

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Financial Statements

For the Years Ended
December 31, 2024 and 2023

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

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December 31, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors
Humane Society of Portage County, Inc.
Plover, Wisconsin

Opinion

We have audited the accompanying financial statements of Humane Society of Portage County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Humane Society of Portage County, Inc. as of December 31, 2024 and 2023, 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. 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 Humane Society of Portage County, 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 Humane Society of Portage County, Inc.'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.

To the Board of Directors
Humane Society of Portage County, Inc.

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 Humane Society of Portage County, 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 the Humane Society of Portage County, 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.

KerberRose SC

KerberRose SC
Certified Public Accountants
Green Bay, Wisconsin
November 5, 2025

FINANCIAL STATEMENTS

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Statements of Financial Position
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash	\$ 98,957	\$ 48,807
Accounts Receivable	17,990	24,557
Contributions Receivable	25,883	-
Prepaid Expenses	2,548	10,485
Inventory	-	2,644
Total Current Assets	<u>145,378</u>	<u>86,493</u>
PROPERTY AND EQUIPMENT		
Construction in Progress	7,000	8,542
Land and Land Improvements	221,089	221,089
Building and Improvements	1,392,146	1,392,146
Furniture, Fixtures and Equipment	217,995	189,977
Vehicles	62,562	62,562
Total Property and Equipment	<u>1,900,792</u>	<u>1,874,316</u>
Less: Accumulated Depreciation	<u>965,091</u>	<u>903,528</u>
Net Property and Equipment	<u>935,701</u>	<u>970,788</u>
OTHER ASSETS		
Investments	437,584	712,158
Beneficial Interest in Assets Held by Community Foundation	129,584	119,872
Total Other Assets	<u>567,168</u>	<u>832,030</u>
TOTAL ASSETS	<u>\$ 1,648,247</u>	<u>\$ 1,889,311</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 42,045	\$ 35,141
Accrued Payroll and Payroll Liabilities	40,239	39,326
Other Accrued Expenses	420	-
Total Current Liabilities	<u>82,704</u>	<u>74,467</u>
NET ASSETS		
Without Donor Restrictions:		
Designated:		
Investment in Property and Equipment	935,701	970,788
Capital Expenditure Fund	128,203	116,819
Emergency Reserve Fund	309,381	595,339
Operational Support	95,874	87,759
Undesignated	<u>36,674</u>	<u>12,026</u>
Total Without Donor Restrictions	1,505,833	1,782,731
With Donor Restrictions	<u>59,710</u>	<u>32,113</u>
Total Net Assets	<u>1,565,543</u>	<u>1,814,844</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,648,247</u>	<u>\$ 1,889,311</u>

See Accompanying Notes

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Statement of Activities

For the Year Ended December 31, 2024

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
Revenues and Other Support			
Contributions	\$ 551,411	\$ 52,597	\$ 604,008
Memorial Income	31,298	-	31,298
Honorary Income	6,684	-	6,684
County Contract Income	303,648	-	303,648
Adoptions and Other Shelter Operations	42,010	-	42,010
Surrender Income	4,495	-	4,495
Redemption Income	428	-	428
Clinic Income	71,295	-	71,295
Fundraising Events	128,827	-	128,827
Contributed Nonfinancial Assets	115,024	-	115,024
Interest Income	14,607	-	14,607
Dividend Income	6,867	-	6,867
Miscellaneous	123	-	123
Net Assets Released from Restrictions	25,000	(25,000)	-
Total Revenues and Other Support	<u>1,301,717</u>	<u>27,597</u>	<u>1,329,314</u>
EXPENSES			
Program Services	1,215,939	-	1,215,939
Management and General	209,018	-	209,018
Fundraising	183,018	-	183,018
Total Expenses	<u>1,607,975</u>	<u>-</u>	<u>1,607,975</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(306,258)</u>	<u>27,597</u>	<u>(278,661)</u>
OTHER CHANGES			
Change in Beneficial Interest in Assets Held by Community Foundation	10,409	-	10,409
Net Realized and Unrealized Gains on Investments	18,951	-	18,951
Total Other Changes	<u>29,360</u>	<u>-</u>	<u>29,360</u>
CHANGE IN NET ASSETS	<u>(276,898)</u>	<u>27,597</u>	<u>(249,301)</u>
NET ASSETS - BEGINNING	<u>1,782,731</u>	<u>32,113</u>	<u>1,814,844</u>
NET ASSETS - ENDING	<u>\$ 1,505,833</u>	<u>\$ 59,710</u>	<u>\$ 1,565,543</u>

