

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

FINANCIAL STATEMENTS

June 30, 2019 and 2018

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Humane Animal Welfare Society of Waukesha County, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, 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 audit 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 Humane Animal Welfare Society of Waukesha County, Inc. as of June 30, 2019 and 2018, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Humane Animal Welfare Society of Waukesha County, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Waukesha, Wisconsin
September 10, 2019

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 192,719	\$ 130,500
Unconditional promises to give	175,500	8,000
Prepaid expenses	11,977	9,149
Inventory	<u>13,417</u>	<u>9,244</u>
Total current assets	393,613	156,893
Property and equipment, net	2,882,315	3,002,355
OTHER ASSETS		
Investments	5,106,222	5,005,397
Beneficial interest in assets held at Waukesha County Community Foundation	<u>54,905</u>	<u>52,997</u>
Total other assets	<u>5,161,127</u>	<u>5,058,394</u>
Total assets	<u><u>\$ 8,437,055</u></u>	<u><u>\$ 8,217,642</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 33,441	\$ 37,852
Accrued expenses	3,270	1,583
Deferred revenue	140,356	121,511
Accrued payroll and vacation	<u>106,465</u>	<u>71,211</u>
Total liabilities	283,532	232,157
NET ASSETS		
Without donor restrictions	7,640,579	7,583,009
With donor restrictions	<u>512,944</u>	<u>402,476</u>
Total net assets	<u>8,153,523</u>	<u>7,985,485</u>
Total liabilities and net assets	<u><u>\$ 8,437,055</u></u>	<u><u>\$ 8,217,642</u></u>

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 1,171,149	\$ 1,031,133
Bequests	481,245	120,359
Special events	68,706	65,539
Animal services	678,812	477,857
Adoption fees	386,122	372,388
Impounding service fees	159,211	160,585
Educational programs	128,076	130,176
Merchandise sales	67,785	57,689
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	1,883	3,907
Investment return, net	262,680	308,028
Casualty gain	5,153	-
Other revenue	(80)	4,796
Total support and revenue without donor restrictions	3,410,742	2,732,457
EXPENSES		
Program services		
Animal services	2,227,752	2,023,667
Education and outreach	454,769	331,530
Total program services	2,682,521	2,355,197
Supporting activities		
Management and general	297,741	216,889
Development	389,910	352,948
Total expenses	3,370,172	2,925,034
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	17,000	38,676
Change in net assets without donor restrictions	57,570	(153,901)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	104,363	1,100
Investment return, net	23,105	22,522
Reclassification of donor restriction	-	71,665
Net assets released from restrictions	(17,000)	(38,676)
Change in net assets with donor restrictions	110,468	56,611
Change in net assets	168,038	(97,290)
Net assets at beginning of year	7,985,485	8,082,775
Net assets at end of year	\$ 8,153,523	\$ 7,985,485

