



FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dane County Humane Society, Inc.
Madison, Wisconsin

Opinion

We have audited the financial statements of Dane County Humane Society, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Dane County Humane Society, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dane County Humane Society, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

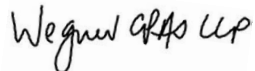
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Dane County Humane Society, Inc.'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 Dane County Humane Society, Inc.'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.



Wegner CPAs, LLP
Madison, Wisconsin
February 15, 2022

DANE COUNTY HUMANE SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 2,656,407	\$ 2,106,622
Accounts receivable	57,374	43,492
Unconditional promises to give	25,000	38,000
Prepaid expenses	82,863	92,364
Merchandise inventory	102,639	74,728
Investments	2,492,617	2,193,508
Property and equipment, net	5,236,907	4,956,409
Total assets	\$ 10,653,807	\$ 9,505,123
LIABILITIES		
Accounts payable	\$ 115,147	\$ 59,684
Accrued expenses	196,019	173,534
Total liabilities	311,166	233,218
NET ASSETS		
Without donor restrictions	9,846,372	8,856,813
With donor restrictions	496,269	415,092
Total net assets	10,342,641	9,271,905
Total liabilities and net assets	\$ 10,653,807	\$ 9,505,123

See accompanying notes.

DANE COUNTY HUMANE SOCIETY, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND GAINS		
Contributions		
Contributions excluding estates	\$ 2,488,216	\$ 2,103,476
Bequests from estates	823,285	982,866
Special events	264,580	335,463
Donated thrift store merchandise inventory	391,725	204,048
Paycheck Protection Program	571,838	572,868
Contracts, sales, and other revenues and gains		
Program service revenues	934,726	689,638
Investment return, net	140,240	65,082
Merchandise sales, net	13,689	16,885
Other revenues	3,152	10,242
Total revenues and gains without donor restrictions	5,631,451	4,980,568
EXPENSES		
Program services		
Animal services	1,994,081	1,780,827
Wildlife program	451,492	370,728
Adoption and reception services	675,710	535,441
Volunteer program	127,209	128,928
Education and outreach	264,092	298,831
Supporting activities		
Management and general	478,898	408,481
Fundraising		
Development	532,680	571,355
Thrift store	293,317	277,122
Total expenses	4,817,479	4,371,713
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	175,587	214,695
Change in net assets without donor restrictions	989,559	823,550
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	256,764	176,991
Net assets released from restrictions	(175,587)	(214,695)
Change in net assets with donor restrictions	81,177	(37,704)
Change in net assets	1,070,736	785,846
Net assets at beginning of year	9,271,905	8,486,059
Net assets at end of year	<u>\$ 10,342,641</u>	<u>\$ 9,271,905</u>

See accompanying notes.

DANE COUNTY HUMANE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Animal Services	Wildlife Program	Adoption and Reception Services	Volunteer Program	Education and Outreach	Management and General	Fundraising		Total Expenses
							Development	Thrift Store	
Personnel	\$ 1,415,051	\$ 337,932	\$ 551,601	\$ 117,925	\$ 200,614	\$ 325,176	\$ 286,624	\$ 160,929	\$ 3,395,852
Professional services	30,939	455	2,395	-	10,490	54,815	3,971	-	103,065
Advertising	8	-	-	-	-	759	19,192	6,157	26,116
Animal care supplies	146,497	55,849	13,134	-	40,489	-	-	-	255,969
Office and supplies	55,250	8,357	66,624	9,284	5,154	74,261	165,078	370,169	754,177
Facilities	160,422	23,553	38,615	-	3,435	8,130	22,986	113,048	370,189
Conferences and trainings	664	997	-	-	-	3,464	1,342	-	6,467
Depreciation	159,967	20,772	30,940	-	2,752	7,206	20,162	1,863	243,662
Insurance	24,274	3,529	6,069	-	540	2,877	3,612	-	40,901
Miscellaneous	1,009	48	247	-	618	2,210	9,713	258	14,103
Total expenses	1,994,081	451,492	709,625	127,209	264,092	478,898	532,680	652,424	5,210,501
Less expenses included with revenues on the statement of activities	-	-	(33,915)	-	-	-	-	(359,107)	(393,022)
Total expenses included in the expense section of the statement of activities	\$ 1,994,081	\$ 451,492	\$ 675,710	\$ 127,209	\$ 264,092	\$ 478,898	\$ 532,680	\$ 293,317	\$ 4,817,479

See accompanying notes.

