



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

LENAWEE HUMANE SOCIETY

Financial Statements

December 31, 2022 and 2021

with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lenawee Humane Society
705 W Beecher Street
Adrian, MI 49221

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lenawee Humane Society (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lenawee Humane Society as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lenawee Humane Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Lenawee Humane Society as of December 31, 2021, were audited by other auditors, whose report dated February 9, 2022, expressed an unmodified opinion on those financial statements.

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 the Lenawee 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.

Auditors' 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 auditors' 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 the Lenawee 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 the Lenawee 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.

Clark, Schaefer Hackett & Co.

Maumee, Ohio
March 21, 2023

Lenawee Humane Society
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
Assets		
Current assets:		
Cash	\$ 904,004	401,601
Accounts receivable	10,170	14,045
Pledges receivable - current	312,866	493,200
Investments	364,477	430,189
Inventory	2,370	3,829
Prepaid expense	<u>1,149</u>	<u>979</u>
Total current assets	1,595,036	1,343,843
Property and equipment, net of accumulated Depreciation	302,975	276,907
Other assets:		
Pledges receivable, non-current	<u>1,036,233</u>	<u>889,680</u>
Total assets	\$ <u><u>2,934,244</u></u>	<u><u>2,510,430</u></u>
Liabilities and Net assets		
Current liabilities:		
Accounts payable	\$ 41,026	10,203
Accrued liabilities	<u>15,592</u>	<u>10,652</u>
Total current liabilities	<u>56,618</u>	<u>20,855</u>
Net assets:		
Without donor restrictions	875,838	1,012,089
With donor restrictions	<u>2,001,788</u>	<u>1,477,486</u>
Total net assets	<u>2,877,626</u>	<u>2,489,575</u>
Total liabilities and net assets	\$ <u><u>2,934,244</u></u>	<u><u>2,510,430</u></u>

See accompanying notes to the financial statements.

Lenawee Humane Society
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022			<i>Restated</i> 2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Public support and revenue:						
Contributions	\$ 285,221	657,110	942,331	561,834	1,477,486	2,039,320
Special events/fundraising	261,226	-	261,226	257,153	-	257,153
Grants	17,900	-	17,900	14,000	-	14,000
Shelter services	117,312	-	117,312	100,107	-	100,107
Clinic services	155,149	-	155,149	160,375	-	160,375
Merchandise	8,440	-	8,440	5,121	-	5,121
Investment income (loss),net	(65,515)	-	(65,515)	26,995	-	26,995
In-kind contributions	33,740	-	33,740	26,810	-	26,810
Other income	3,120	-	3,120	2,684	-	2,684
Net assets released from restrictions	<u>132,808</u>	<u>(132,808)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>949,401</u>	<u>524,302</u>	<u>1,473,703</u>	<u>1,155,079</u>	<u>1,477,486</u>	<u>2,632,565</u>
Expenses:						
Program services	798,947	-	798,947	752,874	-	752,874
General and administrative	43,268	-	43,268	31,483	-	31,483
Fundraising	<u>243,437</u>	<u>-</u>	<u>243,437</u>	<u>252,036</u>	<u>-</u>	<u>252,036</u>
Total expenses	<u>1,085,652</u>	<u>-</u>	<u>1,085,652</u>	<u>1,036,393</u>	<u>-</u>	<u>1,036,393</u>
Change in net assets	<u>(136,251)</u>	<u>524,302</u>	<u>388,051</u>	<u>118,686</u>	<u>1,477,486</u>	<u>1,596,172</u>
Net assets, beginning of year	<u>1,012,089</u>	<u>1,477,486</u>	<u>2,489,575</u>	<u>893,403</u>	<u>-</u>	<u>893,403</u>
Net assets, end of year	\$ <u>875,838</u>	<u>2,001,788</u>	<u>2,877,626</u>	<u>1,012,089</u>	<u>1,477,486</u>	<u>2,489,575</u>

See accompanying notes to the financial statements.

