

**HUMANE ANIMAL WELFARE SOCIETY OF  
WAUKESHA COUNTY, INC.**

**FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 536,870	\$ 558,035
Unconditional promises to give	81,865	249,594
Prepaid expenses	16,716	9,899
Inventory	20,527	21,268
<b>Total current assets</b>	<b>655,978</b>	<b>838,796</b>
Property and equipment, net	3,037,047	2,768,850
<b>OTHER ASSETS</b>		
Investments	9,470,698	6,760,522
Beneficial interest in assets held by Waukesha County Community Foundation	67,912	55,135
<b>Total other assets</b>	<b>9,538,610</b>	<b>6,815,657</b>
<b>Total assets</b>	<b>\$ 13,231,635</b>	<b>\$ 10,423,303</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 44,863	\$ 20,826
Accrued expenses	2,067	2,709
Deferred revenue	177,885	120,409
Accrued payroll and vacation	138,873	135,997
<b>Total liabilities</b>	<b>363,688</b>	<b>279,941</b>
<b>NET ASSETS</b>		
Without donor restrictions	11,791,012	9,235,754
With donor restrictions	1,076,935	907,608
<b>Total net assets</b>	<b>12,867,947</b>	<b>10,143,362</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,231,635</b>	<b>\$ 10,423,303</b>

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND GAINS</b>			
Contributions			
Contributions excluding estates	\$ 1,561,576	\$ 29,324	\$ 1,590,900
Bequests from estates	1,248,341	108,968	1,357,309
Special events	159,103	-	159,103
Contracts, sales, and other revenues and gains			
Animal services	808,963	-	808,963
Adoption fees	434,389	-	434,389
Impounding service fees	158,255	-	158,255
Educational programs	89,503	-	89,503
Merchandise sales	78,443	-	78,443
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	12,674	-	12,674
Investment return, net	1,644,020	113,687	1,757,707
Other	1,391	-	1,391
<b>Total revenues and gains</b>	<b>6,196,658</b>	<b>251,979</b>	<b>6,448,637</b>
<b>EXPENSES AND LOSSES</b>			
Program services			
Animal services	2,330,921	-	2,330,921
Education and outreach	674,750	-	674,750
<b>Total program services</b>	<b>3,005,671</b>	<b>-</b>	<b>3,005,671</b>
Supporting activities			
Management and general	345,341	-	345,341
Development	372,617	-	372,617
<b>Total expenses</b>	<b>3,723,629</b>	<b>-</b>	<b>3,723,629</b>
Loss on disposal of equipment	423	-	423
<b>Total expenses and losses</b>	<b>3,724,052</b>	<b>-</b>	<b>3,724,052</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of purpose restrictions	82,652	(82,652)	-
<b>Change in net assets</b>	<b>2,555,258</b>	<b>169,327</b>	<b>2,724,585</b>
Net assets at beginning of year	9,235,754	907,608	10,143,362
<b>Net assets at end of year</b>	<b>\$ 11,791,012</b>	<b>\$ 1,076,935</b>	<b>\$ 12,867,947</b>

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND GAINS</b>			
Contributions			
Contributions excluding estates	\$ 1,173,738	\$ 123,853	\$ 1,297,591
Bequests from estates	1,929,764	288,036	2,217,800
Paycheck Protection Program	393,200	-	393,200
Special events	214,648	-	214,648
Less cost of direct benefits to donors	(18,274)	-	(18,274)
Special events, net	196,374	-	196,374
Contracts, sales, and other revenues and gains			
Animal services	585,343	-	585,343
Adoption fees	395,354	-	395,354
Impounding service fees	151,294	-	151,294
Educational programs	105,071	-	105,071
Merchandise sales	63,829	-	63,829
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	230	-	230
Investment return, net	108,855	11,911	120,766
Other	3,590	-	3,590
Total revenues and gains	5,106,642	423,800	5,530,442
<b>EXPENSES</b>			
Program services			
Animal services	2,087,048	-	2,087,048
Education and outreach	650,950	-	650,950
Total program services	2,737,998	-	2,737,998
Supporting activities			
Management and general	344,498	-	344,498
Development	458,107	-	458,107
Total expenses	3,540,603	-	3,540,603
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of purpose restrictions	29,136	(29,136)	-
<b>Change in net assets</b>	1,595,175	394,664	1,989,839
Net assets at beginning of year	7,640,579	512,944	8,153,523
<b>Net assets at end of year</b>	<u>\$ 9,235,754</u>	<u>\$ 907,608</u>	<u>\$ 10,143,362</u>