See Accompanying Notes

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Statement of Activities

For the Year Ended December 31, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
Revenues and Other Support			
Contributions	\$ 430,263	\$ 3,650	\$ 433,913
Bequests	16,911	-	16,911
Memorial Income	23,155	-	23,155
Honorary Income	2,426	-	2,426
County Contract Income	297,718	-	297,718
Adoptions and Other Shelter Operations	38,580	-	38,580
Surrender Income	740	-	740
Redemption Income	1,444	-	1,444
Clinic Income	59,558	-	59,558
Fundraising Events	142,935	-	142,935
Contributed Nonfinancial Assets	109,475	-	109,475
Interest Income	13,843	-	13,843
Dividend Income	3,523	-	3,523
Miscellaneous	128	-	128
Total Revenues and Other Support	<u>1,140,699</u>	<u>3,650</u>	<u>1,144,349</u>
EXPENSES			
Program Services	1,002,258	-	1,002,258
Management and General	217,530	-	217,530
Fundraising	167,257	-	167,257
Total Expenses	<u>1,387,045</u>	<u>-</u>	<u>1,387,045</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(246,346)</u>	<u>3,650</u>	<u>(242,696)</u>
OTHER CHANGES			
Employee Retention Credit	33,858	-	33,858
Change in Beneficial Interest in Assets Held by Community Foundation	15,869	-	15,869
Net Realized and Unrealized Gains on Investments	59,689	-	59,689
Total Other Changes	<u>109,416</u>	<u>-</u>	<u>109,416</u>
CHANGE IN NET ASSETS	<u>(136,930)</u>	<u>3,650</u>	<u>(133,280)</u>
NET ASSETS - BEGINNING	<u>1,919,661</u>	<u>28,463</u>	<u>1,948,124</u>
NET ASSETS - ENDING	<u>\$ 1,782,731</u>	<u>\$ 32,113</u>	<u>\$ 1,814,844</u>

See Accompanying Notes

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2024

EXPENSES	Support Services			Total
	Program Services	Management and General	Fundraising	
Salaries	\$ 616,668	\$ 123,334	\$ 30,833	\$ 770,835
Payroll Taxes	58,714	11,743	2,936	73,393
Health Insurance	16,679	3,336	834	20,849
Advertising	210	-	210	420
Annual Appeal	-	-	81,018	81,018
Professional Fees	59,862	16,133	-	75,995
Shelter Supplies	100,443	-	-	100,443
Medical Supplies	107,847	-	-	107,847
Office Supplies	3,537	3,537	-	7,074
Training	13,027	-	-	13,027
Meetings	-	4,108	-	4,108
Telephone	2,133	609	305	3,047
Shelter Veterinary Services	55,334	-	-	55,334
Postage and Shipping	2,154	538	2,692	5,384
Occupancy	38,884	4,861	4,861	48,606
Repairs and Maintenance	25,604	3,201	3,201	32,006
Technology Expenses	14,060	4,017	2,009	20,086
Travel	14,957	-	-	14,957
License Fees	897	-	-	897
Dues and Subscriptions	-	11,919	-	11,919
Insurance	19,601	2,450	2,450	24,501
Bank and Credit Card Fees	-	6,476	-	6,476
Special Events	-	-	33,513	33,513
Public Relations	12,000	6,600	12,000	30,600
Miscellaneous	4,077	-	-	4,077
Depreciation	49,251	6,156	6,156	61,563
TOTAL EXPENSES	\$ 1,215,939	\$ 209,018	\$ 183,018	\$ 1,607,975

