

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

FINANCIAL STATEMENTS

June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humane Animal Welfare Society of Waukesha County, Inc.
Waukesha, Wisconsin

Opinion

We have audited the financial statements of Humane Animal Welfare Society of Waukesha County, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Humane Animal Welfare Society of Waukesha County, Inc. as of June 30, 2023 and 2022, 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 (GAAS). 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 Humane Animal Welfare Society of Waukesha County, Inc. 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 Humane Animal Welfare Society of Waukesha County, Inc.'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 GAAS 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 GAAS, 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 Humane Animal Welfare Society of Waukesha County, Inc.'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 Humane Animal Welfare Society of Waukesha County, Inc.'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.

Wegner CPAs LLP

Wegner CPAs, LLP
Waukesha, Wisconsin
September 8, 2023

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 402,888	\$ 337,090
Accounts receivable	3,188	-
Unconditional promises to give	1,058,042	129,766
Prepaid expenses	18,680	18,455
Inventory	<u>22,517</u>	<u>24,641</u>
Total current assets	1,505,315	509,952
Property and equipment, net	2,974,032	3,021,021
OTHER ASSETS		
Investments	9,157,672	8,278,188
Beneficial interest in assets held by Waukesha County Community Foundation	<u>67,744</u>	<u>62,742</u>
Total other assets	<u>9,225,416</u>	<u>8,340,930</u>
Total assets	<u>\$ 13,704,763</u>	<u>\$ 11,871,903</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 25,744	\$ 21,855
Accrued expenses	2,185	1,877
Deferred revenue	264,022	202,509
Accrued payroll and vacation	<u>60,988</u>	<u>31,080</u>
Total liabilities	352,939	257,321
NET ASSETS		
Without donor restrictions	11,208,636	10,600,323
With donor restrictions	<u>2,143,188</u>	<u>1,014,259</u>
Total net assets	<u>13,351,824</u>	<u>11,614,582</u>
Total liabilities and net assets	<u>\$ 13,704,763</u>	<u>\$ 11,871,903</u>

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions			
General contributions excluding estates	\$ 1,440,722	\$ 60,884	\$ 1,501,606
Bequests from estates	1,106,704	1,240,844	2,347,548
Contributions of nonfinancial assets	210,645	-	210,645
Special events, net of costs of direct benefits to donors of \$24,910	235,438	-	235,438
Contracts, sales, and other revenues			
Animal services	574,388	-	574,388
Adoption fees	420,520	-	420,520
Impounding service fees	161,295	-	161,295
Educational programs	205,625	-	205,625
Merchandise sales	57,228	-	57,228
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	4,950	-	4,950
Investment return, net	688,706	47,006	735,712
Other	3,178	-	3,178
Total revenues	5,109,399	1,348,734	6,458,133
EXPENSES AND LOSSES			
Program services			
Animal services	2,635,780	-	2,635,780
Education and outreach	1,026,188	-	1,026,188
Total program services	3,661,968	-	3,661,968
Supporting activities			
Management and general	484,366	-	484,366
Development	559,853	-	559,853
Total expenses	4,706,187	-	4,706,187
Loss on disposal of equipment	14,704	-	14,704
Total expenses and losses	4,720,891	-	4,720,891
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	219,805	(219,805)	-
Change in net assets	608,313	1,128,929	1,737,242
Net assets at beginning of year	10,600,323	1,014,259	11,614,582
Net assets at end of year	\$ 11,208,636	\$ 2,143,188	\$ 13,351,824

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions			
General contributions excluding estates	\$ 1,439,001	\$ 34,057	\$ 1,473,058
Bequests from estates	485,859	-	485,859
Contributions of nonfinancial assets	244,383	-	244,383
Special events, net of costs of direct benefits to donors of \$22,766	230,452	-	230,452
Contracts, sales, and other revenues			
Animal services	802,076	-	802,076
Adoption fees	439,406	-	439,406
Impounding service fees	157,493	-	157,493
Educational programs	160,556	-	160,556
Merchandise sales	87,236	-	87,236
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	(9,170)	-	(9,170)
Investment return, net	(933,453)	(63,410)	(996,863)
Other	880	-	880
Total revenues	3,104,719	(29,353)	3,075,366
EXPENSES AND LOSSES			
Program services			
Animal services	2,622,659	-	2,622,659
Education and outreach	869,519	-	869,519
Total program services	3,492,178	-	3,492,178
Supporting activities			
Management and general	395,008	-	395,008
Development	438,033	-	438,033
Total expenses	4,325,219	-	4,325,219
Loss on disposal of equipment	3,512	-	3,512
Total expenses and losses	4,328,731	-	4,328,731
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	33,323	(33,323)	-
Change in net assets	(1,190,689)	(62,676)	(1,253,365)
Net assets at beginning of year	11,791,012	1,076,935	12,867,947
Net assets at end of year	\$ 10,600,323	\$ 1,014,259	\$ 11,614,582

