



West Suburban
Humane Society

AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

**West Suburban Humane Society
Audit Report
For the Year Ended December 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Suburban Humane Society
Downers Grove, Illinois

Opinion

We have audited the accompanying financial statements of **West Suburban Humane Society** which comprise the statement of financial position as of December 31, 2022 and 2021, 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 West Suburban Humane Society as of December 31, 2022 and 2021, 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. 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 West Suburban Humane Society 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 West Suburban Humane Society'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 West Suburban Humane Society'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 West Suburban Humane Society'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.

Other Information Included in the Entity's Annual Report

Management is responsible for the other information included in the Entity's Annual Report. The other information comprises of pages 1 – 12 of the 2022 annual report but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Selden Fox, Ltd.

July 19, 2023

West Suburban Humane Society
Statement of Financial Position
December 31,

	2022	2021
Assets		
Cash	\$ 89,086	\$ 195,394
Contributions receivable	18,310	34,973
Prepaid expenses	11,530	6,969
Investments	447,944	254,511
Property and equipment at cost less accumulated depreciation of \$328,267 in 2022 (\$197,522 in 2021)	4,157,998	4,283,257
Other assets, less accumulated amortization of \$9,194 in 2022 and 2021	500	500
Beneficial interest in assets held by others	356,588	420,526
Total assets	\$ 5,081,956	\$ 5,196,130
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 25,106	\$ 20,926
Accrued expenses	22,666	16,166
Total liabilities	47,772	37,092
Net assets:		
Without donor restrictions:		
Undesignated	4,234,184	4,359,038
Board designated	800,000	800,000
Total net assets	5,034,184	5,159,038
Total liabilities and net assets	\$ 5,081,956	\$ 5,196,130

See accompanying notes.

West Suburban Humane Society
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Adoption fees	\$ 83,565	\$ -	\$ 83,565
Events	163,663	-	163,663
Newsletter and mail appeals	104,853	-	104,853
Contributions of cash and other financial assets	486,596	20,000	506,596
Contributions of non-financial assets	99,651	-	99,651
Bequests	220,000	-	220,000
Interest income	276	-	276
Net investment (loss)	(72,749)	-	(72,749)
	1,085,855	20,000	1,105,855
Net assets released from restrictions	20,000	(20,000)	-
Total revenues	1,105,855	-	1,105,855
Expenses:			
Program services	956,948	-	956,948
Management and general	73,935	-	73,935
Fund-raising	199,826	-	199,826
Total expenses	1,230,709	-	1,230,709
Change in net assets	(124,854)	-	(124,854)
Net assets, beginning of the year	5,159,038	-	5,159,038
Net assets, end of the year	\$ 5,034,184	\$ -	\$ 5,034,184

See accompanying notes.

West Suburban Humane Society
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Adoption fees	\$ 78,123	\$ -	\$ 78,123
Events	125,387	-	125,387
Newsletter and mail appeals	91,545	-	91,545
Contributions of cash and other financial assets	475,000	10,000	485,000
Contributions of non-financial assets	84,226	-	84,226
Bequests	21,690	-	21,690
Gain on extinguishment - Paycheck Protection Program	110,205	-	110,205
Interest income	90	-	90
Net investment income	55,445	-	55,445
	<u>1,041,711</u>	<u>10,000</u>	<u>1,051,711</u>
Net assets released from restrictions	<u>14,598</u>	<u>(14,598)</u>	<u>-</u>
Total revenues	<u>1,056,309</u>	<u>(4,598)</u>	<u>1,051,711</u>
Expenses:			
Program services	881,682	-	881,682
Management and general	61,496	-	61,496
Fund-raising	179,000	-	179,000
Total expenses	<u>1,122,178</u>	<u>-</u>	<u>1,122,178</u>
Change in net assets	<u>(65,869)</u>	<u>(4,598)</u>	<u>(70,467)</u>
Net assets, beginning of the year	<u>5,224,907</u>	<u>4,598</u>	<u>5,229,505</u>
Net assets, end of the year	<u>\$ 5,159,038</u>	<u>\$ -</u>	<u>\$ 5,159,038</u>

See accompanying notes.