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2021

	Program Services			Supporting Activities			Total Expenses
	Animal Services	Education and Outreach	Total Program Services	Management and General	Development		
Wages	\$ 1,202,053	\$ 360,092	\$ 1,562,145	\$ 141,527	\$ 203,712	\$	\$ 1,907,384
Payroll taxes	84,812	25,401	110,213	23,884	14,278		148,375
Employee benefits	101,954	33,135	135,089	21,896	16,654		173,639
Kennel expenses	561,634	-	561,634	-	-		561,634
Occupancy	83,402	128,834	212,236	9,820	14,134		236,190
Insurance	40,663	12,181	52,844	4,787	6,891		64,522
Vehicle expenses	15,263	692	15,955	1,693	772		18,420
Office expenses	18,315	5,487	23,802	47,717	3,103		74,622
Day camp supplies	-	12,832	12,832	-	-		12,832
Merchandise	44,318	12,755	57,073	3,612	630		61,315
Marketing and promotion	41,470	39,484	80,954	15,947	35,545		132,446
Professional fees	-	-	-	58,672	-		58,672
Telephone	9,527	4,786	14,313	1,122	1,614		17,049
Postage	5,262	1,576	6,838	620	892		8,350
Printing	2,963	1,332	4,295	-	326		4,621
Event facility and supplies	-	-	-	-	53,851		53,851
Depreciation and amortization	119,285	36,163	155,448	14,044	20,215		189,707
<b>Total expenses</b>	<b>\$ 2,330,921</b>	<b>\$ 674,750</b>	<b>\$ 3,005,671</b>	<b>\$ 345,341</b>	<b>\$ 372,617</b>	<b>\$</b>	<b>\$ 3,723,629</b>

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2020

	Program Services			Supporting Activities			Direct Benefits to Donors	Total Expenses
	Animal Services	Education and Outreach	Total Program Services	Management and General	Development			
Wages	\$ 1,162,290	\$ 351,738	\$ 1,514,028	\$ 154,285	\$ 221,088	\$ -	\$ 1,889,401	
Payroll taxes	84,571	26,195	110,766	23,370	19,342	-	153,478	
Employee benefits	94,709	22,310	117,019	22,655	16,362	-	156,036	
Kennel expenses	433,127	-	433,127	-	-	-	433,127	
Occupancy	81,469	72,395	153,864	10,814	15,498	-	180,176	
Insurance	36,272	10,977	47,249	4,815	6,900	-	58,964	
Vehicle expenses	15,336	3,325	18,661	113	949	-	19,723	
Office expenses	18,290	5,535	23,825	32,826	3,479	-	60,130	
Day camp supplies	-	10,502	10,502	-	-	-	10,502	
Merchandise	32,470	15,331	47,801	-	887	-	48,688	
Marketing and promotion	2,304	84,463	86,767	5,333	99,300	-	191,400	
Professional fees	-	-	-	72,778	-	-	72,778	
Telephone	8,705	3,882	12,587	1,156	1,656	-	15,399	
Postage	5,773	1,747	7,520	766	1,099	-	9,385	
Printing	5,536	9,983	15,519	1,490	3,897	-	20,906	
Event facility and supplies	-	-	-	-	47,450	18,274	65,724	
Depreciation and amortization	106,196	32,567	138,763	14,097	20,200	-	173,060	
Total expenses	2,087,048	650,950	2,737,998	344,498	458,107	18,274	3,558,877	
Less expenses included with revenues and gains on the statement of activities	-	-	-	-	-	(18,274)	(18,274)	
Total expenses included in the expense section of the statement of activities	\$ 2,087,048	\$ 650,950	\$ 2,737,998	\$ 344,498	\$ 458,107	\$ -	\$ 3,540,603	