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services			Supporting Activities			Total Expenses
	Animal Services	Education and Outreach	Total Program Services	Management and General	Development	Direct Benefits to Donors	
Wages	\$ 1,412,122	\$ 620,114	\$ 2,032,236	\$ 202,484	\$ 302,937	\$ -	\$ 2,537,657
Payroll taxes	105,314	46,491	151,805	33,337	22,595	-	207,737
Employee benefits	105,665	32,765	138,430	44,330	56,440	-	239,200
Kennel expenses	599,764	-	599,764	-	-	-	599,764
Occupancy	107,568	156,915	264,483	15,424	23,076	-	302,983
Insurance	45,260	19,875	65,135	6,490	9,709	-	81,334
Vehicle expenses	20,109	1,772	21,881	11	2,460	-	24,352
Office expenses	12,539	5,506	18,045	52,395	2,690	-	73,130
Day camp supplies	-	23,481	23,481	-	-	-	23,481
Merchandise	40,360	13,243	53,603	-	562	-	54,165
Marketing and promotion	59,295	48,315	107,610	37,805	61,993	-	207,408
Professional fees	-	-	-	74,367	-	-	74,367
Telephone	14,203	8,168	22,371	2,037	3,046	-	27,454
Postage	4,548	1,997	6,545	652	976	-	8,173
Printing	4,185	1,503	5,688	-	2,685	-	8,373
Event facility and supplies	-	-	-	-	48,191	24,910	73,101
Depreciation and amortization	104,848	46,043	150,891	15,034	22,493	-	188,418
Total expenses	2,635,780	1,026,188	3,661,968	484,366	559,853	24,910	4,731,097
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(24,910)	(24,910)
Total expenses included in the expense section of the statement of activities	\$ 2,635,780	\$ 1,026,188	\$ 3,661,968	\$ 484,366	\$ 559,853	\$ -	\$ 4,706,187

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services			Supporting Activities			Total Expenses
	Animal Services	Education and Outreach	Total Program Services	Management and General	Development	Direct Benefits to Donors	
Wages	\$ 1,369,342	\$ 501,026	\$ 1,870,368	\$ 155,490	\$ 229,059	\$ -	\$ 2,254,917
Payroll taxes	101,960	37,277	139,237	26,852	17,045	-	183,134
Employee benefits	102,100	25,773	127,873	45,931	24,203	-	198,007
Kennel expenses	632,587	-	632,587	-	-	-	632,587
Occupancy	98,218	145,615	243,833	11,153	16,430	-	271,416
Insurance	40,563	14,842	55,405	4,606	6,785	-	66,796
Vehicle expenses	18,549	1,322	19,871	102	1,908	-	21,881
Office expenses	19,819	7,251	27,070	52,847	3,315	-	83,232
Day camp supplies	-	21,872	21,872	-	-	-	21,872
Merchandise	56,243	14,006	70,249	-	2,298	-	72,547
Marketing and promotion	40,248	39,130	79,378	14,367	59,964	-	153,709
Professional fees	-	-	-	64,720	-	-	64,720
Telephone	10,814	5,888	16,702	1,228	1,809	-	19,739
Postage	4,934	1,805	6,739	560	826	-	8,125
Printing	6,149	9,391	15,540	3,397	2,797	-	21,734
Event facility and supplies	-	-	-	-	51,332	22,766	74,098
Depreciation and amortization	121,133	44,321	165,454	13,755	20,262	-	199,471
Total expenses	2,622,659	869,519	3,492,178	395,008	438,033	22,766	4,347,985
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(22,766)	(22,766)
Total expenses included in the expense section of the statement of activities	\$ 2,622,659	\$ 869,519	\$ 3,492,178	\$ 395,008	\$ 438,033	\$ -	\$ 4,325,219

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,737,242	\$ (1,253,365)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	188,418	199,471
Net realized and unrealized (gains) losses on investments	(577,613)	1,133,708
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	(4,950)	9,170
Loss on disposal of equipment	14,704	3,512
(Increase) decrease in assets		
Accounts receivable	(3,188)	-
Unconditional promises to give	(928,276)	(47,901)
Prepaid expenses	(225)	(1,739)
Inventory	2,124	(4,114)
Increase (decrease) in liabilities		
Accounts payable	3,889	(23,008)
Accrued expenses	308	(190)
Deferred revenue	61,513	24,624
Accrued payroll and vacation	29,908	(107,793)
Net cash flows from operating activities	<u>523,854</u>	<u>(67,625)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sales of investments	1,051,216	620,413
Purchases of investments and interest and dividends reinvested	(1,353,087)	(561,611)
Purchases of property and equipment	(156,133)	(186,957)
Contributions to beneficial interest in assets held by Waukesha County Community Foundation	(52)	(4,000)
Net cash flows from investing activities	<u>(458,056)</u>	<u>(132,155)</u>
Change in cash	65,798	(199,780)
Cash at beginning of year	<u>337,090</u>	<u>536,870</u>
Cash at end of year	<u>\$ 402,888</u>	<u>\$ 337,090</u>

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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.

