs	12,851	-	-	12,851
Animal supplies	37,039	-	-	37,039
Animal training and boarding	2,170	-	-	2,170
Bank service fees	1,931	-	-	1,931
Depreciation and amortization	48,973	343	2,793	52,109
Dues and subscriptions	4,999	909	199	6,107
Events and newsletters	8,256	-	41,689	49,945
Food	69,650	-	-	69,650
Insurance	6,214	11,535	826	18,575
Medical supplies	60,647	-	-	60,647
Office and building maintenance	8,142	274	175	8,591
Office supplies	5,086	402	1,205	6,693
Postage	916	72	217	1,205
Professional fees	-	14,426	80,433	94,859
Sales tax	-	1,440	-	1,440
Spay and neuter	29,095	-	-	29,095
Utilities	27,703	956	2,758	31,417
Veterinary care	126,943	-	-	126,943
Volunteer education	322	-	-	322
<b>Total expenses</b>	<b>\$ 681,889</b>	<b>\$ 49,578</b>	<b>\$ 188,479</b>	<b>\$ 919,946</b>

See accompanying notes.

**West Suburban Humane Society**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**

	Program Services	Management and General	Fund-raising	Total
Expenses:				
Salaries	\$ 193,087	\$ 16,992	\$ 34,580	\$ 244,659
Payroll taxes	15,905	1,375	2,356	19,636
Benefits	18,088	1,431	2,169	21,688
Administration	6,154	3,252	510	9,916
Animal costs	14,774	-	-	14,774
Animal supplies	31,323	-	-	31,323
Animal training and boarding	1,781	-	-	1,781
Bank service fees	3,040	-	-	3,040
Depreciation and amortization	13,415	82	850	14,347
Dues and subscriptions	2,532	1,569	932	5,033
Events and newsletters	4,637	-	55,486	60,123
Food	62,277	-	-	62,277
Insurance	4,120	12,836	610	17,566
Medical supplies	59,568	-	-	59,568
Office and building maintenance	11,928	421	584	12,933
Office supplies	7,781	672	1,153	9,606
Postage	1,695	146	251	2,092
Professional fees	-	14,350	96,670	111,020
Sales tax	-	1,948	-	1,948
Spay and neuter	21,113	-	-	21,113
Utilities	20,935	800	2,070	23,805
Veterinary care	98,215	-	-	98,215
Volunteer education	266	-	-	266
<b>Total expenses</b>	<b>\$ 592,634</b>	<b>\$ 55,874</b>	<b>\$ 198,221</b>	<b>\$ 846,729</b>

See accompanying notes.

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

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 430,909	\$ 1,467,333
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net gain on investments	(57,829)	(43,907)
Donated stock	(45,606)	(16,305)
Depreciation and amortization	52,109	14,347
Change in beneficial interest in assets held by others	(55,733)	22,633
Changes in operating assets and liabilities:		
Receivables	(52,579)	(218,354)
Prepaid expenses	1,145	2,598
Other assets	(120,432)	33,560
Accounts payable and accrued expenses	2,604	11,021
<b>Net cash from operating activities</b>	<b>154,588</b>	<b>1,272,926</b>
Cash flows from investing activities:		
Purchase of investments	(4,740,079)	(6,898,641)
Proceeds from the sale of investments	7,360,685	5,892,898
Distribution from assets held by others	14,700	13,660
Purchase of furniture, equipment and improvements	-	(3,333)
Construction in progress paid for	(2,785,324)	(61,120)
<b>Net cash from investing activities</b>	<b>(150,018)</b>	<b>(1,056,536)</b>
<b>Net change in cash</b>	<b>4,570</b>	<b>216,390</b>
Cash, beginning of the year	404,336	187,946
<b>Cash, end of the year</b>	<b>\$ 408,906</b>	<b>\$ 404,336</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, 2019.

**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 and recording bequest receivable and contribution receivable at face value, with no allowance for losses at December 31, 2019 and 2018. The ultimate realization of investments, bequest receivable and contributions receivable are based upon future economic factors. It is reasonably possible that the recorded amount 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 and common stock 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.