DANE COUNTY HUMANE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Animal Services	Wildlife Program	Adoption and Reception Services	Volunteer Program	Education and Outreach	Management and General	Fundraising		Total Expenses
							Development	Thrift Store	
Personnel	\$ 1,259,797	\$ 278,044	\$ 444,281	\$ 122,881	\$ 248,090	\$ 298,977	\$ 367,831	\$ 138,366	\$ 3,158,267
Professional services	38,295	67	1,272	-	2,490	33,861	532	2,675	79,192
Advertising	-	-	-	-	-	-	23,624	3,376	27,000
Animal care supplies	166,537	42,164	-	-	38,243	1,755	-	-	248,699
Office and supplies	3,060	8,466	36,367	6,047	3,636	46,839	132,911	177,642	414,968
Facilities	139,727	17,851	36,660	-	3,261	7,718	21,822	106,110	333,149
Conferences and trainings	1,526	2,422	-	-	-	1,037	87	-	5,072
Depreciation	151,875	18,765	30,008	-	2,669	7,009	19,607	5,531	235,464
Insurance	19,855	2,949	4,969	-	442	4,742	2,958	-	35,915
Miscellaneous	155	-	897	-	-	6,543	1,983	-	9,578
Total expenses	1,780,827	370,728	554,454	128,928	298,831	408,481	571,355	433,700	4,547,304
Less expenses included with revenues on the statement of activities	-	-	(19,013)	-	-	-	-	(156,578)	(175,591)
Total expenses included in the expense section of the statement of activities	\$ 1,780,827	\$ 370,728	\$ 535,441	\$ 128,928	\$ 298,831	\$ 408,481	\$ 571,355	\$ 277,122	\$ 4,371,713

See accompanying notes.

DANE COUNTY HUMANE SOCIETY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,070,736	\$ 785,846
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	243,662	235,464
Contributions restricted for capital improvements	(100,000)	-
Interest accrued on Paycheck Protection Program loans	2,138	3,168
Paycheck Protection Program loans forgiven	(571,838)	(572,868)
Donated stock	(159,209)	(27,306)
Donated land and building	(184,000)	-
Loss on disposal of equipment	730	2,991
Net realized and unrealized gains on investments	(118,237)	(41,928)
Amortization of deferred lease incentive	786	1,000
Donated thrift store merchandise inventory	(391,725)	(204,048)
(Increase) decrease in assets		
Accounts receivable	(13,882)	35,922
Unconditional promises to give	13,000	36,470
Prepaid expenses	9,501	(50,760)
Merchandise inventory	363,814	153,335
Increase (decrease) in liabilities		
Accounts payable	55,463	(5,048)
Accrued expenses	21,699	55,233
Net cash flows from operating activities	242,638	407,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments and reinvestments of earnings	(21,663)	(22,435)
Purchases of property and equipment	(340,890)	(165,004)
Net cash flows from investing activities	(362,553)	(187,439)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for capital improvements	100,000	-
Proceeds from Paycheck Protection Program loans	569,700	569,700
Net cash flows from financing activities	669,700	569,700
Net change in cash	549,785	789,732
Cash at beginning of year	2,106,622	1,316,890
Cash at end of year	<u>\$ 2,656,407</u>	<u>\$ 2,106,622</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash investing and financing activities		
Donated stock	\$ 159,209	\$ 27,306
Donated land and building	184,000	-

See accompanying notes.