Accounts Receivable

Accounts receivable primarily represents amounts due from Children's Long-Term Support for camp fees. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of June 30, 2023 and 2022, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

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.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers also provided interactions with the animals at the shelter throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

Direct Benefits to Donors—Includes the costs of goods or services from exchange transactions at special events.

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, 2023 and 2022 was \$90,103 and \$53,841, respectively.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through September 8, 2023, the date which the financial statements were available to be issued.

NOTE 2—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. Donated rent was \$67,000 and \$63,000 for the years ended June 30, 2023 and 2022, respectively.

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 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, 2023 and 2022

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2023	2022
Land	\$ 104,490	\$ 104,490
Land improvements	68,737	68,737
Building	3,766,135	3,816,891
Equipment	445,741	432,285
Furniture and fixtures	239,932	208,541
Vehicles	125,734	125,734
Website	14,800	14,800
Leasehold improvements	547,426	481,997
Property and equipment	5,312,995	5,253,475
Accumulated depreciation and amortization	(2,338,963)	(2,232,454)
Property and equipment, net	\$ 2,974,032	\$ 3,021,021

NOTE 5—INVESTMENTS

Investments consist of the following:

	2023	2022
Cash equivalents held by investment managers	\$ 479,240	\$ 118,344
Equity securities	1,543,898	1,330,980
Corporate bonds	2,517,597	2,301,789
Exchange traded funds	4,602,391	4,507,906
Real estate investment trust	14,546	19,169
Investments	\$ 9,157,672	\$ 8,278,188

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—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, 2023 and 2022 was \$39,262 and \$35,107, respectively.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8—ENDOWMENT (continued)

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

	2023	2022
Board designated endowment net assets, beginning of year	\$ 7,272,712	\$ 8,326,639
Contributions	577,147	424,909
Investment return, net	681,735	(898,587)
Amounts appropriated for expenditure	(680,325)	(580,249)
Board designated endowment net assets, end of year	\$ 7,851,269	\$ 7,272,712

NOTE 9—CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statements of activities include:

	2023	2022
Food	\$ 76,480	\$ 87,223
Medical supplies and medications	410	30,000
Animal supplies	54,703	51,060
Cleaning/office supplies	5,727	10,500
Use of Schallock Center	67,000	63,000
Legal	6,325	2,600
	\$ 210,645	\$ 244,383

Contributed food items, medical supplies and medications, animal supplies, and cleaning/office supplies, which will be used for animal services, are valued at the estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

The fair value of the use of Schallock Center, which will be used for education and outreach programs, was estimated on the basis of the real estate market in Delafield, Wisconsin and associated costs related to owning the property.

Contributed services recognized comprise professional services from attorneys advising HAWS on various administrative legal matters. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services. For the years ended June 30, 2023 and 2022, HAWS received approximately 28,400 and 27,900 hours, respectively, of contributed services that were not recognized. Those volunteers helped in animal care and feeding.

No contributed nonfinancial assets were restricted. HAWS does not sell gifts-in-kind and only distributes goods for program use, including the animal rescue and adoption programs.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 10—LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects HAWS's financial assets as of June 30, 2023 and 2022, 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:

	2023	2022
Financial assets at end of year		
Cash	\$ 402,888	\$ 337,090
Accounts receivable	3,188	-
Unconditional promises to give	1,058,042	129,766
Investments	9,157,672	8,278,188
Beneficial interest in assets held by Waukesha County Community Foundation	67,744	62,742
Total financial assets at end of year	10,689,534	8,807,786
Less amounts unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(2,143,188)	(1,014,259)
Board designated for endowment	(7,851,269)	(7,272,712)
Financial assets available to meet cash needs for general expenditures within one year	\$ 695,077	\$ 520,815

Financial assets not available for general expenditures at June 30, 2023 and 2022 include \$7,851,269 and \$7,272,712, 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 11—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, 2023, HAWS's uninsured cash balances totaled approximately \$25,000. At June 30, 2022, HAWS's cash balances were fully insured with depository insurance.