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2019 and 2018

	2019					
	Program Services			Supporting Activities		
	Animal Services	Education and Outreach	Total Program Services	Management and General	Development	Total Expenses
Wages	\$ 1,169,503	\$ 290,739	\$ 1,460,242	\$ 134,635	\$ 137,945	\$ 1,732,822
Payroll taxes	89,059	21,587	110,646	18,823	9,631	139,100
Employee benefits	91,874	22,156	114,030	18,864	13,047	145,941
Kennel expenses	497,021	-	497,021	-	-	497,021
Occupancy	91,972	22,864	114,836	10,588	10,849	136,273
Insurance	33,291	8,276	41,567	3,833	3,927	49,327
Vehicle expenses	19,028	3,418	22,446	1,288	5,219	28,953
Office expenses	51,580	12,823	64,403	5,938	6,084	76,425
Day camp supplies	-	13,464	13,464	-	-	13,464
Merchandise	38,850	17,490	56,340	-	1,650	57,990
Marketing and promotion	3,004	509	3,513	5,978	149,644	159,135
Professional fees	3,456	-	3,456	80,515	-	83,971
Telephone	9,405	2,338	11,743	1,083	1,109	13,935
Postage	5,063	1,259	6,322	583	597	7,502
Printing	4,964	8,093	13,057	1,835	6,713	21,605
Event facility and supplies	-	-	-	-	29,379	29,379
Depreciation	119,682	29,753	149,435	13,778	14,116	177,329
Total expenses	\$ 2,227,752	\$ 454,769	\$ 2,682,521	\$ 297,741	\$ 389,910	\$ 3,370,172
	2018					
	Program Services			Supporting Activities		
	Animal Services	Education and Outreach	Total Program Services	Management and General	Development	Total Expenses
Wages	\$ 1,076,338	\$ 210,770	\$ 1,287,108	\$ 100,180	\$ 123,615	\$ 1,510,903
Payroll taxes	78,997	14,784	93,781	15,306	8,392	117,479
Employee benefits	69,789	17,388	87,177	17,321	8,658	113,156
Kennel expenses	420,270	-	420,270	-	-	420,270
Occupancy	95,497	18,700	114,197	8,888	10,969	134,054
Insurance	37,726	7,387	45,113	3,511	4,333	52,957
Vehicle expenses	8,764	2,928	11,692	781	5,146	17,619
Office expenses	38,693	7,577	46,270	3,601	4,444	54,315
Day camp supplies	-	11,047	11,047	-	-	11,047
Merchandise	38,835	10,954	49,789	-	2,797	52,586
Marketing and promotion	2,888	1,035	3,923	7,255	137,972	149,150
Professional fees	14,171	-	14,171	47,102	-	61,273
Telephone	9,780	1,915	11,695	910	1,124	13,729
Postage	6,677	1,308	7,985	621	767	9,373
Printing	5,177	2,226	7,403	238	3,507	11,148
Event facility and supplies	-	-	-	-	27,435	27,435
Depreciation	120,065	23,511	143,576	11,175	13,789	168,540
Total expenses	\$ 2,023,667	\$ 331,530	\$ 2,355,197	\$ 216,889	\$ 352,948	\$ 2,925,034

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 168,038	\$ (97,290)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	177,329	168,540
Casualty gain	(5,153)	-
Net unrealized and realized gains on investments	(196,697)	(257,708)
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	(1,883)	(3,907)
(Increase) decrease in assets		
Accounts receivable	-	2,959
Unconditional promises to give	(167,500)	70,782
Prepaid expenses	(2,828)	9,491
Inventory	(4,173)	3,979
Increase (decrease) in liabilities		
Accounts payable	(4,411)	14,589
Accrued expenses	1,687	(2,613)
Deferred revenue	18,845	1,657
Accrued payroll and vacation	35,254	11,104
Net cash flows from operating activities	18,508	(78,417)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sales of investments	605,646	466,066
Purchases of investments	(509,774)	(345,270)
Purchases of property and equipment	(66,424)	(79,301)
Proceeds from insurance claim	14,288	-
Contributions to beneficial interest in assets held by Waukesha County Community Foundation	(25)	(1,100)
Net cash flows from investing activities	43,711	40,395
Change in cash	62,219	(38,022)
Cash at beginning of year	130,500	168,522
Cash at end of year	\$ 192,719	\$ 130,500

See accompanying notes.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Humane Animal Welfare Society of Waukesha County, Inc. (HAWS) is a nonprofit corporation that was formed to promote the humane care and treatment of all animals, supporting cooperative humane efforts throughout Waukesha County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Promises to Give

Unconditional promises to give are recognized as support or gains 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. At June 30, 2019 and 2018, all unconditional promises to give are receivable in less than one year.

Inventory

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

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of repairs and maintenance are charged against operations as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Investments

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

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

Deferred Revenue

Program fees are recognized as revenue when the program takes place. Fees received prior to the program are recorded as deferred revenue.

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, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

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

Expense Allocation

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

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

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

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

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

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

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

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by HAWS. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Presentation of Sales Tax

The State of Wisconsin and Waukesha County impose a combined sales tax of 5.1% on all of HAWS sales to nonexempt customers. HAWS collects that sales tax from customers and remits the entire amount to the State. HAWS's accounting policy is to exclude the tax collected and remitted to the State from revenue and expenses.