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,724,585	\$ 1,989,839
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	189,707	173,060
Net unrealized and realized gains on investments	(1,658,970)	(20,819)
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	(12,674)	(230)
Loss on disposal of equipment	423	-
(Increase) decrease in assets		
Unconditional promises to give	167,729	(74,094)
Prepaid expenses	(6,817)	2,078
Inventory	741	(7,851)
Increase (decrease) in liabilities		
Accounts payable	24,037	(12,615)
Accrued expenses	(642)	(561)
Deferred revenue	57,476	(19,947)
Accrued payroll and vacation	2,876	29,532
<b>Net cash flows from operating activities</b>	<u>1,488,471</u>	<u>2,058,392</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sales of investments	414,600	209,557
Purchases of investments	(1,465,806)	(1,843,038)
Purchases of property and equipment	(458,327)	(59,595)
Contributions to beneficial interest in assets held by Waukesha County Community Foundation	(103)	-
<b>Net cash flows from investing activities</b>	<u>(1,509,636)</u>	<u>(1,693,076)</u>
<b>Change in cash</b>	(21,165)	365,316
Cash at beginning of year	<u>558,035</u>	<u>192,719</u>
<b>Cash at end of year</b>	<u>\$ 536,870</u>	<u>\$ 558,035</u>

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Humane Animal Welfare Society of Waukesha County, Inc. (HAWS) is a nonprofit organization that promotes the humane care and treatment of all animals, supporting cooperative humane efforts throughout Waukesha County. HAWS is primarily supported by contributions and animal services and adoption fees.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Inventory**

Inventory consists of pet supplies, toys, publications, and medical supplies and is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

**Property and Equipment**

HAWS capitalizes all expenditures for property and equipment in excess of \$2,500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method.

**Investments**

HAWS reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

**Paycheck Protection Program Loan**

HAWS received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. HAWS expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. HAWS recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Beneficial Interest in Assets Held by Waukesha County Community Foundation**

HAWS established a fund at the Waukesha County Community Foundation to support the mission of HAWS. The agreement between HAWS and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to HAWS. However, the Foundation will make annual distributions of the income earned on the fund subject to the Foundation's spending policy. HAWS reserves the right to recommend distributions greater than those set by the Foundation's distribution policy as long as the fund balance is maintained that is consistent with the Foundation's minimum balance requirement for agency funds in effect at the time. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of HAWS if HAWS ceases to exist or if the Foundation's board of directors votes that support of HAWS either is no longer necessary or is inconsistent with the needs of the community. The fair value of the fund is based on the fair value of the underlying assets as reported to HAWS by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Revenue Recognition**

HAWS receives adoption fees, registration fees for educational programs, fees for animal medical care and services, and fees for other program services. Revenue is recognized when the respective services are provided. It is the policy of HAWS to not refund these fees. HAWS generally bills for these services prior to or on the date the services are provided. Advance billings are deferred until the services are performed. HAWS also provides impounding services to certain municipalities under fixed-price contracts that are renewed annually. HAWS invoices the municipalities yearly at the fee established by the contract.

**Merchandise Sales**

Revenue for merchandise sales is recognized when the customer receives and pays for the merchandise. Sales taxes collected from customers are excluded from revenue. HAWS does not have any financing components as payment is received at or shortly after the point of sale. Returns are expected to be insignificant.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 HAWS. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met. HAWS received 69,314 and 63,782 volunteer hours during the years ended June 30, 2021 and 2020, respectively.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Wages, payroll taxes, employee benefits, occupancy, insurance, office expenses, telephone, postage, and depreciation are allocated on the basis of estimates of time and effort.

The following program services are included in the accompanying financial statements:

*Animal Services*—Includes animal intake, customer service (both telephone and in person), daily care of animals, in-house and mobile spay/neuter programs, humane euthanasia, and spay/neuter and medical treatment for HAWS's animals.

*Education and Outreach*—Includes youth, adult, and public education programs, in addition to the HAWS behavior department.

The following supporting activities are included in the accompanying financial statements:

*Management and General*—Includes accounting and production of financial reports, development and oversight of annual budget, supervision of all departments, maintenance of personnel records, and representation of HAWS within the community.