See Accompanying Notes

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2023

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
EXPENSES				
Salaries	\$ 540,302	\$ 118,061	\$ 27,015	\$ 685,378
Payroll Taxes	49,603	9,920	2,480	62,003
Health Insurance	14,895	2,979	745	18,619
Annual Appeal	-	-	69,129	69,129
Professional Fees	45,361	20,901	-	66,262
Shelter Supplies	55,002	-	6,000	61,002
Medical Supplies	57,083	-	-	57,083
Office Supplies	5,631	5,631	-	11,262
Training	5,573	-	-	5,573
Meetings	-	3,568	-	3,568
Telephone	1,592	455	227	2,274
Shelter Veterinary Services	58,866	-	-	58,866
Postage and Shipping	2,396	599	2,995	5,990
Occupancy	40,884	5,110	5,110	51,104
Repairs and Maintenance	26,876	6,719	-	33,595
Technology Expenses	4,121	13,177	589	17,887
Travel	8,829	-	-	8,829
License Fees	2,662	-	-	2,662
Dues and Subscriptions	-	10,809	-	10,809
Insurance	18,621	2,328	2,328	23,277
Bank and Credit Card Fees	-	4,561	-	4,561
Special Events	-	-	32,527	32,527
Public Relations	12,000	6,600	12,000	30,600
Miscellaneous	3,061	-	-	3,061
Depreciation	48,900	6,112	6,112	61,124
TOTAL EXPENSES	\$ 1,002,258	\$ 217,530	\$ 167,257	\$ 1,387,045

See Accompanying Notes

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (249,301)	\$ (133,280)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	61,563	61,124
Change in Beneficial Interest in Assets Held by Community Foundation	(10,409)	(15,869)
Realized and Unrealized Gains on Investments	(18,951)	(59,689)
Interest and Dividends Reinvested	(21,474)	(17,366)
Decrease (Increase) in Operating Assets:		
Accounts Receivable	6,567	8,995
Contribution Receivable	(25,883)	-
Prepaid Expenses	7,937	(4,531)
Inventory	2,644	2,499
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	6,904	(5,165)
Accrued Payroll and Payroll Liabilities	913	9,824
Other Accrued Expenses	420	(278)
Net Cash Flows From Operating Activities	(239,070)	(153,736)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(26,475)	(16,524)
Contributions to Beneficial Interest in Assets Held by Community Foundation	(1,597)	(3,650)
Purchases of Investments	-	(4,911)
Proceeds from Sale of Investments	314,999	190,000
Distribution from Beneficial Interest in Assets Held by Community Foundation	2,293	-
Net Cash Flows from Investing Activities	289,220	164,915
NET CHANGE IN CASH	50,150	11,179
CASH - BEGINNING	48,807	37,628
CASH - ENDING	\$ 98,957	\$ 48,807

See Accompanying Notes

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of Humane Society of Portage County, Inc. (Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Humane Society of Portage County, Inc. was incorporated in 1969 in the State of Wisconsin. The Organization is a not-for-profit organization which assists in the protection and care of domestic animals by providing educational programs, shelter for animals, lost and found services, animal training programs, pet adoption services, humane destruction of unwanted, sick and injured animals, picking up and receiving stray animals, returning lost pets to owners, and providing other lawful related services in the animal protection field. The Organization's primary sources of revenue are from county contracts, donations and fees for services.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash

Cash consists of demand deposits with financial institutions and is carried at cost. For the purpose of the statements of cash flows, the Organization considers as cash equivalents all highly liquid investments which have a maturity period of ninety days or less from purchase to be cash. Aggregate accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the outstanding balances, it has concluded that realization losses on balances outstanding at December 31, 2024 and 2023 will be immaterial.

Investments

Investments consist of debt, mutual funds, and equity securities held as of December 31, 2024 and 2023. Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Donated investments are recorded at their estimated fair value at the date received.

Prepaid Expenses

Prepaid expenses are payments to vendors that benefit future reporting periods.

Contribution Revenue

Contributions of cash and other assets are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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 donor restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as without donor restrictions.

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

A portion of the Organization's revenue is derived from shelter and clinic operations. The amounts received are recognized at the time of sale or at the time services are performed. The Organization also receives revenue from a county contract which is recognized over the period in which services are provided.

