

**Lenawee Humane Society**

Financial Statements and  
Independent Auditors' Report

Years Ended December 31, 2019 and 2018

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**Independent Auditors' Report**

To the Board of Directors  
Lenawee Humane Society  
Adrian, Michigan

We have audited the accompanying financial statements of Lenawee Humane Society (a non-profit organization), which comprise the statements of financial position as of December 31, 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.

**Auditors' 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 auditors' 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 auditors consider 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 Lenawee Humane Society as of December 31, 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.

*Willis & Jurasek, P.C.*

Willis & Jurasek, P.C.

March 20, 2020

# Lenawee Humane Society

Statements of Financial Position  
December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b><u>Assets</u></b>		
<b>Current Assets:</b>		
Cash	\$ 121,913	\$ 246,790
Accounts receivable	10,961	1,223
Pledges receivable	3,300	40,000
Inventory	3,444	2,976
Prepaid expenses	5,666	5,535
	<u>145,284</u>	<u>296,524</u>
Total current assets	<u>145,284</u>	<u>296,524</u>
<b>Property and Equipment, net</b>	<u>220,178</u>	<u>198,927</u>
<b>Other Assets:</b>		
Investments	<u>229,840</u>	<u>197,578</u>
	<u>\$ 595,302</u>	<u>\$ 693,029</u>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 20,883	\$ 5,320
Accrued liabilities	28,642	21,771
	<u>49,525</u>	<u>27,091</u>
Total current liabilities	<u>49,525</u>	<u>27,091</u>
<b>Net Assets:</b>		
Without donor restrictions	542,477	616,637
With donor restrictions	<u>3,300</u>	<u>49,301</u>
Total net assets	<u>545,777</u>	<u>665,938</u>
Total liabilities and net assets	<u>\$ 595,302</u>	<u>\$ 693,029</u>

See Notes to Financial Statements.

**Lenawee Humane Society**  
 Statements of Activities  
 Years Ended December 31, 2019 and 2018

	<b>2019</b>			<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public Support and Revenues:</b>						
Contributions	\$ 196,642	\$ 150	\$ 196,792	\$ 448,700	\$ 47,550	\$ 496,250
Membership dues	6,246	-	6,246	10,250	-	10,250
Special events/fundraising	191,346	-	191,346	193,717	-	193,717
Grants	23,262	3,150	26,412	23,920	-	23,920
Shelter services	142,070	-	142,070	185,794	-	185,794
Clinic services	109,349	-	109,349	82,906	-	82,906
Merchandise	16,438	-	16,438	16,559	-	16,559
In-kind contributions	17,939	-	17,939	26,364	-	26,364
Other income	6,608	-	6,608	110	-	110
Net assets released from restrictions	49,301	(49,301)	-	17,292	(17,292)	-
Total public support and revenues	<u>759,201</u>	<u>(46,001)</u>	<u>713,200</u>	<u>1,005,612</u>	<u>30,258</u>	<u>1,035,870</u>
<b>Functional Expenses:</b>						
Program services	<u>649,105</u>	<u>-</u>	<u>649,105</u>	<u>617,678</u>	<u>-</u>	<u>617,678</u>
Supporting services:						
General and administrative	15,674	-	15,674	17,002	-	17,002
Fundraising	<u>182,158</u>	<u>-</u>	<u>182,158</u>	<u>101,345</u>	<u>-</u>	<u>101,345</u>
Total supporting services	<u>197,832</u>	<u>-</u>	<u>197,832</u>	<u>118,348</u>	<u>-</u>	<u>118,348</u>
Total functional expenses	<u>846,937</u>	<u>-</u>	<u>846,937</u>	<u>736,026</u>	<u>-</u>	<u>736,026</u>
<b>Changes in Net Assets from Operations</b>	<u>(87,736)</u>	<u>(46,001)</u>	<u>(133,737)</u>	<u>269,586</u>	<u>30,258</u>	<u>299,844</u>
<b>Other Income (Expense):</b>						
Dividends and interest, net of fees	5,040	-	5,040	398	-	398
Gain (loss) on sale of equipment	(18,875)	-	(18,875)	-	-	-
Gain (loss) on investments - realized	474	-	474	-	-	-
Gain (loss) on investments - unrealized	<u>26,937</u>	<u>-</u>	<u>26,937</u>	<u>(2,632)</u>	<u>-</u>	<u>(2,632)</u>
Total other income (expense)	<u>13,576</u>	<u>-</u>	<u>13,576</u>	<u>(2,234)</u>	<u>-</u>	<u>(2,234)</u>
<b>Changes in Net Assets</b>	(74,160)	(46,001)	(120,161)	267,352	30,258	297,610
<b>Net Assets - Beginning of Year</b>	<u>616,637</u>	<u>49,301</u>	<u>665,938</u>	<u>349,285</u>	<u>19,043</u>	<u>368,328</u>
<b>Net Assets - End of Year</b>	<u>\$ 542,477</u>	<u>\$ 3,300</u>	<u>\$ 545,777</u>	<u>\$ 616,637</u>	<u>\$ 49,301</u>	<u>\$ 665,938</u>

