

Wisconsin Humane Society

Financial Statements

Years Ended September 30, 2023 and 2022



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Independent Auditor's Report

Board of Directors
Wisconsin Humane Society
Milwaukee, Wisconsin

Opinion

We have audited the accompanying financial statements of Wisconsin Humane Society (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of September 30, 2023 and 2022, 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 referred to above present fairly, in all material respects, the financial position of Wisconsin Humane Society as of September 30, 2023 and 2022, 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 ("GAAP").

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 Wisconsin Humane Society 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 GAAP, 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 Wisconsin Humane Society's ability to continue as a going concern for one year after the date 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 Wisconsin 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 Wisconsin 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Milwaukee, Wisconsin
January 3, 2024

Wisconsin Humane Society

Statements of Financial Position

September 30, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and cash equivalents	\$ 5,670,656	\$ 6,212,969
Investments	14,072,516	12,416,931
Accounts receivable	49,553	51,940
Promises to give - Current portion - Net	58,600	63,600
Inventories	85,659	83,982
Prepaid expenses and other assets	103,059	87,132
Total current assets	20,040,043	18,916,554
Assets restricted as to use:		
Cash - State unemployment compensation	132,880	120,192
Beneficial interest in assets held by others	746,883	717,689
Total assets restricted as to use	879,763	837,881
Property and equipment - Net	17,563,896	15,969,854
Other assets:		
Right-of-use asset, net of accumulated amortization		
Financing	22,411	-
Operating	785,241	-
Promises to give - Less current portion	2,000	52,000
Total other assets	809,652	52,000
TOTAL ASSETS	\$ 39,293,354	\$ 35,776,289

Wisconsin Humane Society

Statements of Financial Position (Continued)

September 30, 2023 and 2022

Liabilities and Net Assets	2023	2022
Current liabilities:		
Accounts payable	\$ 350,435	\$ 285,192
Accrued salary and benefits	428,971	371,761
Accrued expenses	18,140	39,766
Current portion of lease liability - financing	8,151	-
Current portion of lease liability - operating	121,597	-
Deferred revenue	213,509	261,658
Total current liabilities	1,140,803	958,377
Long-term liabilities:		
Lease liability - financing, less current portion	14,332	-
Lease liability - operating, less current portion	698,082	-
Total long-term liabilities	712,414	-
Total liabilities	1,853,217	958,377
Net assets:		
Without donor restrictions	36,426,688	33,830,159
With donor restrictions	1,013,449	987,753
Total net assets	37,440,137	34,817,912
TOTAL LIABILITIES AND NET ASSETS	\$ 39,293,354	\$ 35,776,289

See accompanying notes to financial statements.

Wisconsin Humane Society

Statements of Activities

Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 6,772,333	\$ -	\$ 6,772,333
Bequests	3,847,684	-	3,847,684
Service fees	3,908,696	-	3,908,696
Merchandise sales	425,765	-	425,765
Investment income - Net	1,821,807	29,194	1,851,001
Special events	1,056,444	-	1,056,444
Contributed non-financial assets	105,191	-	105,191
Other revenue	105,055	-	105,055
Net assets released from restrictions	3,498	(3,498)	-
Total support and revenue	18,046,473	25,696	18,072,169
Expenses:			
Program expenses	13,749,609	-	13,749,609
Management and general	919,973	-	919,973
Fund-raising	2,679,842	-	2,679,842
Total expenses	17,349,424	-	17,349,424
Excess of support and revenue over expenses	697,049	25,696	722,745
Other changes in net assets:			
Contribution recognized on acquisitions (see Note 17)	1,899,480	-	1,899,480
Change in net assets	2,596,529	25,696	2,622,225
Net assets at beginning of year	33,830,159	987,753	34,817,912
Net assets at end of year	\$ 36,426,688	\$ 1,013,449	\$ 37,440,137

Wisconsin Humane Society

Statements of Activities (Continued)

Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 7,103,548	\$ -	\$ 7,103,548
Bequests	4,495,407	-	4,495,407
Service fees	3,662,301	-	3,662,301
Merchandise sales	406,315	-	406,315
Investment income - Net	(2,332,967)	(101,263)	(2,434,230)
Special events	996,509	-	996,509
Contributed non-financial assets	40,820	-	40,820
Other revenue	93,437	-	93,437
Net assets released from restrictions	25,425	(25,425)	-
Total support and revenue	14,490,795	(126,688)	14,364,107
Expenses:			
Program expenses	12,165,639	-	12,165,639
Management and general	759,930	-	759,930
Fund-raising	2,397,620	-	2,397,620
Total expenses	15,323,189	-	15,323,189
Change in net assets	(832,394)	(126,688)	(959,082)
Net assets at beginning of year	34,662,553	1,114,441	35,776,994
Net assets at end of year	\$ 33,830,159	\$ 987,753	34,817,912

See accompanying notes to financial statements.

