

*Love is a Pet Away*



West Suburban Humane Society

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AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018

**West Suburban Humane Society**  
**Audit Report**  
**For the Year Ended December 31, 2018**

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# Selden Fox

Accounting for your future

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
West Suburban Humane Society  
Downers Grove, Illinois

We have audited the accompanying financial statements of **West Suburban Humane Society** which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Suburban Humane Society as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## Effect of Adopting a New Accounting Standard

As discussed in Note 1, West Suburban Humane Society adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

*Selden Fox, Ltd.*

July 17, 2019

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

	2018	2017
<b>Assets</b>		
Cash	\$ 404,336	\$ 187,946
Bequests receivable	79,838	-
Contributions receivable	186,594	48,078
Prepaid expenses	7,996	10,594
Investments	3,242,364	2,176,409
Property and equipment at cost less accumulated depreciation of \$202,981 in 2018 (\$199,943 in 2017)	586,465	594,414
Other assets, less accumulated amortization of \$7,662 in 2018 (\$4,597 in 2017)	103,040	38,157
Beneficial interest in assets held by others	322,695	358,988
<b>Total assets</b>	<b>\$ 4,933,328</b>	<b>\$ 3,414,586</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 72,780	20,480
Accrued expenses	7,962	8,853
<b>Total liabilities</b>	<b>80,742</b>	<b>29,333</b>
Net assets:		
Without donor restrictions:		
Undesignated	1,260,304	3,385,253
Board designated	3,129,555	-
Total net assets without donor restrictions	4,389,859	3,385,253
With donor restrictions	462,727	-
<b>Total net assets</b>	<b>4,852,586</b>	<b>3,385,253</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,933,328</b>	<b>\$ 3,414,586</b>

See accompanying notes.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Adoption fees	\$ 58,410	\$ -	\$ 58,410
Events	130,056	-	130,056
Newsletter and mail appeals	74,329	-	74,329
Contributions	296,282	371,781	668,063
Bequests	1,269,218	79,838	1,349,056
Grants	-	11,108	11,108
Interest income	1,766	-	1,766
Net investment income	21,274	-	21,274
	<u>1,851,335</u>	<u>462,727</u>	<u>2,314,062</u>
Net assets released from restrictions	-	-	-
<b>Total revenues</b>	<u>1,851,335</u>	<u>462,727</u>	<u>2,314,062</u>
Expenses:			
Program services	592,634	-	592,634
Management and general	55,874	-	55,874
Fund-raising	198,221	-	198,221
<b>Total expenses</b>	<u>846,729</u>	<u>-</u>	<u>846,729</u>
<b>Change in net assets</b>	1,004,606	462,727	1,467,333
Net assets, beginning of the year	<u>3,385,253</u>	<u>-</u>	<u>3,385,253</u>
Net assets, end of the year	<u>\$ 4,389,859</u>	<u>\$ 462,727</u>	<u>\$ 4,852,586</u>

See accompanying notes.

**West Suburban Humane Society**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Adoption fees	\$ 67,594	\$ -	\$ 67,594
Events	144,401	-	144,401
Newsletter and mail appeals	66,093	-	66,093
Contributions	338,753	-	338,753
Bequests	159,361	-	159,361
Interest income	353	-	353
Net investment income	<u>162,588</u>	<u>-</u>	<u>162,588</u>
	939,143	-	939,143
Net assets released from restrictions	<u>2,500</u>	<u>(2,500)</u>	<u>-</u>
<b>Total revenues</b>	<u>941,643</u>	<u>(2,500)</u>	<u>939,143</u>
Expenses:			
Program services	590,744	-	590,744
Management and general	73,648	-	73,648
Fund-raising	<u>121,812</u>	<u>-</u>	<u>121,812</u>
<b>Total expenses</b>	<u>786,204</u>	<u>-</u>	<u>786,204</u>
<b>Change in net assets</b>	155,439	(2,500)	152,939
Net assets, beginning of the year	<u>3,229,814</u>	<u>2,500</u>	<u>3,232,314</u>
Net assets, end of the year	<u>\$ 3,385,253</u>	<u>\$ -</u>	<u>\$ 3,385,253</u>

See accompanying notes.