**Certificates of Deposit** – Certificates of deposit are stated at cost, which approximates fair value. All certificates of deposit held at December 31, 2018, matured in 2019.

**Bequests and Contributions Receivable** – Bequests and contributions receivable consist of unconditional promises to give recorded at face value. Management believes all amounts will be collected within one year and, accordingly, no discount is present. Management has determined that all bequests receivable and contributions receivable are fully collectible; therefore, no allowance for uncollectible receivables has been recorded at December 31, 2019 or 2018.

**Property and Equipment** – Items are capitalized at cost if purchased or constructed, or at fair value if contributed. Depreciation of buildings and equipment is provided by the straight-line method over the estimated useful life of the assets.

**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 fundraising events including a walkathon 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 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 2019 was \$64,180 (\$58,124 in 2018).

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

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

**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, 2016 through 2018, remain subject to examination.

**Concentration** – The WSHS received total contribution revenue of \$220,000 from one donor in 2019, who is a member of the WSHS's board. This amount represents 25% of total contribution revenue in 2019, and 16% of total revenue in 2019. In 2018, the WSHS received totaled revenue of \$1,085,451 from the estate of one donor, which was 80% of total bequest revenue and 47% of total revenue in that year.

**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. Office and building maintenance and utilities are allocated based on the square footage of the facility allocated to each function. Depreciation is allocated based on an estimate of each asset's use by the various functions. 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.

**Reclassifications** – Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**Adoption of New Accounting Pronouncement** – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606). The new standard requires WSHS to reassess its revenue recognition policy to accurately depict the transfer of promised goods or services to customers. This standard outlines a single, comprehensive model for accounting for revenue from contracts with customers. The standard's core principle is that a reporting entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in a reporting entity providing users of financial statements with comprehensive information about the nature, timing, and uncertainty of revenue and cash flows arising from the reporting entity's contracts with customers. WSHS adopted the standard on January 1, 2019, using the full-retrospective method. The changes had no impact on the amount of previously reported net assets.

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

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

In 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, effective on January 1, 2019. The new standard requires the WSHS to reassess its revenue recognition policy to accurately depict whether a transfer of assets is a contribution or exchange transaction and whether a contribution received or made is conditional or unconditional. The adoption of this guidance did not have a significant impact on WSHS's financial position, changes in net assets or cash flows.

**2. Investments**

Investments in mutual funds, common stock and certificates of deposit are held at a single investment brokerage firm. Fair values of investments measured on a recurring basis at December 31, 2019, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds- money market	\$ 725,193	\$ -	\$ -	<b>\$ 725,193</b>
	<u>\$ 725,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u><b>\$ 725,193</b></u>

Fair values of investments measured on a recurring basis at December 31, 2018, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds- money market	\$ 2,281,260	\$ -	\$ -	<b>\$ 2,281,260</b>
Common stock	1,104	-	-	1,104
	<u>\$ 2,282,364</u>	<u>\$ -</u>	<u>\$ -</u>	2,282,364
Certificates of deposit				<u>960,000</u>
				<u><b>\$ 3,242,364</b></u>

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

	<u>2019</u>	<u>2018</u>
Interest and dividend income	<b>\$ 66,311</b>	\$ 51,312
Net realized and unrealized gains (losses)	<b>51,207</b>	(25,871)
Investment fees	<u><b>(3,956)</b></u>	<u>(4,167)</u>
Net investment income	<u><b>\$ 113,562</b></u>	<u>\$ 21,274</u>



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

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**3. Property and Equipment**

Property and equipment consist of the following at December 31:

	2019	2018
Land	\$ 523,684	\$ 523,684
Building and improvements	245,904	250,803
Equipment	14,959	14,959
	784,547	789,446
Less accumulated depreciation	(248,659)	(202,981)
	\$ 535,888	\$ 586,465

Depreciation expense totaled \$50,578 for the year ended December 31, 2019 (\$11,282 for the year ended December 31, 2018).

