

Lenawee Humane Society

Financial Statements and
Independent Auditors' Report

Years Ended December 31, 2020 and 2019

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements.....	7-13



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, 2020 and 2019, 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, 2020 and 2019, 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 13, 2021

Lenawee Humane Society

Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current Assets:		
Cash	\$ 263,918	\$ 121,913
Accounts receivable	5,830	10,961
Pledges receivable	-	3,300
Inventory	2,144	3,444
Prepaid expenses	405	5,666
	<u>272,297</u>	<u>145,284</u>
	<u>229,772</u>	<u>220,178</u>
Property and Equipment, net		
	<u>403,287</u>	<u>229,840</u>
	<u>\$ 905,356</u>	<u>\$ 595,302</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 11,845	\$ 24,533
Accrued liabilities	108	24,992
	<u>11,953</u>	<u>49,525</u>
Net Assets:		
Without donor restrictions	893,403	542,477
With donor restrictions	-	3,300
	<u>893,403</u>	<u>545,777</u>
	<u>\$ 905,356</u>	<u>\$ 595,302</u>

See Notes to Financial Statements.

Lenawee Humane Society
 Statements of Activities
 Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:						
Contributions	\$ 475,113	\$ -	\$ 475,113	\$ 196,642	\$ 150	\$ 196,792
Membership dues	5,350	-	5,350	6,246	-	6,246
Special events/fundraising	241,017	-	241,017	191,346	-	191,346
Grants	42,246	-	42,246	23,262	3,150	26,412
Shelter services	140,619	-	140,619	142,070	-	142,070
Clinic services	138,472	-	138,472	109,349	-	109,349
Merchandise	9,348	-	9,348	16,438	-	16,438
In-kind contributions	38,215	-	38,215	17,939	-	17,939
Other income	528	-	528	6,608	-	6,608
Net assets released from restrictions	3,300	(3,300)	-	49,301	(49,301)	-
Total public support and revenues	<u>1,094,208</u>	<u>(3,300)</u>	<u>1,090,908</u>	<u>759,201</u>	<u>(46,001)</u>	<u>713,200</u>
Functional Expenses:						
Program services	735,521	-	735,521	649,105	-	649,105
Supporting services:						
General and administrative	21,475	-	21,475	15,674	-	15,674
Fundraising	189,452	-	189,452	182,158	-	182,158
Total supporting services	<u>210,926</u>	<u>-</u>	<u>210,926</u>	<u>197,832</u>	<u>-</u>	<u>197,832</u>
Total functional expenses	<u>946,447</u>	<u>-</u>	<u>946,447</u>	<u>846,937</u>	<u>-</u>	<u>846,937</u>
Changes in Net Assets from Operations	<u>147,761</u>	<u>(3,300)</u>	<u>144,461</u>	<u>(87,736)</u>	<u>(46,001)</u>	<u>(133,737)</u>
Other Income (Expense):						
Other income - PPP grant income	181,473	-	181,473	-	-	-
Dividends and interest, net of fees	12,063	-	12,063	5,040	-	5,040
Gain (loss) on sale of equipment	(1,914)	-	(1,914)	(18,875)	-	(18,875)
Gain (loss) on investments - realized	(3,050)	-	(3,050)	474	-	474
Gain (loss) on investments - unrealized	14,593	-	14,593	26,937	-	26,937
Total other income (expense)	<u>203,165</u>	<u>-</u>	<u>203,165</u>	<u>13,576</u>	<u>-</u>	<u>13,576</u>
Changes in Net Assets	350,926	(3,300)	347,626	(74,160)	(46,001)	(120,161)
Net Assets - Beginning of Year	<u>542,477</u>	<u>3,300</u>	<u>545,777</u>	<u>616,637</u>	<u>49,301</u>	<u>665,938</u>
Net Assets - End of Year	<u>\$ 893,403</u>	<u>\$ -</u>	<u>\$ 893,403</u>	<u>\$ 542,477</u>	<u>\$ 3,300</u>	<u>\$ 545,777</u>

See Notes to Financial Statements.