See Notes to Financial Statements.

## Lenawee Humane Society

Statement of Functional Expenses

Year Ended December 31, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Support</u>	<u>2019 Total Expenses</u>
		<u>General &amp; Administrative</u>	<u>Fundraising</u>		
<b>Expenses:</b>					
Salaries	\$ 414,761	\$ 10,408	\$ 38,249	\$ 48,657	\$ 463,418
Payroll taxes and employee benefits	30,682	770	2,830	3,600	34,282
Director's liability insurance	-	698	-	698	698
Insurance	8,753	220	807	1,027	9,780
Repairs and maintenance	4,321	109	398	507	4,828
Advertising	6,574	165	606	771	7,345
Dues and subscriptions	1,576	40	145	185	1,761
Automobile expense	1,765	44	163	207	1,972
Meetings and conferences	6,030	152	556	707	6,737
Office expense	6,400	161	590	751	7,151
Equipment	2,613	66	241	307	2,920
Supplies	40,347	1,014	3,719	4,734	45,081
Postage	5,624	141	518	660	6,284
Professional fees	7,540	190	98,195	98,385	105,925
Shelter expense	49,621	-	-	-	49,621
Special events/fundraising	-	-	29,654	29,654	29,654
Merchandise expense	2,975	-	-	-	2,975
Telephone	2,785	70	257	327	3,112
Utilities	19,701	495	1,816	2,311	22,012
Depreciation	25,308	636	2,333	2,969	28,277
Bank charges	7,584	191	699	890	8,474
Payroll fees	4,144	104	382	486	4,630
	<u>\$ 649,105</u>	<u>\$ 15,674</u>	<u>\$ 182,158</u>	<u>\$ 197,832</u>	<u>\$ 846,937</u>

See Notes to Financial Statements.

**Lenawee Humane Society**  
Statement of Functional Expenses  
Year Ended December 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Support</u>	<u>2018 Total Expenses</u>
		<u>General &amp; Administrative</u>	<u>Fundraising</u>		
<b>Expenses:</b>					
Salaries	\$ 366,985	\$ 10,024	\$ 42,259	\$ 52,283	\$ 419,268
Payroll taxes	32,250	877	3,695	4,572	36,822
Director's liability insurance	-	698	-	698	698
Insurance	10,683	414	1,765	2,179	12,862
Repairs and maintenance	7,269	282	1,201	1,482	8,751
Advertising	5,693	221	940	1,161	6,854
Dues and subscriptions	965	37	159	197	1,162
Automobile expense	2,091	81	345	426	2,517
Meetings and conferences	8,554	332	1,413	1,744	10,298
Office expense	5,593	217	924	1,141	6,734
Equipment	3,381	131	558	689	4,070
Supplies	32,319	1,253	5,338	6,591	38,910
Postage	3,879	150	641	791	4,670
Professional fees	4,984	193	823	1,016	6,000
Shelter expense	72,292	-	-	-	72,292
Special events	-	-	32,375	32,375	32,375
Merchandise expense	5,667	-	-	-	5,667
Telephone	2,103	82	347	429	2,532
Utilities	19,772	766	3,266	4,032	23,804
Depreciation	23,690	918	3,913	4,832	28,522
Bank charges	5,751	223	950	1,173	6,924
Payroll fees	3,759	103	432	535	4,294
<b>Total expenses</b>	<b>\$ 617,678</b>	<b>\$ 17,002</b>	<b>\$ 101,345</b>	<b>\$ 118,348</b>	<b>\$ 736,026</b>