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

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

See accompanying notes.



**West Suburban Humane Society**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2017**

	Program Services	Management and General	Fund-raising	Total
Expenses:				
Salaries	\$ 170,882	\$ 31,478	\$ 54,481	\$ 256,841
Payroll taxes	13,502	2,487	1,777	17,766
Benefits	8,677	2,707	2,030	13,414
Administration	8,973	1,825	3,264	14,062
Animal costs	13,825	-	-	13,825
Animal supplies	33,875	-	-	33,875
Animal training and boarding	5,536	-	-	5,536
Bank service fees	4,409	-	-	4,409
Depreciation and amortization	12,470	77	845	13,392
Dues and subscriptions	1,506	1,949	986	4,441
Events and newsletters	3,264	-	48,840	52,104
Food	60,285	-	-	60,285
Insurance	4,605	11,379	606	16,590
Medical supplies	60,490	-	-	60,490
Office and building maintenance	7,744	1,351	333	9,428
Office supplies	5,613	2,434	513	8,560
Postage	2,483	457	327	3,267
Professional fees	-	13,945	6,000	19,945
Sales tax	-	2,251	-	2,251
Spay and neuter	27,920	-	-	27,920
Utilities	20,355	1,308	1,810	23,473
Veterinary care	122,588	-	-	122,588
Volunteer education	1,742	-	-	1,742
<b>Total expenses</b>	<b>\$ 590,744</b>	<b>\$ 73,648</b>	<b>\$ 121,812</b>	<b>\$ 786,204</b>

See accompanying notes.

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

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,467,333	\$ 152,939
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net gain on investments	(43,907)	(116,876)
Donated stock	(16,305)	(3,047)
Depreciation and amortization	14,347	13,392
Change in beneficial interest in assets held by others	22,633	(45,712)
Changes in operating assets and liabilities:		
Receivables	(218,354)	(30,312)
Prepaid expenses	2,598	(4,361)
Other assets	(67,948)	(15,010)
Accounts payable and accrued expenses	51,409	(3,228)
<b>Net cash from operating activities</b>	<u>1,211,806</u>	<u>(52,215)</u>
Cash flows from investing activities:		
Purchase of investments	(6,898,641)	(8,698,579)
Proceeds from the sale of investments	5,892,898	8,698,579
Distribution from assets held by others	13,660	14,408
Purchase of furniture, equipment and improvements	(3,333)	(4,240)
<b>Net cash from investing activities</b>	<u>(995,416)</u>	<u>10,168</u>
<b>Net change in cash</b>	<b>216,390</b>	<b>(42,047)</b>
Cash, beginning of the year	<u>187,946</u>	<u>229,993</u>
<b>Cash, end of the year</b>	<u>\$ 404,336</u>	<u>\$ 187,946</u>

See accompanying notes.

## **West Suburban Humane Society Notes to the Financial Statements**

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### **1. Summary of Significant Accounting Policies**

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

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

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

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

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

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

The Shelter did not have any net assets with donor restrictions that must be maintained in perpetuity at December 31, 2018.

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

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

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

**Use of Estimates (cont'd)** – Certain significant estimates used in the preparation of these financial statements include investments being recorded at fair value and recording bequest receivable and contribution receivable at face value, with no allowance for losses at December 31, 2018 and 2017. The ultimate realization of investments, bequest receivable and contribution receivable is based upon future economic factors. It is reasonably possible that the recorded amount or related disclosures could significantly change in the near future as new information is available.

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

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

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

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

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

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

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

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

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

**Certificates of Deposit** – Certificates of deposit are stated at cost, which approximates fair value. All certificates of deposit held at December 31, 2018, mature in less than one year.