*Development*—Includes cultivation of new donors, fundraising events, membership solicitations, planned giving activities, media and public relations activities, and production of the quarterly newsletter.

**Income Tax Status**

HAWS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, HAWS qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**Advertising**

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$36,347 and \$74,363, respectively.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021 and 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated subsequent events through September 7, 2021, the date which the financial statements were available to be issued.

NOTE 2—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Land	\$ 104,490	\$ 104,490
Land improvements	68,737	87,053
Building	3,803,188	3,775,714
Equipment	391,974	381,674
Furniture and fixtures	220,063	204,670
Vehicles	115,109	115,109
Website	14,800	-
Leasehold improvements	388,938	12,894
Property and equipment	5,107,299	4,681,604
Less accumulated depreciation and amortization	2,070,252	1,912,754
Property and equipment, net	\$ 3,037,047	\$ 2,768,850

NOTE 3—PAYCHECK PROTECTION PROGRAM LOAN

On April 16, 2020, HAWS received a \$393,200 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On November 5, 2020, the SBA preliminarily approved forgiveness of the loan. HAWS must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review HAWS's good-faith certification concerning the necessity of its loan request, whether HAWS calculated the loan amount correctly, whether HAWS used loan proceeds for the allowable uses specified in the CARES Act, and whether HAWS is entitled to loan forgiveness in the amount claimed on its application. If SBA determines HAWS was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

**NOTE 4—CONCENTRATIONS OF CREDIT RISK**

HAWS maintains cash balances at two financial institutions located in southeastern Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021 and 2020, HAWS's total uninsured cash balances total approximately \$147,000 and \$119,000, respectively.

**NOTE 5—INVESTMENTS**

Investments consist of the following:

	2021	2020
Cash equivalents held by investment managers	\$ 1,647,804	\$ 1,208,727
Equity securities	1,455,991	1,013,901
Corporate bonds	1,468,239	1,258,560
Exchange traded funds	4,878,404	3,279,334
Real estate investment trust	20,260	-
Investments	\$ 9,470,698	\$ 6,760,522

Equity securities, exchange traded funds, and real estate investment trust are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements. Corporate bonds are valued using a market approach that uses as inputs observed interest rates and yield curves, prices in active markets for similar assets, and prices for identical assets in inactive markets that have been adjusted by observable indexes, which are Level 2 fair value measurements.

**NOTE 6—PROPERTY USE AGREEMENT**

On August 20, 2019 HAWS entered into a use agreement with the Schallock Foundation (Foundation). The use agreement grants HAWS the right to occupy and use the real property in accordance with the stated mission of HAWS. Those uses include an animal park, an animal care and training facility, an animal sanctuary, an animal clinic and a pet cemetery. The property may also be used for the boarding of staff and education relating to animals, for fundraising events in connection with HAWS' tax-exempt purposes, and for such other purposes as may be allowed or approved from time to time by the Foundation in writing. In exchange for the use of property, HAWS will be required to maintain, repair, and replace all parts of the property. If repair costs or the cost of replacement items exceed \$5,000 and did not arise as a result of HAWS' negligent act or omission, HAWS will not be responsible for payment. Also if the aggregate cost for all individual maintenance, repairs or replacement items that are not the result of HAWS negligent acts or omissions exceeds \$50,000 in any year, HAWS will not be responsible for costs in excess of \$50,000. This agreement is in effect until notice is received from HAWS, a breach of contract, exhausting of Foundation's resources, or a loss of HAWS' tax-exempt status.

HAWS received approval for use of property in June 2020 and obtained all necessary property permits to begin programming on September 1, 2020. Donated rent was \$55,000 for the year ended June 30, 2021.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

**NOTE 7—NET ASSETS**

The board of directors of HAWS has designated net assets without donor restrictions as follows:

	2021	2020
Board designated endowment	\$ 8,315,657	\$ 6,159,497
Undesignated	3,475,355	3,076,257
	\$ 11,791,012	\$ 9,235,754

Net assets with donor restrictions are available for the following purposes or periods:

	2021	2020
Merkel capital improvements funds	\$ 530,579	\$ 416,892
SNIP	368,459	337,986
Small animal center housing	23,979	23,979
Behavior and veteran support	26,553	35,273
Annie's Fund	119,265	43,518
Animal sheltering	-	10,000
Animal center	-	7,046
Hannah's Haven	-	9,354
School program	-	8,710
Cats	7,000	8,250
Statue	-	5,500
Future projects	1,100	1,100
	\$ 1,076,935	\$ 907,608

**NOTE 8—ENDOWMENT**

As of June 30, 2021 and 2020, the board of directors has designated \$8,315,657 and \$6,159,497, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of HAWS. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

HAWS's bylaws established an endowment fund committee consisting of three trustees responsible for management of the fund's assets. Endowment provisions allow for income on the endowment to be transferred to the operating fund to meet current expenses as necessary. Withdrawal from the endowment fund for operations must have committee approval.

The objective of the endowment is to attract sufficient funds and obtain sufficient investment return to allow the fund to build to a level where only investment income is used to support operations. To achieve this objective, HAWS has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix that includes equities, fixed income securities, and cash equivalents, intended to produce a return sufficient to support operations, while growing the fund

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021 and 2020

**NOTE 8—ENDOWMENT (continued)**

if possible. The investment strategies used are designed to limit the fund's exposure to unacceptable levels of risk.

Composition of and changes in endowment net assets were as follows:

	2021	2020
Board designated endowment net assets, beginning of year	\$ 6,159,497	\$ 4,589,093
Contributions	930,812	1,648,985
Investment return, net	1,630,348	106,419
Amounts appropriated for expenditure	(405,000)	(185,000)
Board designated endowment net assets, end of year	\$ 8,315,657	\$ 6,159,497

**NOTE 9—IN-KIND CONTRIBUTIONS**

The fair values of donated materials and services included in contributions on the statements of activities and the corresponding expenses included in the statements of functional expenses are as follows:

	2021			
	Animal Services	Education and Outreach	Management and General	Total
Supplies and equipment	\$ 160,064	\$ 30,500	\$ -	\$ 190,564
Use of Schallock Center	-	55,000	-	55,000
Legal	-	-	17,955	17,955
In-kind contributions	\$ 160,064	\$ 85,500	\$ 17,955	\$ 263,519
	2020			
	Animal Services	Education and Outreach	Management and General	Total
Supplies and equipment	\$ 138,681	\$ 80	\$ -	\$ 138,761
Veterinary and shelter services	-	-	17,670	17,670
In-kind contributions	\$ 138,681	\$ 80	\$ 17,670	\$ 156,431

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021 and 2020

**NOTE 10—PENSION PLAN**

All eligible employees may participate in a Simple IRA Savings Plan. HAWS matches employee contributions up to the first 3% of the eligible employee's compensation. Pension expense for the years ended June 30, 2021 and 2020 was \$32,891 and \$37,562, respectively.

**NOTE 11—LIQUIDITY AND AVAILABILITY**

The following reflects HAWS's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions and internal designations:

	2021	2020
Financial assets at end of year		
Cash	\$ 536,870	\$ 558,035
Unconditional promises to give	81,865	249,594
Investments	9,470,698	6,760,522
Beneficial interest in assets held at Waukesha County Community Foundation	67,912	55,135
Total financial assets at end of year	10,157,345	7,623,286
Less amounts unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(1,076,935)	(907,608)
Board designated for endowment	(8,315,657)	(6,159,497)
Financial assets available to meet cash needs for general expenditures within one year	\$ 764,753	\$ 556,181

Financial assets not available for general expenditures at June 30, 2021 and 2020 include \$8,315,657 and \$6,159,497, respectively, designated by the board of directors for an endowment; however, amounts could be made available if necessary. As part of HAWS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 12—COVID-19 CONSIDERATIONS**

The COVID-19 outbreak has caused disruption for nonprofit organizations and other businesses and has resulted in significant volatility in the financial markets. HAWS restricted building access and class attendance. Adoptions required appointments; behavior and education limited class sizes; consultations and training classes saw substantial drops due to restrictions from building access and social distancing forcing less students per space; and Happy Tails moved to a virtual event. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of restrictions on gatherings. At this time, the potential related financial impact cannot be reasonably estimated.