

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

**FINANCIAL STATEMENTS**

June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 4, 2024

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 475,275	\$ 402,888
Accounts receivable	2,901	3,188
Unconditional promises to give	439,440	1,058,042
Prepaid expenses	24,198	18,680
Inventory	<u>22,149</u>	<u>22,517</u>
Total current assets	963,963	1,505,315
Property and equipment, net	3,014,150	2,974,032
<b>OTHER ASSETS</b>		
Investments	11,475,451	9,157,672
Beneficial interest in assets held by Waukesha County Community Foundation	<u>74,908</u>	<u>67,744</u>
Total other assets	<u>11,550,359</u>	<u>9,225,416</u>
<b>Total assets</b>	<u><u>\$ 15,528,472</u></u>	<u><u>\$ 13,704,763</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 72,468	\$ 27,929
Deferred revenue	258,646	264,022
Accrued payroll and vacation	<u>93,666</u>	<u>60,988</u>
Total liabilities	424,780	352,939
<b>NET ASSETS</b>		
Without donor restrictions	12,950,974	11,208,636
With donor restrictions	<u>2,152,718</u>	<u>2,143,188</u>
Total net assets	<u>15,103,692</u>	<u>13,351,824</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 15,528,472</u></u>	<u><u>\$ 13,704,763</u></u>

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions			
General contributions	\$ 1,577,140	\$ 71,843	\$ 1,648,983
Bequests from estates	1,703,354	-	1,703,354
Contributions of nonfinancial assets	190,027	-	190,027
Special events, net of costs of direct benefits to donors of \$21,884	291,017	-	291,017
Contracts, sales, and other revenues			
Animal services	849,945	-	849,945
Adoption fees	392,055	-	392,055
Impounding service fees	155,836	-	155,836
Educational programs	290,445	-	290,445
Merchandise sales	51,937	-	51,937
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	7,164	-	7,164
Investment return, net	1,107,646	66,733	1,174,379
Other	4,139	-	4,139
<b>Total revenues</b>	<b>6,620,705</b>	<b>138,576</b>	<b>6,759,281</b>
<b>EXPENSES</b>			
Program services			
Animal services	3,012,997	-	3,012,997
Education and outreach	965,874	-	965,874
<b>Total program services</b>	<b>3,978,871</b>	<b>-</b>	<b>3,978,871</b>
Supporting activities			
Management and general	403,236	-	403,236
Development	625,306	-	625,306
<b>Total expenses</b>	<b>5,007,413</b>	<b>-</b>	<b>5,007,413</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of purpose restrictions	129,046	(129,046)	-
<b>Change in net assets</b>	<b>1,742,338</b>	<b>9,530</b>	<b>1,751,868</b>
Net assets at beginning of year	11,208,636	2,143,188	13,351,824
<b>Net assets at end of year</b>	<b>\$ 12,950,974</b>	<b>\$ 2,152,718</b>	<b>\$ 15,103,692</b>

See accompanying notes.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Contributions			
General contributions	\$ 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
	<u>5,109,399</u>	<u>1,348,734</u>	<u>6,458,133</u>
<b>Total revenues</b>	<b>5,109,399</b>	<b>1,348,734</b>	<b>6,458,133</b>
<b>EXPENSES AND LOSSES</b>			
Program services			
Animal services	2,635,780	-	2,635,780
Education and outreach	1,026,188	-	1,026,188
	<u>3,661,968</u>	<u>-</u>	<u>3,661,968</u>
<b>Total program services</b>	<b>3,661,968</b>	<b>-</b>	<b>3,661,968</b>
Supporting activities			
Management and general	484,366	-	484,366
Development	559,853	-	559,853
	<u>4,706,187</u>	<u>-</u>	<u>4,706,187</u>
<b>Total expenses</b>	<b>4,706,187</b>	<b>-</b>	<b>4,706,187</b>
Loss on disposal of equipment	14,704	-	14,704
	<u>4,720,891</u>	<u>-</u>	<u>4,720,891</u>
<b>Total expenses and losses</b>	<b>4,720,891</b>	<b>-</b>	<b>4,720,891</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of purpose restrictions	219,805	(219,805)	-
	<u>219,805</u>	<u>(219,805)</u>	<u>-</u>
<b>Change in net assets</b>	<b>608,313</b>	<b>1,128,929</b>	<b>1,737,242</b>
Net assets at beginning of year	10,600,323	1,014,259	11,614,582
	<u>10,600,323</u>	<u>1,014,259</u>	<u>11,614,582</u>
<b>Net assets at end of year</b>	<b>\$ 11,208,636</b>	<b>\$ 2,143,188</b>	<b>\$ 13,351,824</b>
	<u>\$ 11,208,636</u>	<u>\$ 2,143,188</u>	<u>\$ 13,351,824</u>