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

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

**Bequests and Contributions Receivable** – Bequests and contributions receivable consist of unconditional promises to give recorded at face value. Management believes all amounts will be collected within one year and, accordingly, no discount is present. Management has determined that all bequests receivable and contributions receivable are fully collectible; therefore, no allowance for uncollectible receivables has been recorded at December 31, 2018 or 2017.

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

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

**Donated Items** – The Shelter accepts gifts of tangible personal property to help fulfill their mission. Such items to be used by the Shelter are valued by type, based on an average fair market value. They are recorded in contribution revenue and are expensed, based on their natural classification. The value of donated items recorded in 2018 was \$58,124 (\$67,079 in 2017).

**Income Taxes** – The Shelter is tax exempt under Section 501(c)(3) of the Internal Revenue Code, except for income not related to its exempt purpose. The Shelter had no income unrelated to its exempt purpose. Accordingly, no provision for income taxes has been provided for in the financial statements. The Shelter's federal and state tax returns for the years ended December 31, 2015 through 2017, remain subject to examination.

**Concentration** – The Shelter received total revenue of \$1,085,451 from the estate of one donor in 2018. This amount represents 80% of total bequest revenue in 2018, and 47% of total revenue in 2018. There was no single donor who contributed a significant portion of total revenue in 2017.

**New Accounting Pronouncement** – The Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Shelter was required to implement this new standard in 2018. A key change required by ASU 2016-14 is that transactions and balances previously reported as unrestricted and temporarily restricted are now being reported as without donor restrictions and with donor restrictions. The ASU also required the Shelter to add disclosure about the liquidity and availability of funds (Note 8). The Shelter has adjusted the presentation of these statements accordingly and retrospectively applied the changes to all periods presented prior to 2018.

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

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

**New Accounting Pronouncement (cont'd)**

ASU 2016-14 requires direct investment expenses to be presented net of investment income. Investment expenses, previously presented as professional fees on the statement of functional expense, are now a component of net investment income in the statement of activities. The reclassification decreased revenues and decreased expenses by \$14,348, but these changes did not affect the amount of previously reported net assets or changes in net assets.

**Functional Allocation of Expenses** – Expenses have been summarized by function and nature on the statement of functional expenses. Salaries, payroll taxes and benefits are allocated based on estimates of time and effort incurred by each employee. The same allocation is used to allocate office supplies, postage and workmens' compensation insurance. Office and building maintenance and utilities are allocated based on the square footage of the facility allocated to each function. Depreciation is allocated based on an estimate of each asset's use by the various functions. Newsletter and annual appeal costs are allocated based on the pages of those documents dedicated to each function. All other expenses can be specifically identified to a function and do not require allocation.

**2. Investments**

Investments in mutual funds, common stock and certificates of deposit are held at a single investment brokerage firm. Fair values of investments measured on a recurring basis at December 31, 2018, are as follows:

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

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

**2. Investments (cont'd)**

Fair values of investments measured on a recurring basis at December 31, 2017, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds- money market	\$ 1,213,221	\$ -	\$ -	\$ 1,213,221
Common stock	3,188	-	-	3,188
	<u>\$ 1,216,409</u>	<u>\$ -</u>	<u>\$ -</u>	1,216,409
Certificates of deposit				<u>960,000</u>
				<u>\$ 2,176,409</u>

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

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 51,312	\$ 25,360
Net realized and unrealized gains (losses)	(25,871)	151,576
Investment fees	(4,167)	(14,348)
Net investment income	<u>\$ 21,274</u>	<u>\$ 162,588</u>

**3. Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 523,684	\$ 523,684
Building and improvements	250,803	250,803
Equipment	14,959	19,870
	<u>789,446</u>	794,357
Less accumulated depreciation	(202,981)	(199,943)
	<u>\$ 586,465</u>	<u>\$ 594,414</u>

Depreciation expense totaled \$11,282 for the year ended December 31, 2018 (\$10,327 for the year ended December 31, 2017).