West Suburban Humane Society
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	Management and General	Fund-raising	Total
Expenses:				
Salaries	\$ 255,343	\$ 17,670	\$ 103,892	\$ 376,905
Payroll taxes	20,686	1,432	8,416	30,534
Benefits	6,466	1,297	1,946	9,709
Administration	6,990	4,819	5,068	16,877
Animal costs	7,226	-	-	7,226
Animal supplies	66,573	-	-	66,573
Animal training and boarding	13,483	-	-	13,483
Bank service fees	7,245	-	-	7,245
Depreciation and amortization	132,489	-	-	132,489
Dues and subscriptions	6,727	1,224	268	8,219
Events and newsletters	18,543	-	78,872	97,415
Food	74,217	-	-	74,217
Insurance	-	27,146	-	27,146
Medical supplies	62,929	-	-	62,929
Office and building maintenance	37,875	2,851	164	40,890
Office supplies	2,042	141	831	3,014
Postage	906	63	369	1,338
Professional fees	-	15,145	-	15,145
Sales tax	-	2,147	-	2,147
Spay and neuter	34,637	-	-	34,637
Utilities	37,745	-	-	37,745
Veterinary care	163,211	-	-	163,211
Volunteer education	1,615	-	-	1,615
Total expenses	\$ 956,948	\$ 73,935	\$ 199,826	\$ 1,230,709

See accompanying notes.

**West Suburban Humane Society
Statement of Functional Expenses
For the Year Ended December 31, 2021**

	Program Services	Management and General	Fund-raising	Total
Expenses:				
Salaries	\$ 235,642	\$ 17,023	\$ 109,579	\$ 362,244
Payroll taxes	18,708	1,351	8,699	28,758
Benefits	7,130	1,451	2,177	10,758
Administration	10,468	1,172	3,503	15,143
Animal costs	7,559	-	-	7,559
Animal supplies	59,604	-	-	59,604
Animal training and boarding	10,576	-	-	10,576
Bad debt expense	-	-	500	500
Bank service fees	4,154	-	-	4,154
Depreciation and amortization	131,100	-	-	131,100
Dues and subscriptions	6,040	1,099	240	7,379
Events and newsletters	9,530	-	49,782	59,312
Food	54,959	-	-	54,959
Insurance	2,797	22,205	1,267	26,269
Medical supplies	63,277	-	-	63,277
Office and building maintenance	30,550	294	1,889	32,733
Office supplies	2,277	165	1,059	3,501
Postage	656	47	305	1,008
Professional fees	-	14,500	-	14,500
Sales tax	-	2,189	-	2,189
Spay and neuter	34,411	-	-	34,411
Utilities	30,188	-	-	30,188
Veterinary care	160,691	-	-	160,691
Volunteer education	1,365	-	-	1,365
Total expenses	\$ 881,682	\$ 61,496	\$ 179,000	\$ 1,122,178

See accompanying notes.

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

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (124,854)	\$ (70,467)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net loss on mutual fund investments	24,721	284
Donated stock	-	(37,171)
Depreciation	132,489	131,100
Contributions receivable written off	-	500
Gain on extinguishment of Paycheck Protection Program loan	-	(110,205)
Change in beneficial interest in assets held by others	48,038	(55,705)
Changes in operating assets and liabilities:		
Receivables	16,663	(29,398)
Prepaid expenses	(4,561)	203
Other assets	-	18,576
Accounts payable and accrued expenses	10,680	1,747
Net cash from operating activities	103,176	(150,536)
Cash flows from investing activities:		
Purchase of investments	(218,154)	-
Proceeds from the sale of investments	-	44,462
Distribution from assets held by others	15,900	15,800
Purchase of equipment	(7,230)	(2,694)
Construction in progress paid for new adoption center	-	(47,557)
Net cash from investing activities	(209,484)	10,011
Cash flows from financing activities - proceeds from Paycheck Protection Program loan	-	55,102
Net cash from financing activities	-	55,102
Net change in cash	(106,308)	(85,423)
Cash, beginning of the year	195,394	280,817
Cash, end of the year	\$ 89,086	\$ 195,394

See accompanying notes.

West Suburban Humane Society Notes to the Financial Statements

1. Summary of Significant Accounting Policies

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

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

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

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

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

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

Contributions of exhaustible long-lived assets, or of cash or other assets used to acquire them, without donor-imposed stipulations concerning the use of such long-lived assets, are reported as revenues with donor restrictions. Unless donor stipulations limit the use of contributed assets for a period of time or for a particular purpose, the restrictions are considered to be released when the contributed asset is placed in service.

WSHS did not have any net assets with donor restrictions that must be maintained in perpetuity at December 31, 2022 or 2021.

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

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

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

Certain significant estimates used in the preparation of these financial statements include investments being recorded at fair value, recording contributions receivable at fair value, with no allowance for losses at December 31, 2022 and 2021, and the determination of useful lives for property and equipment. The ultimate realization of investments and contributions receivable are based upon future economic factors. It is reasonably possible that the recorded amounts or related disclosures could significantly change in the near future as new information is available.