Lenawee Humane Society

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services	Supporting Services		Total Support	2020 Total Expenses
		General & Administrative	Fundraising		
Expenses:					
Salaries	\$ 479,570	\$ 14,744	\$ 67,707	\$ 82,451	\$ 562,021
Payroll taxes and employee benefits	36,544	1,124	5,160	6,284	42,828
Directors' liability insurance	-	698	-	698	698
Insurance	8,973	276	1,267	1,543	10,516
Repairs and maintenance	4,710	145	665	810	5,520
Advertising	7,719	237	1,090	1,327	9,046
Dues and subscriptions	3,198	98	452	550	3,748
Automobile expense	416	13	59	71	487
Meetings and conferences	3,717	114	525	639	4,356
Office expense	14,970	460	2,114	2,574	17,544
Equipment	1,188	36	168	204	1,392
Supplies	40,078	1,231	5,660	6,890	46,968
Postage	8,975	276	1,267	1,543	10,518
Professional fees	5,717	176	50,572	50,748	56,465
Shelter expense	55,299	-	-	-	55,299
Special events/fundraising	-	-	44,243	44,243	44,243
Merchandise expense	4,234	-	-	-	4,234
Telephone	2,489	76	351	428	2,917
Utilities	24,155	742	3,411	4,153	28,308
Depreciation	21,210	651	2,995	3,647	24,857
Bank charges	7,923	243	1,119	1,362	9,285
Payroll fees	4,435	136	626	762	5,197
Total expenses	\$ 735,521	\$ 21,475	\$ 189,452	\$ 210,926	\$ 946,447

See Notes to Financial Statements.

Lenawee Humane Society
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Supporting Services		Total Support	2019 Total Expenses
		General & Administrative	Fundraising		
Expenses:					
Salaries	\$ 414,761	\$ 10,408	\$ 38,249	\$ 48,657	\$ 463,418
Payroll taxes	30,682	770	2,830	3,600	34,282
Directors' 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
Total expenses	\$ 649,105	\$ 15,674	\$ 182,158	\$ 197,832	\$ 846,937

See Notes to Financial Statements.

Lenawee Humane Society
 Statements of Cash Flows
 Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Changes in net assets	\$ 347,626	\$ (120,161)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	24,857	28,277
In-kind contributions	(38,215)	(17,939)
In-kind expenses	26,215	17,939
In-kind capital assets	12,000	-
PPP grant forgiveness	(181,473)	
(Gain) loss on investments - unrealized	(14,593)	(26,937)
(Gain) loss on sale of property and equipment	1,914	18,875
(Gain) loss on sale of investments	3,050	(474)
Changes in operating assets and liabilities:		
Accounts receivable	5,131	(9,738)
Pledges receivable	3,300	36,700
Inventory	1,300	(468)
Prepaid expenses	5,261	(131)
Accounts payable	(12,688)	15,563
Accrued liabilities	(24,884)	6,871
Net cash provided (used) by operating activities	158,801	(51,623)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(36,365)	(68,403)
Sale of investments	47,719	10,428
Purchase of investments	(209,623)	(15,279)
Net cash provided (used) by investing activities	(198,269)	(73,254)
Cash Flows From Financing Activities:		
Proceeds from PPP loan	181,473	-
Net cash provided (used) by financing activities	181,473	-
Increase (Decrease) in Cash	142,005	(124,877)
Cash - Beginning of Year	121,913	246,790
Cash - End of Year	\$ 263,918	\$ 121,913

See Notes to Financial Statements.

Lenawee Humane Society
Notes to Financial Statements

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.

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). 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.

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.

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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.

Cash

For purposes of the Statements of Cash Flows, cash includes demand deposits held at banks. As of December 31, 2020 and 2019, 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.

Lenawee Humane Society
Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

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).

Donated Goods and Services

During the reported periods, contributed goods and services meeting the requirements for recognition in the financial statements including construction in progress, animal supplies, food assistance, fundraising materials, and professional fees totaled \$38,215 and \$17,939, 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 23,900 and 9,500 annually for the years ending December 31, 2020 and 2019, respectively.