Wisconsin Humane Society

Statements of Functional Expenses

Year Ended September 30, 2023

	Program Services						Total
	Veterinary	Sheltering and Animal Care	Community Relations and Outreach	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 2,200,861	\$ 4,538,324	\$ 811,031	\$ 7,550,216	\$ 509,871	\$ 1,055,756	\$ 9,115,843
Employee benefits	177,398	501,147	107,368	785,913	28,325	112,911	927,149
Payroll taxes	161,127	327,889	58,022	547,038	36,892	75,750	659,680
Audit and legal fees	-	-	-	-	23,600	-	23,600
Outside services	89,401	268,683	36,346	394,430	8,770	34,208	437,408
Office supplies	1,240	16,005	495	17,740	1,711	2,567	22,018
Animal supplies	86,458	172,965	5,844	265,267	-	-	265,267
Building support	85,552	292,627	36,902	415,081	9,029	44,730	468,840
Telephone	5,464	19,072	2,316	26,852	564	2,880	30,296
Utilities	100,445	285,399	35,790	421,634	9,685	44,508	475,827
Building repairs and maintenance	55,744	161,624	20,268	237,636	4,937	25,205	267,778
Rent	102,608	-	-	102,608	51,623	-	154,231
Postage and shipping	461	18,550	35	19,046	2,005	345,899	366,950
Insurance	32,497	90,165	11,307	133,969	2,754	14,061	150,784
Equipment	33,992	24,644	-	58,636	4,590	7,173	70,399
Advertising and direct mail costs	21	192	19,388	19,601	-	486,389	505,990
Travel	9,738	14,569	9,247	33,554	7,162	9,221	49,937
Vehicle	-	104	6,782	6,886	-	-	6,886
Conferences, conventions, and meetings	2,391	6,780	235	9,406	4,488	5,220	19,114
Dues	10,882	2,007	290	13,179	2,836	2,013	18,028
Operating costs	144,300	489,397	61,468	695,165	14,992	75,898	786,055
Program and promotional supplies	-	-	11,698	11,698	180	-	11,878
Software fees	14,370	18,639	2,481	35,490	13,359	79,427	128,276
Miscellaneous	227	9,177	659	10,063	1,416	7,345	18,824
Veterinary supplies	655,642	-	18,716	674,358	-	-	674,358
Dog training class	-	100	-	100	-	-	100
Depreciation	235,255	638,302	80,170	953,727	19,554	98,991	1,072,272
Store merchandise	-	276,194	-	276,194	-	-	276,194
Special events	-	-	-	-	-	149,690	149,690
Non-recurring acquisition expenses	-	-	-	-	90,562	-	90,562
Donated goods and services	14,560	19,562	-	34,122	71,068	-	105,190
Total expenses	\$ 4,220,634	\$ 8,192,117	\$ 1,336,858	\$ 13,749,609	\$ 919,973	\$ 2,679,842	\$ 17,349,424

See accompanying notes to financial statements.

Wisconsin Humane Society

Statements of Functional Expenses (Continued)

Year Ended September 30, 2022

	Program Services						Total
	Veterinary	Sheltering and Animal Care	Community Relations and Outreach	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 1,872,535	\$ 4,099,256	\$ 709,715	\$ 6,681,506	\$ 510,742	\$ 930,829	\$ 8,123,077
Employee benefits	161,085	433,248	114,629	708,962	30,315	109,889	849,166
Payroll taxes	136,932	289,988	49,670	476,590	31,830	66,274	574,694
Audit and legal fees	-	-	-	-	22,448	-	22,448
Outside services	79,753	235,239	30,901	345,893	32,090	27,416	405,399
Office supplies	842	11,488	182	12,512	3,325	1,439	17,276
Animal supplies	71,594	152,278	5,379	229,251	-	-	229,251
Building support	81,803	277,053	31,893	390,749	9,007	40,901	440,657
Telephone	4,261	13,737	1,485	19,483	1,117	1,945	22,545
Utilities	96,341	275,882	31,191	403,414	10,180	40,855	454,449
Building repairs and maintenance	50,629	142,297	16,088	209,014	4,985	21,073	235,072
Rent	88,271	-	-	88,271	32,572	-	120,843
Postage and shipping	378	16,739	106	17,223	1,740	241,529	260,492
Insurance	28,861	78,136	8,834	115,831	2,737	11,571	130,139
Equipment	21,693	18,469	-	40,162	4,650	8,444	53,256
Advertising and direct mail costs	988	362	18,592	19,942	-	529,514	549,456
Travel	6,851	12,799	9,326	28,976	2,941	3,997	35,914
Vehicle	-	215	5,532	5,747	-	-	5,747
Conferences, conventions, and meetings	2,889	6,474	76	9,439	4,801	13,857	28,097
Dues	13,827	1,998	197	16,022	7,397	1,858	25,277
Operating costs	109,572	370,283	42,082	521,937	12,704	54,786	589,427
Program and promotional supplies	-	-	10,653	10,653	477	-	11,130
Software fees	13,557	17,098	2,011	32,666	11,239	59,306	103,211
Miscellaneous	556	6,191	1,347	8,094	1,703	5,507	15,304
Veterinary supplies	561,481	-	13,881	575,362	-	-	575,362
Dog training class	-	696	-	696	-	-	696
Depreciation	227,450	610,059	69,332	906,841	20,930	90,262	1,018,033
Store merchandise	-	249,583	-	249,583	-	-	249,583
Events expense	-	-	-	-	-	136,368	136,368
Donated goods and services	-	40,820	-	40,820	-	-	40,820
Total expenses	\$ 3,632,149	\$ 7,360,388	\$ 1,173,102	\$ 12,165,639	\$ 759,930	\$ 2,397,620	\$ 15,323,189