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

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

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

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

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

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

Mutual funds 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 as reported by the DuPage Foundation. Accordingly, these assets are categorized in Level 2 of the fair value hierarchy, see Note 4.

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

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

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

Contributions Receivable – Contributions receivable consist of unconditional promises to give recorded at fair value. Management believes all amounts will be collected within one year and, accordingly, no discount is present. Management determines the allowance for uncollectible contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. No allowance was deemed necessary at December 31, 2022 or 2021.

Property and Equipment – Property and equipment are stated at cost if purchased or constructed and fair value for contributed items. Depreciation of buildings and equipment is provided by the straight-line method over the estimated useful life of the assets. Buildings at 40 years, improvements at 15 years, and equipment at 3 – 7 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Paycheck Protection Program Loan – In April 2020, WSHS received \$55,103 of proceeds in the form of a potentially forgivable loan under the CARES Act's Paycheck Protection Program (PPP), which is administered by the U.S. Small Business Association (SBA). The loan and accrued interest are forgivable after an 8-week or a maximum 24-week timeframe beginning on the date of receipt of loan proceeds, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, maintaining payroll levels on an employee-by-employee basis, and maintaining headcount, all within PPP parameters. The WSHS has elected to account for its potentially forgivable PPP loan payable under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 470, *Debt*. Under this guidance, extinguishment of the loan would be recognized when WSHS has been legally released as the primary obligor of the loan. This would occur if and when the SBA approves the WSHS's forgiveness application. The organization had not applied for loan forgiveness as of December 31, 2020, and the entire loan was recorded as a liability at December 31, 2020. During the year ended December 31, 2021, the organization applied for loan forgiveness and was notified that the entire loan was forgiven as of May 24, 2021. This amount has been recorded as gain on extinguishment of the PPP loan in the statement of activities for the year ended December 31, 2021.

Additionally, in March 2021, the organization received \$55,102 of proceeds from a second PPP loan. The organization applied for loan forgiveness and was notified that the entire loan was forgiven as of November 2, 2021. This amount has been recorded as gain on extinguishment of the PPP loan in the statement of activities for the year ended December 31, 2021.

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

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

Revenue Recognition – The primary sources of program revenue streams are as follows:

The main purpose of the organization is to find permanent homes for cats and dogs in its care. Adoption fees for these animals fall under ASC 606 guidance. The performance obligation is satisfied at the point in time when the animal is given to the owner. Adoption fees are paid at the time of adoption.

The WSHS holds various fund-raising events including Barkapalooza, a golf outing and a plant sale. For event fees, the performance obligation is satisfied at the point in time when these events have occurred. Most of the revenue from these events are contributions, which are outside ASC 606 guidance. Event fees are paid in advance or at the time of the event.

The remaining revenue on the statement of activities include various contributions, donations, gain on extinguishment – Paycheck Protect Program and investment income. These revenues do not fall under ASC 606 guidance.

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

Donated Items – The WSHS accepts gifts of tangible personal property to help fulfill their mission. Such items to be used by the WSHS are valued by type, based on an average fair market value at the date of the donation. They are recorded in contribution revenue and are expensed, based on their natural classification. All items are utilized by WSHS and none are sold.

Income Taxes – WSHS is tax exempt under Section 501(c)(3) of the Internal Revenue Code, except for income not related to its exempt purpose. WSHS had no income unrelated to its exempt purpose. Accordingly, no provision for income taxes has been provided for in the financial statements. WSHS's federal and state tax returns for the years ended December 31, 2019 through 2021, remain subject to examination.

Concentration – In 2022, the WSHS received totaled bequest revenue of \$200,000 from one donor, which was 91% of total bequest revenue and 18% of total revenue in that year. There were no significant contributions in 2021.

Functional Allocation of Expenses – Expenses have been summarized by function and nature on the statement of functional expenses. Salaries, payroll taxes and benefits are allocated based on estimates of time and effort incurred by each employee. The same allocation is used to allocate office supplies, postage and workers' compensation insurance. 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.

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

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

Recently Adopted Accounting Pronouncements – In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosures of information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual report periods beginning after June 15, 2021. WSHS has adopted the standard effective January 1, 2022. The standard did not have a material impact on the financial statements.