Lenawee Humane Society
Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

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 \$9,046 and \$7,345 for the years ended December 31, 2020 and 2019, 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 accountants' report, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been mandates from international, federal, state and local authorities requiring forced closures of various schools, businesses and other facilities and organizations. These forced closures could negatively impact the Society's operations. While the closures and limitations on movement, domestically and internationally, are expected to be temporary, the duration of the supply chain disruption, and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of the coronavirus continue to spread, the impact could have a material adverse effect on the Society's financial position, changes in net assets, and cash flows.

2. Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Land	\$ 15,081	\$ 15,081
Land improvements	21,625	21,625
Building and improvements	277,432	277,432
Computers and equipment	132,588	129,955
Furniture and fixtures	14,322	10,233
Vehicles	18,337	18,337
Construction in progress	52,098	29,312
	<u>531,483</u>	<u>501,975</u>
Less: accumulated depreciation	<u>(301,711)</u>	<u>(281,797)</u>
Property and equipment - net	<u>\$ 229,772</u>	<u>\$ 220,178</u>
Depreciation expense	<u>\$ 24,857</u>	<u>\$ 28,277</u>

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).

Lenawee Humane Society
Notes to Financial Statements

3. Fair Value Measurement of Investments (Continued)

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, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Mutual funds/exchange traded funds	<u>\$ 403,287</u>	<u>\$ 229,840</u>
Total assets at fair value	<u>\$ 403,287</u>	<u>\$ 229,840</u>

4. Short and Long-Term Borrowing

Line of Credit

The Society held a \$25,000 line of credit with TLC Community Credit Union, secured by all assets, and with a variable interest rate calculated at WSJ prime plus 1%. The outstanding balance at December 31, 2020 and 2019 was \$0. The line matured December 9, 2020 and was not renewed.

Lenawee Humane Society
Notes to Financial Statements

4. Short and Long-Term Borrowing (Continued)

Payroll Protection Program

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted, and a key piece of the CARES Act is the Payroll Protection Program (PPP). The program was created by the CARES Act to provide entities with cash flow assistance through federally guaranteed loans administered through the Small Business Administration (SBA). Generally, entities were eligible for loans up to 2.5 times their average monthly payroll costs for calendar 2019. Other significant terms of the loans received through the PPP include a fixed interest rate of 1%, maturity date of two years from date of agreement, first payment due six months from date of agreement (extended to ten months), and the ability to have a substantial portion of the principal and accrued interest forgiven. The debt was unsecured.

In April of 2020, the Society entered into an agreement with the Small Business Administration (SBA) through a local lender under the Payroll Protection Program (PPP). In accordance with FASB ASC 450-30, the Society has opted to recognize the PPP loan under the model for gain contingency recognition. Under this model, the cash received as a PPP forgivable loan was initially treated as a liability. The proceeds from the loan remained recorded as a liability until the grant proceeds were realizable, which was when the loan was forgiven (November, 2020). Accordingly, the grant proceeds have been reported as other income in the Statements of Activities for the year ended December 31, 2020.

5. Concentrations

For the year ended December 31, 2020, LHS had two major contributor that represented approximately 25% of total revenue. No contributions from major contributors were included in receivables at the end of 2020. There were no major contributors or other identified concentrations for the year ended December 31, 2019.

6. Restrictions on Net Assets

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

	<u>2020</u>	<u>2019</u>
Subject to the passage of time:		
Pledges receivable	\$ -	\$ 3,300
Total net assets with donor restrictions	<u>\$ -</u>	<u>\$ 3,300</u>

Lenawee Humane Society
Notes to Financial Statements

6. Restrictions on Net Assets (Continued)

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:

	<u>2020</u>	<u>2019</u>
Expenditure for a specific purpose:		
Vicki's Fund	\$ -	\$ 1,751
Capital campaign	-	7,550
	<u>-</u>	<u>9,301</u>
Passage of time:		
Prior year pledges received	<u>3,300</u>	<u>40,000</u>
Net assets released	<u>\$ 3,300</u>	<u>\$ 49,301</u>

7. Capital Campaign

LHS expended \$49,500 and \$97,500 in 2020 and 2019, respectively, 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 \$272,297 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$263,918, receivables of \$5,830, inventory of \$2,144, and prepaid expenses of \$405. 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.

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 approximately \$403,000. 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.