See accompanying notes to financial statements.

Wisconsin Humane Society

Statements of Cash Flows

Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,622,225	\$ (959,082)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Nonfinancial asset donations on acquisition	(1,877,038)	-
Depreciation	1,072,272	1,018,033
Amortization of right-of-use lease assets - Operating	119,594	-
Amortization of right-of-use lease assets - Finance	2,801	-
Change in value of beneficial interest in assets held by others	(49,033)	84,804
Realized and unrealized (gain) loss on investments	(1,471,990)	2,488,016
Changes in operating assets and liabilities excluding acquisition of net assets of Kenosha:		
Accounts receivable	11,731	(8,813)
Promises to give	(6,000)	7,875
Prepaid expenses, other assets and inventories	(17,604)	(15,006)
Accounts payable	26,412	5,829
Accrued salary and benefits	25,677	50,750
Accrued expenses	(22,462)	(7,419)
Deferred revenue	(48,149)	62,687
Operating lease liability	(85,156)	-
Net cash from operating activities	303,280	2,727,674
Cash flows from investing activities:		
Purchase of property and equipment	(411,314)	(396,991)
Distributions from beneficial interests in assets held by others	19,839	27,980
Purchase of investments	(1,012,267)	(2,253,675)
Proceeds from sales of investments	828,672	1,871,289
Net cash from investing activities	(575,070)	(751,397)
Cash flows from financing activities:		
Proceeds from contributions for purchase of property and equipment	61,000	70,000
Payments on financing leases	(2,729)	-
Payments on long-term debt	(316,106)	-
Net cash from financing activities	(257,835)	70,000
Increase in cash, cash equivalents, and restricted cash	(529,625)	2,046,277
Cash, cash equivalents, and restricted cash at beginning	6,333,161	4,286,884
Cash, cash equivalents, and restricted cash at end	\$ 5,803,536	\$ 6,333,161
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 5,670,656	\$ 6,212,969
Cash - State unemployment compensation	132,880	120,192
Cash, cash equivalents, and restricted cash	\$ 5,803,536	\$ 6,333,161

Wisconsin Humane Society

Statements of Cash Flows (Continued)

Years Ended September 30, 2023 and 2022

	2023	2022
Noncash adjustments to operating activities:		
Contributions of accounts receivable	\$ 9,344	\$ -
Contributions of land, property, and equipment	2,255,000	-
Assumption of accounts payable and other liabilities	(38,831)	-
Assumption of accrued salary and benefits	(31,533)	-
Assumption of accrued expenses	(836)	-
Assumption of debt	(316,106)	-
Total noncash adjustments to operating activities	\$ 1,877,038	\$ -

See accompanying notes to financial statements.

Wisconsin Humane Society

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Wisconsin Humane Society (the "Organization") is committed to making a difference for animals and the people who love them. The Organization provides shelter, adoption services, education, outreach, and veterinary services at its principal business office in Milwaukee, Wisconsin. In addition, the Organization operates shelter facilities in Ozaukee, Racine, Kenosha, Door, and Brown Counties in Wisconsin along with a spay/neuter clinic in West Allis, Wisconsin.

In 2023, the Organization acquired the assets of the Kenosha County Humane Society, aka Safe Harbor Humane Society. See Footnote 16 for more information on the acquisition.

The Organization also operates a wildlife rehabilitation program. The purpose of this program is to develop the capability to receive, collect, rescue, maintain, and when possible rehabilitate and release sick, injured, or orphaned indigenous wildlife that originate from within Milwaukee County.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Change in Accounting Policy

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied on a modified retrospective basis. The Organization adopted this guidance as of October 1, 2022, and has elected to apply the transition guidance as of the beginning of the period of adoption as permitted under FASB ASC 842. Accordingly, lease information for 2022 is shown in accordance with existing GAAP at that time under FASB ASC 840. There was no effect on net assets as of September 30, 2022. As a result of the adoption of FASB ASC 842, the Organization recognized right-of-use assets and lease obligations totaling \$904,835 as of October 1, 2022.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. The Organization considers useful lives and depreciation methods of property and equipment, discount rate for present value of future cash flows of long term promises to give, and allowance for uncollectible promises to give to be significant estimates. Actual results may differ from these estimates and are subject to change in the near term.