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

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

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

The Fund had a balance of \$322,695 at December 31, 2018 (\$358,988 at December 31, 2017). Net loss on the Fund for 2018, was \$22,633, of which \$18,466 is included in the investment gain and \$4,167 was for investment fees. Net gain on the Fund for 2017, was \$45,712, of which \$49,851 is included in the investment gain and \$4,139 was for investment fees. The Foundation maintains an investment pool for all its funds which consists primarily of marketable equity securities (common stock and mutual funds), fixed income securities, funds of hedge funds, real estate funds and commodity funds. No specific securities are designated for a specific fund. Realized gains/losses, unrealized gains/losses, and dividend and interest income net of fees are divided monthly on a prorated basis across all funds of the Foundation.

**5. Concentration of Credit Risk**

The Shelter maintains cash and certificates of deposit with various financial institutions. The Shelter periodically has deposits in excess of federally insured limits. The Shelter has not experienced any loss in such accounts. At December 31, 2018, the Shelter had \$158,728 of uninsured cash deposits. The Shelter believes it is not exposed to any significant credit risk on its cash and deposits.

**6. Board Designated Net Assets**

During 2018, the Board designated \$2,329,555 of its net assets without donor restrictions to be maintained for future capital projects and \$800,000 of its net assets without donor restrictions to be maintained as an operating reserve.

**7. Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following:

	2018	2017
Construction of new facility	\$ 371,781	\$ -
Unspent grant funds	11,108	-
Bequests receivable	79,838	-
	\$ 462,727	\$ -



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

**8. Liquidity and Availability**

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

	2018	2017
Cash	\$ 404,336	\$ 187,946
Bequests receivable	79,838	-
Contributions receivable	186,594	48,078
Investments	3,242,364	2,176,409
Beneficial interest in assets held by others	322,695	358,988
	4,235,827	2,771,421
Less:		
Net assets with donor restrictions:		
Construction of new facility	(371,781)	-
Unspent grant funds	(11,108)	-
Board designated net assets	(3,129,555)	-
	\$ 723,383	\$ 2,771,421

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

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

**9. Operating Lease**

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

2019	\$ 3,984
2020	3,984
2021	3,984
2022	3,984
2023	1,992
	\$ 17,928

Rental expense under this agreement for the year ended December 31, 2018, was \$3,542 (\$2,129 for the year ended December 31, 2017).

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

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**10. Website**

The Shelter launched a new website in 2016, at a total cost of \$9,194. This cost is recorded as an other asset on the statement of financial position. The website costs will be amortized over a three-year period, with \$3,065 amortized in 2018 (\$3,065 amortized in 2017).

**11. Related Parties**

The Shelter incurred expenses of approximately \$18,000 for veterinary care received from an animal hospital owned by one member of the Board in 2018 (\$34,000 in 2017). These services were provided at a cost that was similar or below the cost of services obtained elsewhere.

**12. Commitments**

During 2018, the Shelter signed a contract a firm to provide architectural and engineering services related to the design of a new building. The expected cost of these services is \$175,000, of which \$61,448 was incurred in 2018. These costs are recorded as an other asset on the statement of financial position.

During 2018, the Shelter engaged a firm to provide campaign management services. The expected cost of these services is \$108,000, with \$63,000 incurred in 2018 and \$45,000 expected to be incurred in 2019.

**13. Subsequent Events**

In April 2019, the Shelter executed a contract for construction of a new facility. The guaranteed maximum price of the project is \$3,272,216.

In April 2019, the Shelter executed a contract for architectural and engineering professional services during the construction phase of the new facility. The expected cost of these services is \$80,000.

Subsequent events have been evaluated through July 17, 2019, which is the date the financial statements were available to be issued.

**14. Future Accounting Standards**

**Leases** – During 2016, the Financial Accounting Standards Board issued new standards relating to lease accounting. The new standard will require the Shelter to recognize on its balance sheet, the asset and liability of their leasing agreements relating to the rights and obligations created by the leases. The standard will be effective for 2020. The Shelter has not determined the effect of adopting the new standard.