Property, Equipment and Depreciation

Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at acquisition value at date of donation. All acquisitions of property and equipment in excess of \$5,000 are capitalized, while expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized. Depreciation for financial reporting purposes is calculated using the straight-line method. Estimated useful lives of the assets are as follows:

Land Improvements	15 Years
Building and Improvements	15 – 39 Years
Furniture, Fixtures, and Equipment	5 – 10 Years
Vehicles	5 Years

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported 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 organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. 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 other changes. Operating activities consist of those items attributable to Humane Society of Portage County, Inc.'s ongoing services and interest and dividends earned on investments. Other changes are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature, and COVID related revenues.

Contributed Nonfinancial Assets

The Organization records various types of contributed nonfinancial assets. Contributed nonfinancial assets are recognized at fair value if the nonfinancial assets received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets, materials and other goods are recognized at fair value when received. The amounts reflected in the accompanying financial statements as contributed nonfinancial assets are offset by like amounts included in expenses or additions to property and equipment.

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

The Organization received contributed program materials, equipment and services with a fair value on the dates of donation of \$115,024 and \$109,475 for the years ended December 31, 2024 and 2023, respectively. Corresponding expenses are as follows for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Professional Fees - Operations	\$ 36,000	\$ 36,000
Technology Expenses	12,000	12,000
Professional Fees - Legal	6,000	6,000
Shelter Veterinary Services	12,000	12,000
Public Relations	24,000	24,000
Employment Services	-	700
Shelter Supplies	7,369	6,000
Special Events - Services	2,500	1,500
Special Event - Materials	15,155	11,275
	<u>\$ 115,024</u>	<u>\$ 109,475</u>

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with the operation of the shelter, fostering animals, office duties and fundraising campaigns. These volunteer contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and Effort
Payroll Taxes	Time and Effort
Health Insurance	Time and Effort
Shelter Supplies	Actual Usage
Professional Fees	Full Time Equivalent
Office Supplies	Actual Usage
Telephone	Full Time Equivalent
Postage and Shipping	Actual Usage
Occupancy	Square Footage
Repairs and Maintenance	Actual Usage
Technology	Actual Usage
Insurance	Square Footage
Public Relations	Actual Usage
Depreciation	Square Footage

Income Taxes

The Organization is a charitable organization under Section 501(c)(3) of the Internal Revenue Code and thus is exempt from income taxes. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private operating foundation under Section 509(a)(2). Gifts, grants and bequests are deductible by donors within limitations of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated activities. The Organization continually evaluates its tax positions, changes in tax law and new authoritative rulings for potential implications to its tax status. The Organization does not believe there are any uncertain tax positions.

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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 may differ from these estimates.

Subsequent Events

The Organization has evaluated subsequent events through November 5, 2025, the date which the financial statements were available to be issued.

Note 2 - Availability and Liquidity

The following represents the Organization's financial assets available for use at December 31:

	<u>2024</u>	<u>2023</u>
Financial Assets at Year End:		
Cash	\$ 98,957	\$ 48,807
Accounts receivable	17,990	24,557
Contributions receivable	25,883	-
Investments	437,584	712,158
Beneficial interest in assets held by Community Foundation	<u>129,584</u>	<u>119,872</u>
Total financial assets	709,998	905,394
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(59,710)</u>	<u>(32,113)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 650,288</u>	<u>\$ 873,281</u>

The Organization has various sources of liquidity at its disposal. In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Note 3 - Concentration of Revenue

The Organization receives a substantial portion of its annual revenue from an animal control contract with Portage County, Wisconsin. If a significant reduction in the level of these revenues were to occur, it would have an effect on the Organization's programs and activities. The Organization received \$303,648 and \$297,718 from the county for the years ended December 31, 2024 and 2023, respectively, which is approximately 22% and 26% of total revenues and other support.

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

Note 4 - Beneficial Interest in Assets at Community Foundation

Certain gifts received by the Organization have been transferred to the Community Foundation of Central Wisconsin (Foundation) and established an endowment fund for operational support. During 2022, the Organization changed the board designated funds to agency funds at the Community Foundation to have easier access to funds. The Board of Directors of the Foundation has sole discretion as to the investment and reinvestment of these funds. Upon the request of the Board of Directors of the Organization, the Foundation's Board may authorize distributions from the fund to be used for the purpose set forth in the fund agreement. Under this arrangement investments in marketable securities with readily determined fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Note 5 - Fair Value Measurements

Financial Accounting Standards Board Codification of Accounting Pronouncements, *Fair Value Measurements*, 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 below:

- Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.
- Level 2 Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's 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.