See Notes to Financial Statements.

**Lenawee Humane Society**  
 Statements of Cash Flows  
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (120,161)	\$ 297,610
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	28,277	28,522
In-kind contributions	17,939	26,364
In-kind expenses	(17,939)	(26,364)
(Gain) loss on investments - unrealized	(26,937)	2,632
(Gain) loss on sale of property and equipment	18,875	-
(Gain) loss on sale of investments	(474)	-
Changes in operating assets and liabilities:		
Accounts receivable	(9,738)	(1,223)
Pledges receivable	36,700	(40,000)
Inventory	(468)	1,520
Prepaid expenses	(131)	(5,535)
Accounts payable	15,563	3,636
Accrued liabilities	6,871	1,681
Net cash provided (used) by operating activities	<u>(51,623)</u>	<u>288,843</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(68,403)	(4,790)
Sale of investments	10,428	-
Purchase of investments	(15,279)	(200,210)
Net cash provided (used) by investing activities	<u>(73,254)</u>	<u>(205,000)</u>
<b>Increase (Decrease) in Cash</b>	(124,877)	83,843
<b>Cash - Beginning of Year</b>	<u>246,790</u>	<u>162,947</u>
<b>Cash - End of Year</b>	<u>\$ 121,913</u>	<u>\$ 246,790</u>

See Notes to Financial Statements.



**Lenawee Humane Society**  
Notes to Financial Statements

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**1. Summary of Significant Accounting Policies**

**Organization and Nature of Activities**

Lenawee Humane Society (the “Society” or “LHS”) is a non-profit organization incorporated in the State of Michigan in 1921 serving Lenawee County and the surrounding area.

The Society’s mission is to save the lives of animals while enriching the lives of humans. The Society is dedicated to caring for unwanted animals and providing them with necessary medical treatment, food and shelter until permanent homes are found. The Society’s major sources of revenue are contributions and program fees from adoptions and clinic services.

**Recently Adopted Accounting Standards**

In May, 2014, the FASB amended its guidance related to revenue recognition. The Society adopted the amended guidance, FASB Accounting Standards Update (ASU) No. 2014-19, *Revenue from Contracts with Customers*, and related amendments, as of January 1, 2019, at which time it became effective for the Society. Management determined that based on the new guidance there was no significant change in the judgment or timing associated with the recognition of revenue from the work completed on contracts. Thus, the Society does not anticipate significant changes to the pattern of revenue recognition for contracts with customers and does not believe that guidance surrounding the identification of contracts and performance obligations or the measurement of variable consideration will have a material impact on revenue recognition under its customary contractual arrangements.

**Basis of Accounting**

The accompanying financial statements and information are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned, and expenditures are recognized when incurred.