Wisconsin Humane Society

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as short-term investments in the Organization's investment portfolio and amounts restricted as to use.

The Organization has elected reimbursement financing under the provisions of the Wisconsin unemployment compensation laws. To meet state funding requirements, the Organization has restricted deposits totaling \$132,880 and \$120,192 as of September 30, 2023 and 2022, respectively.

Investments

The Organization's investments are held in broker-administered funds. Management has granted the investment managers discretionary authority over investment decisions based on the Organization's investment policy.

Investments are carried at fair value in the accompanying statements of financial position. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated based on specific identification of the securities sold. Investments received as gifts are stated at the fair value at the date of donation. Investment management and custodian fees are recorded as a reduction of investment income for financial reporting purposes.

Interest and dividend income, and realized and unrealized gains or losses are reported as increases in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income or as increases in net assets without donor restrictions in all other cases.

Wisconsin Humane Society

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are generally uncollateralized client obligations due upon receipt. Payments of accounts receivable are allocated to the specific invoices identified on the client's remittance advice or, if unspecified, applied to the earliest unpaid invoices. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amount of accounts receivable is reduced by allowances that reflect management's estimate of uncollectible amounts. There was no allowance as of September 30, 2023 and 2022.

Promises to Give

Promises to give are reported in the statements of financial position net of unamortized discounts and an allowance for uncollectible promises. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate of 0.16% as of September 30, 2022. The discount rate is based on an average of the Organization's internal borrowing rate and the risk free rate of interest as determined by the rate on a 5 year U.S. Treasury bill. Management individually reviews all past due promises to give and estimates the portion, if any, of the balance that will not be collected. The carrying amount of promises to give are reduced by allowances which reflect management's estimate of uncollectible amounts. The allowance for uncollectible promises was \$5,511 and \$11,511 as of September 30, 2023 and 2022, respectively.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Inventories

Inventories, composed primarily of pet supplies held for resale, are valued at the lower of cost, determined using the average cost method, or net realizable value.

Property and Equipment

Property and equipment are recorded at cost. Donated equipment is recorded at the asset's fair market value at the date of donation. The cost of these items is charged to expense as depreciation computed on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are 5 years for furniture, vehicles, and equipment and 20 to 40 years for land improvements, building, and building improvements.

Wisconsin Humane Society

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long lived assets during 2023 and 2022.

Deferred Revenue

Ticket and sponsorship funds received in advance of a fundraising event but not earned as of the date of the statements of financial position, have been classified as deferred revenue. Revenues will be recognized in future periods as the events occur.

Revenue and Revenue Recognition

Contributions and Promises to Give

Contributions, including promises to give and bequests, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions.

A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any 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 restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to give without a purpose restriction to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received, unless the donor's intention is to support current-period activities.

Wisconsin Humane Society

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the promise.

Event Income and Other Revenues

Special event revenues are directly related to fundraising activities. These special events consist of dinners, auctions, walks, and other fundraising activities. The exchange component of the activity is equal to the cost of the direct benefit to the donor consisting of food, drink, auctions items, and apparel which approximates fair value and was \$149,690 and \$136,368 for the years ended September 30, 2023 and 2022, respectively. The contribution component of the activity is the difference between the revenues earned and the exchange portion. The exchange portion of event revenues are recognized over time as the performance obligations are satisfied, which is the occurrence of the event(s). Fundraising event proceeds collected in advance are recorded as deferred revenue and recognized as fundraising event revenue when the event occurs. Unconditional contributions made in association with events are recognized upon receipt. Ticket and sponsorship revenue is recognized over time upon occurrence of the events.

Service fees include primarily adoption fees, veterinary services, and stray sheltering fees. The various fees for these services are set annually by the Organization. Adoption fees are recognized at the point in time that the performance obligation occurs, which is the adopter taking possession of the animal. Veterinary service fees are recognized over time as the performance obligations occur, which is the completion of veterinary services selected by the customer. Stray sheltering fees are earned under contracts with various municipalities served by the Organization to shelter stray animals as required by Wisconsin state law. Fees associated with these contracts are negotiated between the Organization and the municipalities annually. Revenue for these contracts are recognized proratably over time based on the term of the contract. Merchandise sales revenue is recorded at the point in time in which the customer receives the purchased goods.

Contributed Non-Financial Assets

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used.

The Organization recorded revenue and expense related to these donated goods and services of \$105,191 and \$40,820 for the years ended September 30, 2023 and 2022, respectively. These amounts consisted primarily of donated animal food and supplies. The amounts for 2023 and 2022 are recorded in the statement of activities. The Organization received nonprofessional volunteer services which management has estimated at a value of approximately \$765,314 and \$602,799 for the years ended September 30, 2023 and 2022, respectively. These amounts are not recorded in the statements of activities.