2. Investments

Investments in mutual funds are held at a single investment brokerage firm. Fair values of investments measured on a recurring basis at December 31, 2022, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds-				
Money market	\$ 231,638	\$ -	\$ -	\$ 231,638
Equities	72,817	-	-	72,817
Bonds	141,715	-	-	141,715
Commodities	1,774	-	-	1,774
	<u>\$ 447,944</u>	<u>-</u>	<u>-</u>	<u>\$ 447,944</u>

Fair values of investments measured on a recurring basis at December 31, 2021, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds-				
Money market	\$ 254,511	\$ -	\$ -	\$ 254,511

Net investment income, including activity of the beneficial interest in assets held for others, for the years ended December 31, consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 15,730	\$ 6,849
Net realized and unrealized gains (losses)	(81,999)	53,431
Investment fees	(6,480)	(4,835)
Net investment income (loss)	<u>\$ (72,749)</u>	<u>\$ 55,445</u>

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

3. Property and Equipment

Property and equipment consist of the following at December 31:

	2022	2021
Land	\$ 523,684	\$ 523,684
Building and improvements	3,841,307	3,836,635
Equipment	121,274	120,460
	4,486,265	4,480,779
Less accumulated depreciation	(328,267)	(197,522)
	\$ 4,157,998	\$ 4,283,257

Depreciation expense totaled \$132,489 for the year ended December 31, 2022 (\$131,100 for the year ended December 31, 2021).

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

WSHS established an Agency Fund (Fund) in 2013, with the DuPage Foundation (Foundation) to strengthen the future of the WSHS. The Fund was created with an original gift of \$300,000. The Board of Directors designates the use of the monies in the Fund. The intent of the Board is to maintain this amount as a long-term investment as part of the board designated operating reserve discussed in Note 6. WSHS understands that the Foundation's Board of Trustees shall have ultimate control over the assets deposited in the Fund, excepting and providing that if WSHS's Board determines that it is in the WSHS's best interest, it may elect to withdraw any funds transferred to the Foundation upon written notice, not less than three months in advance of the date needed.

The Fund had a balance of \$356,588 at December 31, 2022 (\$420,526 at December 31, 2021). Net loss on the Fund for 2022, was \$63,938, of which \$59,587 is included in the investment loss and \$4,351 was for investment fees. Net gain on the Fund for 2021, was \$39,905, of which \$44,565 is included in the investment gain and \$4,660 was for investment fees. The Foundation maintains an investment pool for all its funds which consists primarily of marketable equity securities (common stock and mutual funds), fixed income securities, funds of hedge funds, real estate funds and commodity funds. No specific securities are designated for a specific fund. Realized gains/losses, unrealized gains/losses, and dividend and interest income net of fees are divided monthly on a prorated basis across all funds of the Foundation.

5. Concentration of Credit Risk

The WSHS maintains cash with one financial institution. WSHS periodically has deposits in excess of federally insured limits. WSHS has not experienced any loss in such accounts. At December 31, 2022, WSHS did not have any uninsured cash deposits. WSHS believes it is not exposed to any significant credit risk on its cash and deposits.

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

6. Board Designated Net Assets

At both December 31, 2022 and 2021, the Board has designated \$800,000 as an operating reserve from its net assets without donor restrictions.

7. Liquidity and Availability

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

	2022	2021
Cash	\$ 89,086	\$ 195,394
Contributions receivable	18,310	34,973
Investments	447,944	254,511
Beneficial interest in assets held by others	356,588	420,526
	911,928	905,404
Less:		
Board designated net assets:		
Operating reserve	(800,000)	(800,000)
	\$ 111,928	\$ 105,404

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

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

8. Website

WSHS launched a new website in 2016, at a total cost of \$9,194. This cost is recorded as an other asset on the statement of financial position. The website costs were amortized over a three-year period, and was fully amortized in 2019.

9. Related Parties

During 2021, WSHS incurred expenses for veterinary care received from an animal hospital owned by one member of the Board. Expenses incurred in 2021 up to when this member resigned from the Board in May 2021 totaled approximately \$6,000. These services were provided at a cost that was similar or below the cost of services obtained elsewhere. There were no similar arrangements during 2022.

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

10. Contributions of Nonfinancial Assets

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

	2022	2021
Food	\$ 36,034	\$ 20,082
Animal-related costs	6,719	7,360
Animal supplies	48,494	44,210
Medical supplies	8,363	12,550
Postage	41	24
	\$ 99,651	\$ 84,226

The items above were provided by individuals and businesses in the community. These items were utilized for program services and are valued using estimated retail prices of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution.

11. Subsequent Events

Subsequent events have been evaluated through July 19, 2023, which is the date the financial statements were available to be issued.

In February 2023, the organization received proceeds from a bequest totaling \$835,777. Additionally, the organization has been named the recipient of several bequests that are expected to be received in 2023, which is when they will be recorded as revenue. The total amount to be received is indeterminable at this time.

In June 2023, the organization entered into a lease for a copier with sixty monthly payments of \$332. WSHS expects to record a right-of-use asset and lease liability of approximately \$18,000 associated with the lease in 2023.