**Basis of Presentation**

Financial statement presentation follows the standards set by the Financial Accounting Standards Board (FASB). These standards were updated August, 2016 with an effective date of January 1, 2018. According to these professional standards, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified as follows:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. The Society’s board may designate assets without restrictions for specific operational purposes from time to time.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**1. Summary of Significant Accounting Policies (Continued)**

**Measure of Operations**

The Statements of Activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Society's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

**Revenue Recognition**

The Society accounts for contributions as required by the Not-For-Profit Topic of the Financial Accounting Standards Board Accounting Standards Codification. In accordance with this guidance, unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

The Society recognizes revenue from program fees from merchandise sales, adoptions, and clinic services at the time of the sale, adoption, or service.

**Functional Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis either based on estimates of time and effort or a square footage calculation.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Tax-Exempt Status/Uncertain Tax Positions**

Lenawee Humane Society is an organization recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Professional standards require an analysis of uncertain tax positions for the purpose of determining whether benefits associated with those positions may be recognized for financial statement purposes. Based on this analysis, the Society has determined it has no material uncertain tax positions for which the associated benefits may not be recognized nor for which disclosure is required. Federal tax returns generally remain open for examination by the taxing authorities for a period of three years.

**Lenawee Humane Society**  
Notes to Financial Statements

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**1. Summary of Significant Accounting Policies (Continued)**

**Cash**

For purposes of the Statements of Cash Flows, cash includes demand deposits held at banks. As of December 31, 2019 and 2018, the Society held no amounts in excess of FDIC insured limits.

**Receivables**

The Society's receivables consist primarily of contribution receivables (pledges, i.e. promises to give) and amounts due for services rendered. Contributions receivable of all types are recorded at fair value when pledged/granted. An allowance for uncollectible receivables, if any, is recorded as estimated based upon management's valuation of related historical data and current economic conditions. Currently, management has determined that no allowance for doubtful accounts is deemed necessary.

**Inventory**

Inventory consists of Pawpourri Store items available for resale. Inventories are stated at the lower of cost (purchase price) or market, on a first-in, first-out basis.

**Property and Equipment**

Capital assets are recorded at cost if purchased or if donated, are recorded at their fair market value when received. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The Society has not adopted a policy for implying time restrictions on contributions of long-lived assets or related subsidies.

Depreciation of property and equipment is provided using the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Land improvements	10
Building and improvements	5 - 39
Computers and equipment	5 - 10
Furniture and fixtures	5 - 10
Vehicles	5

**Investments and Fair Value Measurements**

Investments are stated at fair market value for all debt and equity securities. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments, is presented in the Statements of Activities in accordance with donor restrictions. Investment income (loss) is presented net of investment fees. Donor-restricted investment income where restrictions are met in the same reporting period are reported as net assets without donor restrictions income.

The Society applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value 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. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements (Note 3).

**Lenawee Humane Society**  
Notes to Financial Statements

**1. Summary of Significant Accounting Policies (Continued)**

**Donated Goods and Services**

During the reported periods, contributed goods and services meeting the requirements for recognition in the financial statements including animal supplies, food assistance, fundraising materials, and professional fees totaled \$17,939 and \$26,364, respectively. Also, volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. These services primarily related to the care of animals and the related programs. Volunteer hours were over 9,500 and 10,000 annually for the years ending December 31, 2019 and 2018, respectively.

**Advertising**

Lenawee Humane Society uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$7,345 and \$6,854 for the years ended December 31, 2019 and 2018, respectively.

**Reclassifications**

Certain balances in the prior year financial statements may have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications, if any, do not impact changes in net assets.

**Subsequent Events**

Management has evaluated subsequent events through the date of the auditors' report, the date the financial statements were available for issuance.

Recent events, both in the U.S. and globally in regards to the outbreak of the coronavirus (COVID-19) and its consideration by health officials to be a pandemic, have made this evaluation uncertain. Areas that may be affected by the change in daily lives and work include investment values, levels of sales and services, availability of cash, supply chains, etc. Because of the uncertainty of the full impact, no amounts can be estimated and have not been reflected in these financial statements.