Income Tax Status

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

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2019 and 2018 was \$55,545 and \$55,947, respectively.

Estimates

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

Adoption of New Accounting Pronouncement

HAWS adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. 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 changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Date of Management's Review

Management has evaluated subsequent events through September 10, 2019, the date which the financial statements were available to be issued.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 104,490	\$ 104,490
Land improvements	87,053	87,053
Building	3,771,939	3,898,820
Equipment	381,674	433,396
Furniture and fixtures	186,631	235,659
Vehicles	<u>91,277</u>	<u>126,944</u>
Property and equipment	4,623,064	4,886,362
Less accumulated depreciation	<u>1,740,749</u>	<u>1,884,007</u>
Property and equipment, net	<u>\$ 2,882,315</u>	<u>\$ 3,002,355</u>

NOTE 3 – INVESTMENTS

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 228,322	\$ 92,417
Equity securities	991,032	1,414,469
Corporate bonds	1,448,722	1,374,164
Exchange traded funds (ETF)	<u>2,438,146</u>	<u>2,124,347</u>
Investments	<u>\$ 5,106,222</u>	<u>\$ 5,005,397</u>

Investment return consists of the following:

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 110,476	\$ 10,011	\$ 120,487
Realized and unrealized gains	181,296	15,401	196,697
Fees	<u>(29,092)</u>	<u>(2,307)</u>	<u>(31,399)</u>
Investment return, net	<u>\$ 262,680</u>	<u>\$ 23,105</u>	<u>\$ 285,785</u>

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 3 – INVESTMENTS (continued)

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 97,295	\$ 6,919	\$ 104,214
Realized and unrealized gains	240,274	17,434	257,708
Fees	(29,541)	(1,831)	(31,372)
Investment return, net	\$ 308,028	\$ 22,522	\$ 330,550

NOTE 4 – AGENCY FUND

During the year ended June 30, 2014, HAWS's board transferred funds to the Waukesha County Community Foundation (WCCF) to open an agency fund.

HAWS's spending policy of appropriating from distributions from the fund shall be determined in accordance with WCCF's distribution policy.

HAWS reserves the right to recommend distributions greater than those set by WCCF's distribution policy as long as the fund balance is maintained that is consistent with WCCF's minimum balance requirement for agency funds in effect at the time.

All assets of the fund shall be assets of WCCF and not a separate trust. The fund shall be held and administered subject to provisions of WCCF's Articles of Incorporation and Bylaws as presently in effect or as may time to time be amended, including those provisions which may permit WCCF to amend, modify or vary any of the purposes, directions, restrictions, or conditions set forth. HAWS has designated itself as the sole beneficiary of the income from the investment of these funds. The Board of Directors of WCCF shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community serviced.

The agency fund activity consisted of the following:

	2019	2018
Balance - beginning of year	\$ 52,997	\$ 47,990
Contributions	25	1,100
Change in value of beneficial interest	1,883	3,907
Balance - end of year	\$ 54,905	\$ 52,997

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 5 – NET ASSETS

The board of directors of HAWS has chosen to place the following limitations on net assets without donor restrictions:

	2019	2018
Board designated endowment	\$ 4,589,093	\$ 4,623,510
Undesignated	3,051,486	2,959,499
	\$ 7,640,579	\$ 7,583,009

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

	2019	2018
Merkel capital improvements funds	\$ 404,981	\$ 381,876
Animal center housing	15,913	-
Behavior and veteran support	53,683	-
Annie's Fund	34,767	17,000
STEM project	2,500	2,500
Future projects	1,100	1,100
	\$ 512,944	\$ 402,476

NOTE 6 – ENDOWMENT

The Board of Directors has designated net assets without donor restrictions for investment as a general endowment fund to support the mission of HAWS. The endowment fund at June 30, 2019 and 2018 had a balance of \$4,589,093 and \$4,623,510. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