Wisconsin Humane Society

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

Interest Income

Interest income is reported as revenue without donor restrictions unless the income is restricted by donor or law.

Advertising Costs

The Organization uses advertising and direct mail to promote its adoption and other programs among the areas it serves. The production costs of advertising and direct mail are expensed as incurred and totaled \$505,990 and \$549,456 for the years ended September 30, 2023 and 2022, respectively.

ASC 842 Lease Accounting

The Organization is a lessee in multiple noncancelable operating leases and a financing lease. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight-line basis over the lease term.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

Wisconsin Humane Society

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state income taxes.

In order to account for any uncertain tax positions, the Organization determines whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization recorded no assets or liabilities related to uncertain tax positions for the years ended September 30, 2023 and 2022.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs have been charged directly to functions when appropriate. Certain operating support services and building related costs such as utilities, telephone, insurance, building repairs and maintenance, and depreciation have been allocated to the programs based on a ratio of full time equivalents by function.

Subsequent Events

Subsequent events have been evaluated through January 3, 2024, which is the date the financial statements were issued.

Note 2: Liquidity and Availability of Financial Resources

The Organization strives to maintain liquid financial assets sufficient to cover 50% of annual general operating expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments. As more fully described in Note 8, the Organization also has committed lines of credit in the amount of \$800,000, which it could draw upon in the event of an unanticipated liquidity need.

Wisconsin Humane Society

Notes to Financial Statements

Note 2: Liquidity and Availability of Financial Resources (Continued)

The following table reflects the Organization's financial assets as of September 30, 2023, and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor or contractual restrictions. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

<i>Years Ended September 30, 2023 and 2022</i>	2023	2022
Cash and cash equivalents	\$ 5,670,656	\$ 6,212,969
Investments	14,072,516	12,416,931
Accounts receivable	49,553	51,940
Promises to give, current - Net	58,600	63,600
Total financial assets	19,851,325	18,745,440
Less:		
Net assets with donor restrictions less beneficial interest in assets held by others	(255,566)	(258,064)
Deferred revenue	(213,509)	(261,658)
Total financial assets available	\$ 19,382,250	\$ 18,225,718

Note 3: Contributed Nonfinancial Assets

The Organization recognizes contributed nonfinancial assets within revenue, including a contributed building, animal food, and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed building will be used for general and administrative activities. In valuing the contributed building, which is located in Kenosha, WI, the Organization estimated the fair value on the basis of recent comparable sales prices in Kenosha's real estate market.

Contributed animal food was utilized in the animal adoption programs. In valuing animal food, the Organization estimates the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed services recognized was comprised of professional services from attorneys advising the Organization on various administrative legal matters. Contributed services are valued and are reported at the standard hourly rates of the attorneys providing services.

Wisconsin Humane Society

Notes to Financial Statements

Note 3: Contributed Nonfinancial Assets (Continued)

Contributed nonfinancial assets consist of the following:

<i>Years Ended September 30, 2023 and 2022</i>	2023	2022	Utilization in Programs and Activities	Donor Restrictions
Contribution recognized upon acquisition	\$ 1,899,480	\$ -	\$ 1,899,480	\$ -
Pro-bono legal services	73,069	-	73,069	-
Animal food donated	32,122	40,820	32,122	-
Totals	\$ 2,004,671	\$ 40,820	\$ 2,004,671	\$ -

Note 4: Investments

Investment Composition

Investments, stated at fair value, consisted of the following at September 30, 2023 and 2022:

	2023	2022
Money market funds	\$ 157,435	\$ 220,613
Mutual funds	8,645,029	7,315,316
Corporate bonds	2,734,011	2,658,157
Corporate stocks	2,536,041	2,222,845
Total investments	\$ 14,072,516	\$ 12,416,931

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the Financial Statements.

Wisconsin Humane Society

Notes to Financial Statements

Note 4: Investments (Continued)

Investment Income

Investment income, including gains and losses on cash and cash equivalents, investments, and restricted assets consisted of the following for the years ended September 30, 2023 and 2022:

	2023	2022
Interest and dividend income	\$ 329,978	\$ 138,590
Change in value of beneficial interest in assets held by others	49,033	(84,804)
Realized and unrealized gain on investments	1,471,990	(2,488,016)
Total investment income - Net	\$ 1,851,001	\$ (2,434,230)

The Organization incurred investment fees of \$47,518 and \$46,614 for the years ended September 30, 2023 and 2022, respectively, which are recorded as a reduction of investment income on the statements of activities.