**2. Property and Equipment**

Property and equipment at each reported year-end is summarized as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 15,081	\$ 15,081
Land improvements	21,625	21,625
Building and improvements	277,432	290,198
Computers and equipment	129,955	105,865
Furniture and fixtures	10,233	10,233
Vehicles	18,337	18,337
Construction in progress	29,312	-
	<u>501,975</u>	<u>461,339</u>
Less: accumulated depreciation	(281,797)	(262,412)
Property and equipment - net	<u>\$ 220,178</u>	<u>\$ 198,927</u>
Depreciation expense	<u>\$ 28,277</u>	<u>\$ 28,522</u>

**Lenawee Humane Society**  
Notes to Financial Statements

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**3. Fair Value Measurement of Investments**

FASB Codification Topic, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

*Level 1 Fair Value Measurements:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

*Level 2 Fair Value Measurements:* Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3 Fair Value Measurements:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. Since this is the first year that the Society has held investments, changes in valuation methodologies from the previous year are non-applicable.

*Mutual funds/exchange traded funds:* Valued at the market price as provided by the brokerage.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents Level 1 assets that are measured at fair value on a recurring basis at December 31, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Mutual funds/exchange traded funds	<u>\$ 229,840</u>	<u>\$ 197,578</u>
Total assets at fair value	<u>\$ 229,840</u>	<u>\$ 197,578</u>

**Lenawee Humane Society**  
Notes to Financial Statements

**4. Line of Credit**

The Society maintains a \$25,000 line of credit with TLC Community Credit Union, secured by all assets, maturing on December 9, 2020, and with a variable interest rate calculated at WSJ prime plus 1% which was 5.75% at December 31, 2019. There were no outstanding balances at December 31, 2019 and 2018.

**5. Concentrations**

There were no major contributors or other identified concentrations for the year ended December 31, 2019. For the year ended December 31, 2018, LHS had a major contributor that represented approximately 14% of total revenue. Two other contributors represented another 10% of total revenues. None of these major contributions were included in receivables at the end of the year. The pledge receivable balance at year-end December 31, 2018 was a bequest from one estate.

**6. Restrictions on Net Assets**

Net assets with donor restrictions at each reported year-end are restricted for the following purposes or periods:

	<b>2019</b>	<b>2018</b>
Subject to expenditure for specified purpose:		
Vicki's Fund - life saving treatment for dogs	\$ -	\$ 1,751
Capital campaign	-	7,550
	-	9,301
Subject to the passage of time:		
Pledges receivable	3,300	40,000
Total net assets with donor restrictions	\$ 3,300	\$ 49,301

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows:

	<b>2019</b>	<b>2018</b>
Expenditure for a specific purpose:		
Vicki's Fund	\$ 1,751	\$ 12,292
Cat room renovations	-	5,000
Capital campaign	7,550	-
	9,301	17,292
Passage of time:		
Prior year pledges received	40,000	-
Net assets released	\$ 49,301	\$ 17,292

**Lenawee Humane Society**  
Notes to Financial Statements

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**7. Capital Campaign**

LHS expended \$97,500 in 2019 for services provided by a professional fundraiser. The expense was incurred as the Society began preparations for a capital campaign to raise funds for a new facility.

**8. Liquidity**

LHS has \$142,134 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$121,913, receivables of \$11,111, inventory of \$3,444, and prepaid expenses of \$5,666. The inventory and prepaid expenses will be expended as used during the upcoming year. The receivables are subject to implied time restrictions but are expected to be collected within one year. The remaining current financial assets, pledges receivable of \$3,150 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date and amounts set aside for long-term investing.

As part of LHS' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For increased income from its financial assets, LHS holds investments of \$229,840. Although LHS does not intend to spend from the investments account other than for specific Board approved projects or per planned annual budgeting appropriations, amounts from its investments could be made available for expenditure if necessary. As described more fully in Note 4, LHS also maintains a line of credit in the amount of \$25,000, which it could draw down upon in the event of an unanticipated liquidity need.