**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 \$363,728 at December 31, 2019 (\$322,695 at December 31, 2018). Net gain on the Fund for 2019, was \$55,733, of which \$59,689 is included in the investment gain and \$3,956 was for investment fees. Net loss on the Fund for 2018, was \$22,633, of which \$18,466 is included in the investment gain and \$4,167 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 and certificates of deposit with various financial institutions. WSHS periodically has deposits in excess of federally insured limits. WSHS has not experienced any loss in such accounts. At December 31, 2019, WSHS had \$192,995 of uninsured cash deposits. WSHS believes it is not exposed to any significant credit risk on its cash and deposits.

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

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**6. Board Designated Net Assets**

At December 31, 2019, the Board has designated \$2,600,537 for the new Adoption Center and \$800,000 designated as an operating reserve from its net assets without donor restrictions. At December 31, 2018, the Board had designated \$2,329,555 for the new Adoption Center and \$800,000 designated 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>2019</u>	<u>2018</u>
Construction of new facility	\$ 941,344	\$ 371,781
Unspent grant funds	15,000	11,108
Bequests receivable	-	79,838
	<u>\$ 956,344</u>	<u>\$ 462,727</u>

**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:

	<b>2019</b>	2018
Cash	<b>\$ 408,906</b>	\$ 404,336
Bequests receivable	-	79,838
Contributions receivable	<b>319,011</b>	186,594
Investments	<b>725,193</b>	3,242,364
Beneficial interest in assets held by others	<b>363,728</b>	322,695
	<b>1,816,838</b>	4,235,827
Less:		
Net assets with donor restrictions:		
Construction of new facility	<b>(941,344)</b>	(371,871)
Unspent grant funds	<b>(15,000)</b>	(11,108)
Board designated net assets		
Building fund	<b>(2,600,537)</b>	(2,329,555)
Operating reserve	<b>(800,000)</b>	(800,000)
Plus:		
Board designated net assets invested in construction in progress	<b>2,600,537</b>	101,508
Net assets with donor restrictions that will be met when new building is placed in service	<b>903,576</b>	-
	<b>\$ 964,070</b>	\$ 824,801

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.

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

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**9. Operating Lease**

WSHS has entered into a 60-month operating lease for office equipment payable in monthly installments of \$332, expiring in June 2023. Future minimum lease payments under the lease are as follows:

2020	\$	3,984
2021		3,984
2022		3,984
2023		<u>1,992</u>
	\$	<u>13,944</u>

Rental expense under this agreement for the year ended December 31, 2019, was \$4,148 (\$3,542 for the year ended December 31, 2018).

Subsequent to year-end, WSHS executed a lease for a new telephone system. Monthly installments of \$459 are due for 36 months, expiring in January 2023.

**10. 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, with \$1,532 amortized in 2019 (\$3,065 amortized in 2018).

**11. Related Parties**

WSHS incurred expenses of approximately \$36,000 for veterinary care received from an animal hospital owned by one member of the Board in 2019 (\$18,000 in 2018). These services were provided at a cost that was similar or below the cost of services obtained elsewhere.

**12. Commitments**

In April 2019, the WSHS executed a contract for construction of a new facility. The guaranteed maximum price of the project is \$3,272,216, plus any owner directed change orders. As of December 31, 2019, the total paid on this contract totaled \$2,487,881.

During 2019, the WSHS executed a contract for architectural and engineering professional services during the construction phase of the new facility. The expected cost of these services is \$80,000, with \$65,000 incurred in 2019 and \$15,000 expected to be incurred in 2020.

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

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**13. Subsequent Events**

Subsequent events have been evaluated through July 23, 2020, which is the date the financial statements were available to be issued.

Subsequent to year-end, WSHS received \$108,000 to which WSHS was named as a beneficiary.

Subsequent to year-end, WSHS submitted a loan application through the Paycheck Protection Program. The loan application was approved, and proceeds of \$55,103 were received in April 2020.

As of the date these financial statements were available to be issued, economic uncertainties exist associated with the COVID-19 coronavirus outbreak that may impact the liquidity and availability of financial assets. The economic uncertainties may also extend to the WSHS's funding sources' ability to support the organization. The effect of the impact is not quantifiable at this time.

**14. 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 2021. WSHS has not determined the effect of adopting the new standard.