Lenawee Humane Society
Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

	2022				2021			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Personnel:								
Salaries and wages	\$ 520,504	25,318	90,836	636,658	503,153	22,276	80,685	606,114
Payroll taxes	39,686	1,930	6,926	48,542	37,587	1,705	6,174	45,466
Directors' liability insurance	-	698	-	698	-	668	-	668
Insurance	10,507	511	1,834	12,852	7,617	346	1,251	9,214
Total personnel expenses	570,697	28,457	99,596	698,750	548,357	24,995	88,110	661,462
Shelter expense	66,220	-	-	66,220	57,580	-	-	57,580
Special events/fundraising	-	-	61,736	61,736	-	-	61,529	61,529
Professional fees	-	7,100	54,440	61,540	12,963	588	51,894	65,445
In-kind expense	27,666	1,350	4,724	33,740	22,253	1,072	3,485	26,810
Utilities	23,032	1,120	4,019	28,171	20,720	940	3,404	25,063
Repairs and maintenance	19,896	968	3,472	24,336	6,402	290	1,052	7,744
Supplies	19,379	940	3,489	23,808	11,095	441	1,993	13,529
Depreciation	16,140	785	2,817	19,742	19,571	888	3,215	23,674
Office expense	14,229	692	2,484	17,405	13,451	610	2,210	16,271
Bank charges	9,241	450	1,613	11,304	7,909	359	1,299	9,567
Telephone	7,146	348	1,247	8,741	6,703	304	1,101	8,108
Equipment	7,097	345	1,238	8,680	484	22	80	586
Advertising	4,645	225	811	5,681	5,067	230	832	6,129
Payroll fees	4,130	201	721	5,052	4,301	136	626	5,063
Merchandise expense	3,526	-	-	3,526	2,594	-	-	2,594
Postage	2,837	138	495	3,470	7,528	341	1,237	9,106
Dues and subscriptions	1,146	56	200	1,402	1,020	46	168	1,234
Meetings and conferences	1,031	50	180	1,261	1,815	82	298	2,196
Automobile expense	889	43	155	1,087	3,061	139	503	3,703
Bad debts	-	-	-	-	-	-	29,000	29,000
Total expenses	\$ 798,947	43,268	243,437	1,085,652	752,874	31,483	252,036	1,036,393

See accompanying notes to the financial statements.

Lenawee Humane Society
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 388,051	1,596,172
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,742	23,674
Discount on pledges receivable	(5,497)	48,000
Allowance for doubtful accounts	-	29,000
In-kind contributions	(33,740)	(26,810)
In-kind expenses	33,740	26,810
Loss on investments - unrealized	65,712	10,947
Gain on sale of investments	-	(19,794)
Changes in current assets and liabilities:		
Accounts receivable	3,875	(8,215)
Pledges receivable	39,278	(1,459,880)
Inventory	1,459	(1,685)
Prepaid expenses	(170)	(574)
Accounts payable	30,823	(1,642)
Accrued liabilities	4,940	10,544
Net cash provided by operating activities	<u>548,213</u>	<u>226,547</u>
Cash flows from investing activities:		
Purchase of property and equipment	(45,810)	(70,809)
Sale of investments	-	148,157
Purchase of investments	-	(166,212)
Net cash used in investing activities	<u>(45,810)</u>	<u>(88,864)</u>
Net change in cash	502,403	137,683
Cash at beginning of year	<u>401,601</u>	<u>263,918</u>
Cash at end of year	\$ <u>904,004</u>	<u>401,601</u>

See accompanying notes to the financial statements.

1. ORGANIZATION:

Lenawee Humane Society (the “Society” or “LHS”) is a not-for-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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting

The financial statements of the Society have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The accrual basis provides for the recognition of revenues when earned and the recognition of expense when incurred.

Financial statements presentation

The financial statement preparation of the Society is in accordance with the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic *Not-for Profit Entities*. Under this topic, the Society is required to report information regarding its financial position and activities by program categorized under two classes of net assets:

- 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. These net assets may be used at the discretion of the Society’s management and the Board.
- 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. 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.

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. 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.

The Society recognizes program fees revenue from merchandise sales, adoptions, and clinic services at the time of the sale, adoption, or service performed. There were no amounts included with accounts receivable that were related to accounting for contracts with customers at December 31, 2022 and 2021.

Adoption of new standards

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update No. 2020-07 "Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU 2020-07)" which requires the Society to disclose a disaggregation of the amount of contributed nonfinancial assets presented on the statement of activities by category. Adoption of ASU 2020-07 resulted in additional disclosures noted in note 9.

In-kind contributions

Contributions of noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Use of estimates

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

Fair value of financial instruments

The carrying value of cash, current receivables, investments, prepaid expenses, accounts payable, and accrued liabilities approximates fair value because of the short maturities of these instruments. Financial instruments with a carrying value different from the fair value include long-term pledges receivable.

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.

Long-term pledges receivable have been adjusted to net present value by discounting the value based upon estimated future cash flows. Investments have been reported at fair value per market information available at year-end.

Functional expense allocation

The financial statements report certain categories of expense that are attributable to one or more programs or supporting functions of the Society. 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.

Cash

For purposes of the Statements of Cash Flows, cash includes demand deposits held at banks. As of December 31, 2022 and 2021, the Society held approximately \$645,921 and \$137,900 in excess of FDIC insured limits, respectively.

Receivables

The Society's receivables consist primarily of contribution receivables (pledges, i.e. promises to give) and amounts due for services rendered. Pledges are recorded as revenues with donor restrictions in the year the pledge is received and released into net assets without donor restrictions as the pledge is paid unless restricted for a future specific use. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques. In subsequent years, amortization of the discount is included in contribution revenue. An allowance for uncollectible receivables, if any, is recorded as estimated based upon management's valuation of related historical data and current economic conditions. An allowance for doubtful accounts on pledges receivable of \$29,000 has been recorded, at December 31, 2022 and 2021.