Note 5: Fair Value Measurements

The following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Money market funds are measured using \$1 as the net asset value ("NAV").
- Mutual funds are valued based on quoted market prices.
- Corporate bonds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.
- Common stocks are valued at quoted market prices from active market on which the stocks are traded.
- Promises to give are based on the original promise amounts, net an allowance for uncollectible promises to give, and the unamortized discount on the long-term promises to give based on a discount rate described in Note 1.
- Beneficial interest in assets held by others are valued based on the market value of the underlying assets, consisting mainly of equity and fixed income securities which are valued based on quoted market prices.

These methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the organization 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 that reporting date.

Wisconsin Humane Society

Notes to Financial Statements

Note 5: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of September 30, 2023, is as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 157,435	\$ -	\$ 157,435
Mutual funds:				
Equity income	1,249,931	-	-	1,249,931
Mid cap	2,824,491	-	-	2,824,491
International	1,455,144	-	-	1,455,144
Large cap	3,115,463	-	-	3,115,463
Corporate bonds	-	2,734,011	-	2,734,011
Common stocks:				
Energy	276,919	-	-	276,919
Materials	174,237	-	-	174,237
Industrials	518,775	-	-	518,775
Consumer discretionary	232,949	-	-	232,949
Consumer staples	162,581	-	-	162,581
Health care	433,663	-	-	433,663
Financials	309,110	-	-	309,110
Telecommunications	26,100	-	-	26,100
Utilities	44,239	-	-	44,239
Information technology	272,217	-	-	272,217
Real estate	85,251	-	-	85,251
Total investments	11,181,070	2,891,446	-	14,072,516
Promises to give	-	60,600	-	60,600
Beneficial interest in assets held by others (Note 14)	-	-	746,883	746,883
Totals	\$ 11,181,070	\$ 2,952,046	\$ 746,883	\$ 14,879,999

Wisconsin Humane Society

Notes to Financial Statements

Note 5: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of September 30, 2022, is as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 220,613	\$ -	\$ 220,613
Mutual funds:				
Equity income	1,122,411	-	-	1,122,411
Mid cap	2,481,375	-	-	2,481,375
International	1,116,773	-	-	1,116,773
Large cap	2,594,757	-	-	2,594,757
Corporate bonds	-	2,658,157	-	2,658,157
Common stocks:				
Energy	167,583	-	-	167,583
Materials	235,693	-	-	235,693
Industrials	304,464	-	-	304,464
Consumer discretionary	147,740	-	-	147,740
Consumer staples	124,035	-	-	124,035
Health care	339,636	-	-	339,636
Financials	370,391	-	-	370,391
Telecommunications	76,244	-	-	76,244
Utilities	35,116	-	-	35,116
Information technology	328,058	-	-	328,058
Real estate	93,885	-	-	93,885
Total investments	9,538,161	2,878,770	-	12,416,931
Promises to give	-	115,600	-	115,600
Beneficial interest in assets held by others (Note 14)	-	-	717,689	717,689
Totals	\$ 9,538,161	\$ 2,994,370	\$ 717,689	\$ 13,250,220

Wisconsin Humane Society

Notes to Financial Statements

Note 6: Promises to Give

The promises to give balance is expected to be collected according to the following schedule as of September 30, 2023 and 2022:

	2023	2022
Receivable in less than one year	\$ 58,600	\$ 63,600
Receivable in one to five years	7,511	63,511
Total promises to give	66,111	127,111
Less allowance for uncollectible promises to give	5,511	11,511
Promises to give - Net	60,600	115,600
Less - Current portion	58,600	63,600
Promises to give - Noncurrent	\$ 2,000	\$ 52,000

There were no donor concentrations of promises to give as of September 30, 2023 and September 30, 2022.

Note 7: Property and Equipment

Property and equipment consisted of the following at September 30, 2023 and 2022:

	2023	2022
Land	\$ 2,108,030	\$ 1,898,030
Land improvements	453,039	453,039
Building and building improvements	22,680,116	20,526,700
Vehicles	326,944	325,984
Furniture and office equipment	3,025,208	2,846,975
Total property and equipment	28,593,337	26,050,728
Less - Accumulated depreciation	11,029,441	10,080,874
Totals	\$ 17,563,896	\$ 15,969,854

Note 8: Line of Credit

At September 30, 2023, the Organization had a line of credit of \$800,000 with a bank, which bears interest at prime rate (8.5% as of September 30, 2023), due on demand, and is subject to an annual review. The line of credit is secured by a general business security agreement of the Organization and terminates on demand. There was no amount outstanding under this agreement at September 30, 2023 and 2022, respectively.