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2024

	Program Services			Supporting Activities		Total Expenses
	Animal Services	Education and Outreach	Total Program Services	Management and General	Development	
Wages	\$ 1,690,137	\$ 596,500	\$ 2,286,637	\$ 145,073	\$ 352,511	\$ 2,784,221
Payroll taxes	123,878	44,631	168,509	33,714	25,899	228,122
Employee benefits	128,926	33,697	162,623	59,876	44,681	267,180
Kennel expenses	607,014	-	607,014	-	-	607,014
Occupancy	144,789	83,824	228,613	10,161	25,402	264,176
Insurance	47,975	16,932	64,907	4,118	10,006	79,031
Vehicle expenses	10,952	2,090	13,042	470	3,070	16,582
Office expenses	44,836	25,958	70,794	67,898	7,865	146,557
Day camp supplies	-	17,206	17,206	-	-	17,206
Merchandise	30,271	12,608	42,879	-	-	42,879
Marketing and promotion	58,829	58,894	117,723	6,076	87,341	211,140
Professional fees	-	-	-	67,231	-	67,231
Telephone	17,956	12,327	30,283	1,260	3,150	34,693
Postage	3,889	2,252	6,141	273	682	7,096
Printing	2,577	500	3,077	-	3,765	6,842
Event facility and supplies	-	-	-	-	65,104	65,104
Depreciation and amortization	100,968	58,455	159,423	7,086	17,714	184,223
<b>Total expenses</b>	<b>3,012,997</b>	<b>965,874</b>	<b>3,978,871</b>	<b>403,236</b>	<b>647,190</b>	<b>5,029,297</b>
Less expenses included with revenues on the statement of activities	-	-	-	-	(21,884)	(21,884)
<b>Total expenses included in the expenses section of the statement of activities</b>	<b>\$ 3,012,997</b>	<b>\$ 965,874</b>	<b>\$ 3,978,871</b>	<b>\$ 403,236</b>	<b>\$ 625,306</b>	<b>\$ 5,007,413</b>

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	
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	-	-	-	-	73,101	73,101
Depreciation and amortization	104,848	46,043	150,891	15,034	22,493	188,418
<b>Total expenses</b>	<b>2,635,780</b>	<b>1,026,188</b>	<b>3,661,968</b>	<b>484,366</b>	<b>584,763</b>	<b>4,731,097</b>
Less expenses included with revenues on the statement of activities	-	-	-	-	(24,910)	(24,910)
<b>Total expenses included in the expenses section of the statement of activities</b>	<b>\$ 2,635,780</b>	<b>\$ 1,026,188</b>	<b>\$ 3,661,968</b>	<b>\$ 484,366</b>	<b>\$ 559,853</b>	<b>\$ 4,706,187</b>

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,751,868	\$ 1,737,242
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	184,223	188,418
Net realized and unrealized gains on investments	(944,943)	(577,613)
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	(7,164)	(4,950)
Loss on disposal of equipment	-	14,704
(Increase) decrease in assets		
Accounts receivable	287	(3,188)
Unconditional promises to give	618,602	(928,276)
Prepaid expenses	(5,518)	(225)
Inventory	368	2,124
Increase (decrease) in liabilities		
Accounts payable	44,539	4,197
Deferred revenue	(5,376)	61,513
Accrued payroll and vacation	32,678	29,908
<b>Net cash flows from operating activities</b>	<b>1,669,564</b>	<b>523,854</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sales of investments	1,203,288	1,051,216
Purchases of investments and interest and dividends reinvested	(2,576,124)	(1,353,087)
Purchases of property and equipment	(224,341)	(156,133)
Contributions to beneficial interest in assets held by Waukesha County Community Foundation	-	(52)
<b>Net cash flows from investing activities</b>	<b>(1,597,177)</b>	<b>(458,056)</b>
<b>Change in cash</b>	<b>72,387</b>	<b>65,798</b>
Cash at beginning of year	402,888	337,090
<b>Cash at end of year</b>	<b>\$ 475,275</b>	<b>\$ 402,888</b>

See accompanying notes.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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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, animal services, and adoption fees.

**Accounts Receivable**

Accounts receivable primarily represents amounts due for camp fees. HAWS uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant.

**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 statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement 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 statement of financial position.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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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, which are Level 3 fair value measurements.

**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 statement 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 for two calendar years expiring in December 2024. HAWS invoices the municipalities yearly in January at the fee established by the contract. Revenue is recognized on a straight-line basis over the term of the contract.