DANE COUNTY HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Dane County Humane Society, Inc. (DCHS), located in Madison, Wisconsin, is a leader in creating a more humane community focusing on the human relationship with companion animals. DCHS's mission focuses on "helping people help animals." DCHS is effective in its mission through maintaining financially stable and sustainable operations with balanced revenues and expenses. DCHS educates and supports the public regarding animal welfare and companion animal ownership and instills the value that a pet is a life-long commitment and privilege. DCHS's wildlife program provides responsible care for the ill, injured, and orphaned wildlife of south-central Wisconsin. DCHS's work also includes promoting a legislative agenda in support of creating a more humane community. DCHS's primary sources of revenue include contributions and various program service fees.

Accounts Receivable

Accounts receivable primarily represent amounts due from municipalities for animal services provided by DCHS. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of December 31, 2021 and 2020, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Property and Equipment

DCHS capitalizes all expenditures for property and equipment in excess of \$3,000. Depreciation is computed using the straight-line method.

Promises to Give

Unconditional promises to give are recognized as revenues 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 December 31, 2021, unconditional promises to give totaling \$24,000 are receivable in less than one year and unconditional promises to give totaling \$1,000 are receivable in one to five years.

Merchandise Inventory

Merchandise inventory primarily consists of donated items for resale in DCHS's thrift store and is recorded at anticipated selling price.

Investments

DCHS reports investments in equity and fixed-income securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

DANE COUNTY HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 statement of activities as net assets released from donor restrictions.

Program Service Revenues

Adoption fees, redemption fees, registration fees for education and outreach programs, and fees for other program services are recognized as revenue when DCHS provides the particular service or when the particular program is held. It is the policy of DCHS to not refund these fees. DCHS also provides animal services to certain municipalities under contracts that are renewed annually. Revenue from animal services is based on the number of animals served at the fee established in the contract. DCHS bills the municipality on a monthly basis and recognizes revenue at this time. DCHS also provides veterinary training services to an educational institution under a fixed-fee contract that is renewed annually. Revenue from veterinary training services is based on the number of students enrolled per week at the fee established in the contract. DCHS regularly receives payment for these services over the period of the contract in accordance with the terms in the contract and recognizes revenue for these services when a payment is received.

Merchandise Sales

Revenue from merchandise sales is recognized when the customer receives and pays for the merchandise. Sales taxes collected from customers are excluded from revenue. DCHS does not have any financing components as payment is received at or shortly after the point of sale. Returns are expected to be insignificant.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Volunteers also provided a variety of tasks such as animal exercise and socialization, animal care, customer service, animal adoption, foster care, services at special events, computer services, veterinary services assistance, and clerical work throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. DCHS received approximately 59,000 and 40,000 volunteer hours during the years ended December 31, 2021 and 2020, respectively.

DANE COUNTY HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The expenses that are allocated include facilities and depreciation, which are allocated on a square-footage basis, as well as personnel, professional services, animal care supplies, office and supplies, conferences and trainings, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

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

Animal services—DCHS's animal services include open-admission animal intake, customer service, daily care of animals, spay/neuter services, humane euthanasia, and participation in the Sheltering Animals of Abuse Victims program. In addition, DCHS works with the City of Madison and Dane County animal services to ensure it properly fulfills the services outlined in its contracts with these municipalities.

Wildlife program—DCHS's wildlife rehabilitation program provides care for the ill, injured, and orphaned wildlife of south-central Wisconsin, including songbirds, mammals, raptors, waterfowl, and reptiles.

Adoption and reception services—DCHS's adoption and reception services include customer service and animal adoptions at DCHS's main location and DCHS's thrift store. The main adoption center also offers merchandise such as educational books and pet supplies for sale to individuals adopting animals as well as to other patrons.

Volunteer program—DCHS's volunteer program includes recruitment, training, supervision, and retention of DCHS's volunteers.