Wisconsin Humane Society

Notes to Financial Statements

Note 9: Net Assets with Donor Restrictions

Net assets with donor restrictions include assets set aside in accordance with donor restrictions as to time or use. Net assets with donor restrictions are available for the following purposes:

<i>As of September 30,</i>	2023	2022
Subject to passage of time:		
Promises to give, not restricted by donors	\$ 11,000	\$ 12,000
Subject to expenditure for a specific purposes:		
Pet cemetery	255,566	258,064
Total net assets subject to passage of time or specific purpose	266,566	270,064
Not subject to spending policy or appropriation:		
Beneficial interest in assets held by community foundations	260,734	239,903
Beneficial interests in perpetual trusts	486,149	477,786
Total net assets not subject to spending policy or appropriation	746,883	717,689
Total net assets with donor restrictions	\$ 1,013,449	\$ 987,753

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

<i>Years Ending September 30,</i>	2023	2022
Expiration of time restrictions	\$ 1,000	\$ 23,521
Satisfaction of purpose restrictions:		
Pet cemetery	2,498	1,904
Net assets released from restrictions	\$ 3,498	\$ 25,425

Wisconsin Humane Society

Notes to Financial Statements

Note 10: Tax-Deferred Annuity Plan

The Organization sponsors a tax-deferred annuity plan (the "Plan") qualified under Section 403(b) of the Code. Employees of the Organization are eligible to participate in the Plan upon fulfilling certain eligibility requirements. Employees may elect salary deferrals which are contributed to the Plan up to a maximum amount allowed by the Code. In addition, the Organization may elect to make discretionary matching and non-elective contributions on behalf of eligible employees. The Organization made discretionary contributions of \$72,003 and \$67,602 to the Plan during September 30, 2023 and 2022.

Note 11: Concentration of Credit Risk

The Organization maintains depository relationships with area financial institutions, and the Organization's balances may at times exceed Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses with these accounts. Management believes the Organization is not exposed to any significant risk on cash.

Note 12: Leases under ASC 842

The Organization leases clinic facilities, office space, and equipment. Some leases entered into include one or more options to renew. The renewal terms can extend the lease term from five to ten years. The exercise of lease renewal options is at the Organization's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The Company intends to exercise the first renewal options for its clinic facilities. The renewal option has been recognized in the respective right-of-use asset and liability. All other renewal options have not been recognized as the Company does not intend to exercise those options.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

Operating leases are included in the following asset and liability accounts on the Organization's Statement of Financial Position: Right-of-use assets - Operating, Current portion of lease liabilities - Operating, and Lease liability - Operating. ROU assets and liabilities arising from finance leases are included in the following asset and liability accounts on the Organization's Statement of Financial Position: Right-of-use assets - Financing, Current portion of lease liabilities - Financing, and Lease liability - Financing.

Wisconsin Humane Society

Notes to Financial Statements

Note 12: Leases under ASC 842 (Continued)

Components of lease expense were as follows for the year ended September 30, 2023:

Lease cost		
Finance lease cost:		
Interest	\$	314
Amortization of right-of-use asset		2,801
Operating lease cost		144,505
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Total lease cost	\$	147,620

Supplemental cash flow information related to leases is as follows for the year ended September 30, 2023:

Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$	239
Operating cash flows from operating leases	\$	110,067
Financing cash flows from finance leases	\$	2,729
Right-of-use asset obtained in exchange for new finance lease liability	\$	25,212

	Years
Weighted-average remaining lease term - Finance leases	2.67
Weighted-average remaining lease term - Operating leases	6.05
Weighted-average discount rate - Finance leases	4.01 %
Weighted-average discount rate - Operating leases	3.86 %

Maturities of lease liabilities are as follows as of September 30, 2023:

	Financing	Operating
2024	\$ 8,904	\$ 148,449
2025	8,904	152,125
2026	5,936	156,286
2027	-	160,565
2028	-	110,891
Thereafter	-	191,871
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Total lease payments	23,744	920,187
Less imputed interest	(1,261)	(100,508)
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Totals	\$ 22,483	\$ 819,679

Wisconsin Humane Society

Notes to Financial Statements

Note 13: Leases under ASC 840

The Organization leases space through an operating lease expiring in May 2025. The terms of the leases require the landlord to pay all operating expenses and real estate taxes related to the facility. Rent expense incurred in 2022 was \$88,271.

In December 2021, the Organization entered into an agreement to lease space through an operating lease expiring January 2024, with two options to renew for a further two years at the Organization's sole discretion. Management believes it is likely that they will exercise the first renewal option through January 2026, but not the second. The terms of the lease require the Organization to pay all utilities to the landlord. Rent expense incurred in 2022 was \$32,572.

The future minimum payments at September 30, 2022 were as follows:

	Total
2023	\$ 145,224
2024	149,179
2025	118,739
2026	17,473
<hr/>	
Total minimum lease payments	\$ 430,615

Note 14: Beneficial Interest in Assets Held by Others

The assets held by others for the benefit of the Organization are required to be reported as an asset of the Organization. Accordingly, the Organization recognizes its beneficial interest in the net assets in the Foundations and Trusts and adjusts that interest for its share of the change in net assets.