Property and equipment

Capital assets are recorded at cost if purchased. Donated assets are recorded at their fair market value when received. Expenditures for major repairs 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
Computer and equipment	5 - 10
Furniture and fixtures	5 - 10
Vehicles	5

Inventory

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

Investments

Investments are stated at fair 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 or loss is presented net of investment fees. Donor-restricted investment income or loss where restrictions are met in the same reporting period are reported as net assets without donor restrictions income.

Advertising

Lenawee Humane Society uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred.

Tax-exempt status

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.

Subsequent events

The Society has evaluated subsequent events through March 21, 2023, the date the financial statements were available to be issued. There were no subsequent events that would require adjustment or disclosure to the December 31, 2022 financial statements.

3. PLEDGES RECEIVABLE:

The Society has received promises to give, some with multiple year terms. Pledges receivable totaled \$1,349,099 and \$1,132,880 for each year end, respectively. This is a net balance reduced by an allowance for doubtful accounts and a discount to reduce the carrying value to net present value as follows:

	2022	<i>Restated</i> 2021
Current pledges receivable (less than one year) \$	312,866	493,200
Pledges receivable (one to five years):		
Pledges receivable	1,059,736	966,680
Change in discount to net present value	5,497	(48,000)
Allowance for doubtful accounts	(29,000)	(29,000)
Pledges receivable, non-current	1,036,233	889,680
Total pledges receivable	\$ 1,349,099	1,382,880

4. PROPERTY AND EQUIPMENT:

Property and equipment at each reported year-end is summarized as follows at Dec 31:

	2022	2021
Land	\$ 15,081	15,081
Land improvements	21,625	21,625
Building and improvements	277,432	277,432
Computers and equipment	132,588	132,588
Furniture and fixtures	14,322	14,322
Vehicles	18,337	18,337
Construction in progress	168,717	122,907
	648,102	602,292
Less: accumulated depreciation	(345,127)	(325,385)
Property and equipment - net	\$ 302,975	276,907

5. 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:

	2022	2021
Mutual funds/exchanged traded funds	\$ 364,477	430,189

6. CONCENTRATIONS:

For the year ended December 31, 2022, the Society had one major contributor that represented approximately 17% of total public support and revenues. This same contributor represented approximately 19% of gross pledge receivables at year end.

For the year ended December 31, 2021, LHS had one major contributor that represented approximately 46% of total public support and revenues. This same contributor represented approximately 83% of gross pledge receivables at year end.

7. RESTRICTIONS ON NET ASSETS:

Net assets with donor restrictions at each reported year-end are restricted for the following purposes at December 31:

	2022	<i>Restated</i> 2021
Subject to expenditure for specified purpose:		
Reina Day Fund	\$ 25,949	24,075
Restricted Grants	1,162	-
Capital Campaign (including pledges receivable)	1,974,677	1,453,411
Total net assets with donor restrictions	\$ 2,001,788	1,477,486

8. CAPITAL CAMPAIGN FUNDRAISING:

The Society expended \$54,000 in both 2022 and 2021 for services provided by a professional fundraiser. The expense was incurred as the Society began a capital campaign to raise funds for a new facility.

9. IN-KIND CONTRIBUTIONS:

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 \$33,740 and \$26,810, respectively. These donations were primarily for pet related items and fair market value was determined based upon retail value of same or similar items. No in-kind contributions were monetized for the reported years and this determination is made on a case by case basis.

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 41,418 and 33,100 annually for the years ending December 31, 2022 and 2021, respectively.

10. LIQUIDITY:

The Society's cash management policy is to ensure adequate balances are maintained in order to meet the cash obligations of the Society.

The following table represents the financials assets available to meet cash needs for general expenditures within one year at December 31, 2022 and 2021:

	<u>2022</u>	<i>Restated</i> <u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 904,004	401,601
Accounts receivable	10,170	14,045
Investments	364,477	430,189
Pledges receivable	<u>1,349,099</u>	<u>1,382,880</u>
Financial assets available at year-end	2,627,750	2,228,715
Less those unavailable for general expenditures within one year:		
Net assets with donor restrictions	<u>(2,001,788)</u>	<u>(1,477,486)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 625,962</u>	<u>751,229</u>

11. PRIOR PERIOD RESTATEMENT:

The statement of financial position, statement of activities and statement of cash flows have been adjusted for a restatement to pledge receivable and contribution revenue for the year ending December 31, 2021.

In previously issued financial statements, the Society did not record a pledge receivable for a pledge that was received during the year. A correction was made to increase pledge receivable and contribution revenue by \$500,000 for the year ending December 31, 2021. There was no impact on beginning net assets for the year ending December 31, 2021.