Education and outreach—DCHS's humane education and outreach services include youth and adult education programs such as Camp Pawprint, Humane Heroes, scout badge workshops, dog training classes, school field trips, shelter tours, educational presentations, and public speaking engagements. Outreach programs include Pets for Life, Community Cat Days and Community Dog Days, and a pet food pantry program, focused on closing the service gaps for pets in underserved neighborhoods and keeping existing human-animal bonds intact.

Management and general—DCHS's management and general activities include accounting and production of financial reports, development and oversight of the annual budget, supervision of all departments, maintenance of personnel records, and representation of DCHS within the community.

Development—DCHS's development activities include cultivation of new and major donors, direct mail appeals, fundraising events, membership solicitations, planned giving activities, media and public relations activities, and production of DCHS's newsletter.

Thrift store—DCHS's thrift store offers gently used clothing, pet supplies, linens, housewares, shoes, purses, jewelry, puzzles, games, and more for sale to generate revenue to support shelter operations.

DANE COUNTY HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

DCHS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, DCHS 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).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Date of Management’s Review

Management has evaluated subsequent events through February 15, 2022, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

DCHS maintains its cash balances in one financial institution located in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At both December 31, 2021 and 2020, DCHS’s uninsured cash balances total approximately \$250,000. DCHS places its cash balances with high credit quality financial institutions and uses bank sweep programs to mitigate credit risk.

NOTE 3—INVESTMENTS

Investments are comprised of the following:

	2021	2020
Money market funds	\$ 873,909	\$ 364,996
Mutual funds	104,882	892,314
Common stocks	1,040,478	739,418
Corporate bonds and notes	271,807	196,780
U.S. government securities	201,541	-
	\$ 2,492,617	\$ 2,193,508

DANE COUNTY HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3—INVESTMENTS (continued)

Fair values of mutual funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by DCHS are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by DCHS are considered to be actively traded. Fair values of common stocks are based on the closing prices reported on the active market where the individual securities are traded. Fair values of corporate bonds and notes and U.S. government securities are determined using a market approach on yields currently available on comparable securities of issuers with similar credit ratings, which are Level 2 fair value measurements.

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Land	\$ 1,289,097	\$ 1,240,097
Building	5,572,964	5,389,306
Horse and livestock barn	439,418	429,623
Construction in progress	71,019	70,101
Land improvements	452,557	279,361
Leasehold improvements	11,170	11,170
Wildlife center	345,027	341,435
Furniture and equipment	935,056	897,082
Vehicles	99,509	99,509
	9,215,817	8,757,684
Accumulated depreciation	(3,978,910)	(3,801,275)
	\$ 5,236,907	\$ 4,956,409

NOTE 5—LINE OF CREDIT

DCHS has a \$500,000 revolving line of credit that expires on November 3, 2022. Advances on the credit line are payable on demand and carry an interest rate of the lender's prime rate (3.25% at December 31, 2021). The credit line is secured by DCHS's assets. The line of credit was unused at December 31, 2021 and 2020.

NOTE 6—PAYCHECK PROTECTION PROGRAM LOANS

DCHS received loans totaling \$1,139,400 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loans accrue interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by DCHS during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years.

DANE COUNTY HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6—PAYCHECK PROTECTION PROGRAM LOANS (continued)

On November 2, 2020, the SBA preliminarily approved forgiveness of DCHS's first draw loan and accrued interest. On September 7, 2021, the SBA preliminarily approved forgiveness of DCHS's second draw loan and accrued interest. DCHS must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review DCHS's good-faith certification concerning the necessity of its loan request, whether DCHS calculated the loan amount correctly, whether DCHS used loan proceeds for the allowable uses specified in the CARES Act, and whether DCHS is entitled to loan forgiveness in the amount claimed on its application. If SBA determines DCHS was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 7—NET ASSETS

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

	2021	2020
Medical and animal care	\$ 83,285	\$ 98,880
Capital improvements	250,281	161,249
Education and outreach	137,703	149,306
Other purposes	23,000	2,657
Promises to give with payments due in future periods	2,000	3,000
	\$ 496,269	\$ 415,092