The Racine Community Foundation and the Greater Milwaukee Foundation has governance over the endowment's investment of funds and the distribution of fund assets. However, the endowment agreement with the Greater Milwaukee Foundation (the "Foundation") will allow for distributions, up to and including all principal and income of the fund, greater than the Foundation's distribution policy upon recommendation by a 75% vote of the Organization's Board of Directors and approval by the Foundation.

The Door County Community Foundation endowment agreement allows for the trustees to invest funds in securities or other investments, with the income generated from principal as the main funding source. By special exception, an additional 10% of the principal may be used upon unanimous vote of the Organization's Board of Directors.

The Organization is the sole beneficiary of a successor trust receiving annually the Trust's net income. Upon the Trust's dissolution in 2049, the Organization will receive the remaining principal and income.

Wisconsin Humane Society

Notes to Financial Statements

Note 14: Beneficial Interest in Assets Held by Others (Continued)

The Organization is a beneficiary of the Fitzgerald Trust receiving an annual distribution of the trust's net income in proportion noted in the trust agreement. The trust is irrevocable but may be terminated at any time by the donor. In the event of dissolution assets will be distributed proportionally to the beneficiaries.

Changes in the Organization's beneficial interest in assets held by others at September 30, 2023 and 2022, were as follows:

	Racine Community Foundation	Greater Milwaukee Foundation	Door County Community Foundation	Successor Trust	Fitzgerald Trust	Total
Balance October 1, 2021	\$ 42,626	\$ 156,650	\$ 92,782	\$ 365,224	\$ 173,191	\$ 830,473
Investment income - Net	(6,289)	(25,536)	(15,505)	(14,915)	(22,559)	(84,804)
Distributions / expenses	(419)	(3,805)	(601)	(14,000)	(9,155)	(27,980)
Balance September 30, 2022	35,918	127,309	76,676	336,309	141,477	717,689
Investment income - Net	3,681	13,721	10,914	8,114	12,603	49,033
Distributions / expenses	(400)	(6,485)	(600)	(2,623)	(9,731)	(19,839)
Balance September 30, 2023	\$ 39,199	\$ 134,545	\$ 86,990	\$ 341,800	\$ 144,349	\$ 746,883

Note 15: Accounts Receivable and Contract Balances

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. Contract liabilities represent the Organization's obligation to transfer goods or services to a customer when consideration has already been received from the customer, such as adoption deposits and deferred revenue. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized. There were no contract assets at September 30, 2023, September 30, 2022 or October 1, 2021.

Opening and closing balances for contract liabilities, and accounts receivable arising from contracts with customers include:

	9/30/2023	9/30/2022	10/1/2021
Contract liabilities - deferred revenue	\$ 213,509	\$ 261,658	\$ 198,971
Accounts receivable	\$ 49,553	\$ 51,940	\$ 43,127

Wisconsin Humane Society

Notes to Financial Statements

Note 16: Disaggregation of Revenues from Contracts with Customers

The following is a breakdown of the Organization's revenues from contracts with customers by source:

	2023	2022
Recognized over time:		
Veterinary services	\$ 1,336,942	\$ 1,293,168
Camps and classes	205,469	170,972
Stray sheltering fees	516,461	409,188
Total recognized over time	2,058,872	1,873,328
Revenues recognized at a point in time		
Merchandise sales	425,765	406,315
Adoption fees	1,489,922	1,467,424
Other	359,902	321,549
Total recognized at a point in time	2,275,589	2,195,288
Total revenue from Contracts with Customers	\$ 4,334,461	\$ 4,068,616

Reconciliation of Statement of Activities with revenues from contracts with customers by source:

	2023	2022
Services fees	\$ 3,908,696	\$ 3,662,301
Merchandise sales	425,765	406,315
Total revenue from Contracts with Customers	\$ 4,334,461	\$ 4,068,616

Wisconsin Humane Society

Notes to Financial Statements

Note 17: Acquisition

Effective June 1, 2023, the Boards of Directors of Kenosha County Humane Society dba Safe Harbor Humane Society ("Kenosha"), a separate unrelated non-profit organization whose mission provides for animal adoption and spay-neuter services, voted to transfer all assets, liabilities, and operations to the Organization. The Organization did not transfer any consideration as part of the acquisition and recognized underlying assets and liabilities acquired at fair value resulting in a contribution of \$1,899,480 being recognized in the statement of activities.

Valuation of assets of the acquired organizations as of June 1, 2023 are as follows

	Kenosha County Humane Society
Cash	\$ 22,442
Accounts receivable	9,344
Land, property and equipment	2,255,000
Accounts payable	(38,831)
Accrued salary and benefits	(31,533)
Accrued expenses	(836)
Long-term debt	(316,106)
Net assets acquired	\$ 1,899,480

Results of operations for the acquired organization from June 1, 2023 (date of acquisition) through September 30, 2023:

	Kenosha County Humane Society
Support and revenue	\$ 257,205
Expenses	(418,765)
Change in net assets	\$ (161,560)