The following is a description of the valuation methodologies used for assets measured at fair value.

Beneficial Interest: Valued using level 3 inputs based on future cash flows from the Organization's allocated share of the beneficial interest and the valued inputs used for the Community Foundation.

Cash and Equivalents: Due to their short-term nature, the carrying amounts of cash and equivalents approximate the fair value and are deemed to be actively traded (level 1 inputs).

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded (level 1 inputs).

Stocks: Valued at the closing price reported on the active market on which the individual securities are traded (level 1 inputs).

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

Note 5 - Fair Value Measurements (Continued)

Fair values of assets measured on a recurring basis at December 31, 2024 are as follows:

	<u>Fair Value Level 1</u>	<u>Fair Value Level 3</u>	<u>Total</u>
Beneficial Interest in Community Foundation	\$ -	\$ 129,584	\$ 129,584
Cash and Equivalents	30,803	-	30,803
Mutual Funds	267,763	-	267,763
Stocks	139,018	-	139,018
Total	<u>\$ 437,584</u>	<u>\$ 129,584</u>	<u>\$ 567,168</u>

Fair values of assets measured on a recurring basis at December 31, 2023 are as follows:

	<u>Fair Value Level 1</u>	<u>Fair Value Level 3</u>	<u>Total</u>
Beneficial Interest in Community Foundation	\$ -	\$ 119,872	\$ 119,872
Cash and Equivalents	46,423	-	46,423
Mutual Funds	389,185	-	389,185
Stocks	276,550	-	276,550
Total	<u>\$ 712,158</u>	<u>\$ 119,872</u>	<u>\$ 832,030</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>2024</u>	<u>2023</u>
Endowment Assets, Beginning of the Year	\$ 119,872	\$ 100,353
Contributions	1,597	3,650
Interest and Dividend Income	4,984	4,075
Investment Fees	(1,780)	(1,524)
Distributions	(2,293)	-
Total Gains (Realized/Unrealized)	7,204	13,318
Endowment Assets, End of the Year	<u>\$ 129,584</u>	<u>\$ 119,872</u>

The Organization recognizes reclassifications of assets into and out of levels as of the date an event or change in circumstances causes the reclassification.

Note 6 - Endowment Funds

The Financial Accounting Standards Board (FASB), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FASB also improved disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

Note 6 - Endowment Funds (Continued)

Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 20, 2009. The Board of Directors of Humane Society of Portage County, Inc. has interpreted the Wisconsin UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent any explicit donor stipulations to the contrary.

As a result of this interpretation, Humane Society of Portage County, Inc. classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The initial gift of the endowment fund being held at the Community Foundation includes a perpetually restricted portion (which is to be used for operational support). The remaining portion of the endowment fund that is not perpetual in nature is classified as board designated net assets without donor restrictions.

In accordance with the Wisconsin UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate board designated funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the board designated endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation or depreciation of investments.
6. Other resources of the Organization.
7. The Organization's investment policies.

Investing Policy – The investment strategy of the endowment fund is to emphasize total return, that is, the aggregate return from capital appreciation and dividend and interest income.

Spending Policy – Income from the fund is available for the general purposes of the Organization. A distribution was made during the year ended December 31, 2024. No distribution was made during the year ended December 31, 2023. Humane Society of Portage County, Inc. has no formal spending policy.

From time to time, certain endowment funds may have fair values less than the amount required to be maintained by law (underwater endowments). The Organization's Board of Directors has interpreted the Wisconsin UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

Nature of Restricted Net Assets – The without donor restrictions amounts are board designated funds for use toward general purposes of the Organization. The amounts will be released from restriction when appropriation is made by the Board of Directors. There were distributions in the amount of \$2,293 and \$0 for the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024, the Organization had the following endowment net asset composition by type of fund, which are designated and restricted for operational purposes:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	\$ 95,874	\$ -	\$ 95,874
Donor-Restricted Endowment Funds			
Original Donor-Restricted Gift Amounts and Amounts Required to be Maintained in Perpetuity by Donor	-	33,710	33,710
	\$ 95,874	\$ 33,710	\$ 129,584