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

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

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 6 – ENDOWMENT (continued)

Composition of and changes in endowment net assets for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Board designated endowment net assets, beginning of year	\$ 4,623,510	\$ 4,580,784
Contributions	323,695	182,315
Interest and dividends	111,243	97,178
Net appreciation	165,383	240,274
Management fees	(29,092)	(29,541)
Amounts appropriated for expenditure	(605,646)	(447,500)
Board designated endowment net assets, end of year	\$ 4,589,093	\$ 4,623,510

NOTE 7 – IN-KIND CONTRIBUTIONS

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

	2019			
	Animal Services	Education and Outreach	Management and General	Total
Supplies and equipment	\$ 193,447	\$ 110	\$ -	\$ 193,557
Veterinary and shelter services	3,456	-	-	3,456
Legal	-	-	18,525	18,525
In-kind contributions	\$ 196,903	\$ 110	\$ 18,525	\$ 215,538
	2018			
	Animal Services	Education and Outreach	Management and General	Total
Supplies and equipment	\$ 177,321	\$ 1,355	\$ -	\$ 178,676
Repairs and maintenance	-	3,520	-	3,520
Veterinary and shelter services	14,171	-	-	14,171
In-kind contributions	\$ 191,492	\$ 4,875	\$ -	\$ 196,367

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 8 – LIQUIDITY AND AVAILABILITY

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 or other restrictions:

Financial assets at end of year	
Cash	\$ 192,719
Unconditional promises to give	175,500
Investments	5,106,222
Beneficial interest in assets held at Waukesha County Community Foundation	54,905
 Total financial assets at end of year	 5,529,346
 Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(512,944)
Board designated for endowment	(4,589,093)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 427,309

Financial assets not available for general expenditures includes \$4,589,093 board designated for 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 9 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

	2019			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	\$ 991,032	\$ 991,032	\$ -	\$ -
Corporate bonds	1,448,722	-	1,448,722	-
Exchange traded funds (ETF)	2,438,146	2,438,146	-	-
Beneficial interest in assets held at WCCF	54,905	-	-	54,905
	\$ 4,932,805	\$ 3,429,178	\$ 1,448,722	\$ 54,905

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2018			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	\$ 1,414,469	\$ 1,414,469	\$ -	\$ -
Corporate bonds	1,374,164	-	1,374,164	-
Exchange traded funds (ETF)	2,124,347	2,124,347	-	-
Beneficial interest in assets held at WCCF	52,997	-	-	52,997
	\$ 4,965,977	\$ 3,538,816	\$ 1,374,164	\$ 52,997

Fair values for equity securities and exchange traded funds (ETF) are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of corporate bonds are determined by reference to prices for similar assets.

HAWS's beneficial interest in assets held by WCCF represents an agreement between HAWS and WCCF in which HAWS transfers assets to WCCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to HAWS by WCCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Beneficial interest in assets held by WCCF measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) consisted of the following at June 30, 2019 and 2018:

	2019	2018
Balance - beginning of year	\$ 52,997	\$ 47,990
Contributions	25	1,100
Agency endowment return	1,883	3,907
Balance - end of year	\$ 54,905	\$ 52,997

The change in value of beneficial interest is included in investment return on the statements of activities.

HUMANE ANIMAL WELFARE SOCIETY OF WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 10 – PENSION PLAN

All eligible employees may participate in a Simple IRA Savings Plan. HAWS matches employee contributions up to the first 3% of the eligible employee's compensation. Pension expense for the years ended June 30, 2019 and 2018 was \$36,529 and \$27,269, respectively.

NOTE 11 – SUBSEQUENT EVENT

On August 20, 2019 HAWS entered into a use agreement with the Shallock 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 animal park, an animal care and training facility, an animal sanctuary, an animal clinic and a pet cemetery, 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 replacement item exceeds \$5,000 and did not arise as a result of HAWS' negligent act or omission, then HAWS will not be responsible for payment. Also if the aggregate cost for all individual maintenance, repair or replacement item 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' exempt status.