NOTE 8—MERCHANDISE SALES

Merchandise sales are comprised of the following:

	2021	2020
Adoption center merchandise sales	\$ 46,551	\$ 34,424
Adoption center cost of goods sold	(33,915)	(19,013)
Adoption center merchandise sales, net	12,636	15,411
Thrift store merchandise sales	360,160	158,052
Thrift store cost of donated goods sold	(357,389)	(155,419)
Thrift store cost of purchased goods sold	(1,718)	(1,159)
Thrift store merchandise sales, net	1,053	1,474
	\$ 13,689	\$ 16,885

DANE COUNTY HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 9—LEASES

DCHS leases space for the thrift store under a noncancelable operating lease that expires May 31, 2025 and requires base monthly payments of \$6,800 with a 2% increase each year. DCHS also leases storage units on a month-to-month basis and copiers under an operating lease that expires April 23, 2025. Rental expenses for the years ended December 31, 2021 and 2020 were \$89,262 and \$102,865, respectively.

Future minimum lease payments for the years ending December 31 are:

2022	\$ 88,902
2023	90,702
2024	92,502
2025	<u>37,813</u>
	<u><u>\$ 309,919</u></u>

NOTE 10—RETIREMENT PLAN

DCHS sponsors a simplified employee pension plan covering all employees who are at least twenty-one years of age, have worked for DCHS during at least three of the immediately preceding five years, and earned at least \$600 during the year. DCHS may make a discretionary contribution to the plan each year up to 4% of the employee's compensation. Employees are 100% vested in all contributions made on their behalf. Retirement expense for the years ended December 31, 2021 and 2020 was \$76,716 and \$66,378, respectively.

NOTE 11—COMMUNITY TRUST FUND

DCHS has three component funds at the Madison Community Foundation: the Dane County Humane Society Fund, the Alice Craig Erney Designated Fund, and the Frederick Brumm Fund for the Dane County Humane Society. The Foundation, as a community trust, serves the mutual interests of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving.

Component funds of the Foundation are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant the Foundation variance power that allows the Foundation to modify the donors' stipulations under certain circumstances as the Foundation monitors the changing needs of the community. Therefore, the funds are not included in DCHS's financial statements.

The amount available for annual distributions represents 5% of a rolling twelve-quarter average. All other interest and appreciation are added to the funds. Principal may not be drawn from the funds except with approval of the Foundation's board of governors. DCHS received distributions totaling \$37,418 and \$35,652 from the funds during the years ended December 31, 2021 and 2020, respectively. The fair value of the funds at December 31, 2021 and 2020 was \$1,232,411 and \$1,079,545, respectively.

DANE COUNTY HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 12—LIQUIDITY AND AVAILABILITY

The following table reflects DCHS’s financial assets at December 31, 2021 and 2020, which include cash, accounts receivable, unconditional promises to give, and investments, reduced by amounts not available to meet cash needs for general expenditures within one year of the date of the statement of financial position because of donor-imposed restrictions:

	2021	2020
Financial assets at end of year	\$ 5,231,398	\$ 4,381,622
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	(496,269)	(415,092)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,735,129	\$ 3,966,530

DCHS strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As a donor-funded organization, DCHS receives significant contributions on a regular basis that are available to meet cash needs for general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other investments. In the event of unanticipated liquidity needs, DCHS also could draw up to \$500,000 of the available line of credit (as further discussed in Note 5).

NOTE 13—COVID-19 CONSIDERATIONS

DCHS’s operations were affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization on March 11, 2020. DCHS significantly altered many operations and services to reduce the spread of COVID-19. The effects of these changes can be seen throughout the 2020 financial statements, of which some was recouped in 2021, however still remain decreased from pre-pandemic levels. The notable effects were due to fewer animals being available for adoption, modifications to programs held, the cancellation of some in person events, including fundraising and educational events, as well as the reduction of the use of volunteers in all areas.