HAWS' receivables and contract liabilities from contracts with customers are as follows:

	2024	2023
Accounts receivable at beginning of year	\$ 3,188	\$ -
Accounts receivable at end of year	2,901	3,188
Contract liabilities at beginning of year	\$ 264,022	\$ 202,509
Contract liabilities at end of year	258,646	264,022

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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.

**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 and amortization 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.

**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).

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Advertising**

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2024 and 2023 was \$76,502 and \$90,103, respectively.

**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 4, 2024, 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 \$63,000 and \$67,000 for the years ended June 30, 2024 and 2023, 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  
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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, 2024 and 2023, HAWS's uninsured cash balances totaled approximately \$58,000 and \$25,000, respectively.

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2024	2023
Land	\$ 104,490	\$ 104,490
Land improvements	68,737	68,737
Building	3,779,830	3,766,135
Equipment	537,784	445,741
Furniture and fixtures	271,856	239,932
Vehicles	130,780	125,734
Website	14,800	14,800
Leasehold improvements	629,059	547,426
Property and equipment	5,537,336	5,312,995
Accumulated depreciation and amortization	(2,523,186)	(2,338,963)
Property and equipment, net	\$ 3,014,150	\$ 2,974,032

NOTE 6—INVESTMENTS

Investments consist of the following:

	2024	2023
Cash equivalents held by investment managers	\$ 1,178,427	\$ 479,240
Equity securities	1,765,583	1,543,898
Corporate bonds	2,908,743	2,517,597
Exchange traded funds	5,607,998	4,602,391
Real estate investment trust	14,700	14,546
	\$ 11,475,451	\$ 9,157,672

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.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
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NOTE 7—NET ASSETS

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

	2024	2023
Board designated endowment	\$ 9,447,244	\$ 7,851,269
Undesignated	3,503,730	3,357,367
	\$ 12,950,974	\$ 11,208,636

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

	2024	2023
Merkel capital improvements funds	\$ 580,908	\$ 514,175
Spay-Neuter Initiative Program	1,351,419	1,420,629
Small animal center housing	23,979	23,979
Behavior and veteran support	21,272	21,272
Annie's Fund	123,279	121,995
Cats	7,000	7,000
Horse emergency medical fund	23,010	10,500
Life-saving task force initiative	-	6,600
No more bullying	9,653	8,653
Special needs	2,558	-
Equine program	2,700	-
Pet pantry	1,288	-
Day camp scholarships	500	-
Adoption services	-	3,233
Future projects	5,152	5,152
	\$ 2,152,718	\$ 2,143,188

NOTE 8—ENDOWMENT

As of June 30, 2024 and 2023, the board of directors has designated \$9,447,244 and \$7,851,269, 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.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 8—ENDOWMENT (continued)

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 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:

	<u>2024</u>	<u>2023</u>
Board designated endowment net assets, beginning of year	\$ 7,851,269	\$ 7,272,712
Contributions	1,723,819	577,147
Investment return, net	980,034	681,735
Amounts appropriated for expenditure	<u>(1,107,878)</u>	<u>(680,325)</u>
Board designated endowment net assets, end of year	<u>\$ 9,447,244</u>	<u>\$ 7,851,269</u>

NOTE 9—CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statements of activities include:

	<u>2024</u>	<u>2023</u>
Food	\$ 66,120	\$ 76,480
Medical supplies and medications	9,076	410
Animal supplies	45,818	54,703
Cleaning/office supplies	6,013	5,727
Use of Schallock Center	63,000	67,000
Legal	-	6,325
	<u>\$ 190,027</u>	<u>\$ 210,645</u>

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.

**HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.**  
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NOTE 9—CONTRIBUTED NONFINANCIAL ASSETS (continued)

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, 2024 and 2023, HAWS received approximately 32,400 and 28,400 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.

NOTE 10—LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2024	2023
Financial assets at end of year		
Cash	\$ 475,275	\$ 402,888
Accounts receivable	2,901	3,188
Unconditional promises to give	439,440	1,058,042
Investments	11,475,451	9,157,672
Beneficial interest in assets held by Waukesha County Community Foundation	74,908	67,744
Total financial assets at end of year	12,467,975	10,689,534
Less amounts unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(2,152,718)	(2,143,188)
Board designated endowment	(9,447,244)	(7,851,269)
Financial assets available to meet cash needs for general expenditures within one year	\$ 868,013	\$ 695,077

Financial assets not available for general expenditures at June 30, 2024 and 2023 include \$9,447,244 and \$7,851,269, 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—PENSION PLAN

All employees 21 years old or older and working 1,000 hours per year are eligible to 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, 2024 and 2023 was \$49,494 and \$39,262, respectively.