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Notes to Financial Statements

December 31, 2024 and 2023

Note 6 - Endowment Funds (Continued)

As of December 31, 2023, the Organization had the following endowment net asset composition by type of fund, which are designated and restricted for operational purposes:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ 87,759	\$ -	\$ 87,759
Donor-Restricted Endowment Funds			
Original Donor-Restricted Gift Amounts and Amounts Required to be Maintained in Perpetuity by Donor	<u>-</u>	<u>32,113</u>	<u>32,113</u>
	<u>\$ 87,759</u>	<u>\$ 32,113</u>	<u>\$ 119,872</u>

Changes in endowment without donor restricted net assets for the years ended December 31, 2024 and 2023 are depicted in Note 5.

Note 7 - Net Assets

Net assets at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Net Assets Without Donor Restrictions:		
Undesignated Net Assets Without Donor Restrictions	<u>\$ 36,674</u>	<u>\$ 12,026</u>
Designated Net Assets Without Donor Restrictions:		
Investment in Property and Equipment	935,701	970,788
Capital Expenditure Fund	128,203	116,819
Emergency Reserve Fund	309,381	595,339
Operational Support	<u>95,874</u>	<u>87,759</u>
Total Designated Net Assets Without Donor Restrictions	<u>1,469,159</u>	<u>1,770,705</u>
Total Net Assets Without Donor Restrictions	<u>1,505,833</u>	<u>1,782,731</u>
Net Assets With Donor Restrictions:		
Washers and Dryers	26,000	-
Perpetually Restricted Endowment Fund	<u>33,710</u>	<u>32,113</u>
Total With Donor Restricted Net Assets	<u>59,710</u>	<u>32,113</u>
Total Net Assets	<u>\$ 1,565,543</u>	<u>\$ 1,814,844</u>

Note 8 - Purchase Commitment

The Organization entered into an agreement with IDEXX Laboratories during 2020 in which they received an X-Ray machine at no cost with the requirement that they purchase a minimum of \$14,700 of products and services from IDEXX Laboratories for each of the next six years. Ownership of the machine will transfer to the Organization upon completion of the agreement term.

HUMANE SOCIETY OF PORTAGE COUNTY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

Note 9 - Revenue from Contracts with Customers

In accordance with Topic 606, the Organization accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable that the Organization will collect substantially all of the consideration to which it is entitled. Revenue is recognized when, or as, performance obligations are satisfied by transferring control of a promised product or service to a customer.

The Organization generates revenue from the following activities:

- County Contract – revenue from Portage County for humane officer services provided. Revenue is recognized ratably each month over the term of the contract.
- Adoptions and Other Shelter Operations – revenue from the adoption of animals and other shelter operations
- Surrenders and Redemptions – revenues from the surrender and redemption of animals
- Clinic Income – revenues from the services provided to other shelters, medical services, vaccines and microchips

Disaggregation of Revenue

The table below presents net sales disaggregated by timing of revenue recognition by segment:

2024				
Segments	County Contract	Adoptions and Other Shelter Operations	Surrenders and Redemptions	Clinic Income
Timing of Revenue Recognition				
Services Transferred at a Point in Time	\$ -	\$ 42,010	\$ 4,923	\$ 71,295
Services Transferred Over Time	303,648	-	-	-
	\$ 303,648	\$ 42,010	\$ 4,923	\$ 71,295
2023				
Segments	County Contract	Adoptions and Other Shelter Operations	Surrenders and Redemptions	Clinic Income
Timing of Revenue Recognition				
Services Transferred at a Point in Time	\$ -	\$ 38,580	\$ 2,184	\$ 59,558
Services Transferred Over Time	297,718	-	-	-
	\$ 297,718	\$ 38,580	\$ 2,184	\$ 59,558

Opening and Closing Balances of Receivables

The following table provides information about accounts receivable balances:

	At December 31, 2024	At December 31, 2023	At December 31, 2022
Accounts Receivable	\$ 17,990	\$ 24,557	\$ 33,552

Practical Expedient

The Organization has elected to apply the following practical expedient when determining revenue from contracts with customers:

- The Organization has elected to not adjust revenue for the effects of a significant finance component when the timing difference between receipt of payment and recognition of revenue is less than one year.