

ELMBROOK HUMANE SOCIETY, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Elmbrook Humane Society, Inc.
Brookfield, Wisconsin

We have audited the accompanying financial statements of Elmbrook Humane Society, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

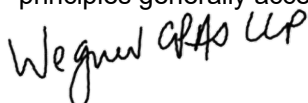
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elmbrook Humane Society, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP
Waukesha, Wisconsin
June 7, 2021

ELMBROOK HUMANE SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 581,600	\$ 235,663
Unconditional promises to give	2,000	225,000
Accounts receivable	5,379	-
Prepaid expenses	4,317	4,210
Total current assets	593,296	464,873
PROPERTY AND EQUIPMENT		
Land	210,405	210,405
Building	1,434,399	1,434,399
Equipment	585,459	585,459
Vehicle	51,109	51,109
Website	30,450	-
Less accumulated depreciation	(946,629)	(861,198)
Property and equipment, net	1,365,193	1,420,174
OTHER ASSETS		
Investments	4,531,232	4,426,637
Beneficial interest in assets held by Waukesha County Community Foundation	2,041,487	1,868,831
Total other assets	6,572,719	6,295,468
Total assets	\$ 8,531,208	\$ 8,180,515
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 17,167	\$ 11,672
Accrued sales tax	718	668
Accrued payroll	30,424	16,295
Accrued interest	1,162	-
Paycheck Protection Program loan	166,380	-
Total liabilities	215,851	28,635
NET ASSETS		
Without donor restrictions	8,290,433	8,135,719
With donor restrictions	24,924	16,161
Total net assets	8,315,357	8,151,880
Total liabilities and net assets	\$ 8,531,208	\$ 8,180,515

See accompanying notes.

ELMBROOK HUMANE SOCIETY, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions						
General donations and grants	\$ 489,666	\$ 18,187	\$ 507,853	\$ 422,346	\$ 13,769	\$ 436,115
Estates and bequests	138,188	-	138,188	391,652	-	391,652
In-kind contributions	54,969	-	54,969	43,081	-	43,081
Fundraising events (less costs of direct benefits to donors of \$689 and \$15,239)	68,226	-	68,226	116,526	-	116,526
Services, sales, and other revenue and gains						
Adoption fees	105,761	-	105,761	138,138	-	138,138
Municipality contracts	88,375	-	88,375	86,525	-	86,525
Animal medical care and services	12,714	-	12,714	11,922	-	11,922
Surrenders and strays	2,335	-	2,335	3,878	-	3,878
Training classes	16,267	-	16,267	17,858	-	17,858
Retail sales	16,545	-	16,545	29,626	-	29,626
Families First Coronavirus Response Act tax credits	3,859	-	3,859	-	-	-
Investment return, net	304,659	-	304,659	586,256	-	586,256
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	172,453	-	172,453	285,734	-	285,734
Total support and revenue	1,474,017	18,187	1,492,204	2,133,542	13,769	2,147,311
EXPENSES						
Animal care and education	987,817	-	987,817	993,362	-	993,362
Management and general	168,900	-	168,900	127,363	-	127,363
Fundraising	172,010	-	172,010	182,046	-	182,046
Total expenses	1,328,727	-	1,328,727	1,302,771	-	1,302,771
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	9,424	(9,424)	-	500	(500)	-
Change in net assets	154,714	8,763	163,477	831,271	13,269	844,540
Net assets at beginning of year	8,135,719	16,161	8,151,880	7,304,448	2,892	7,307,340
Net assets at end of year	\$ 8,290,433	\$ 24,924	\$ 8,315,357	\$ 8,135,719	\$ 16,161	\$ 8,151,880

See accompanying notes.

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

	Animal Care and Education	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 551,129	\$ 103,268	\$ 107,708	\$ 762,105
Employee benefits	80,079	15,005	15,650	110,734
Payroll taxes	40,834	7,652	7,980	56,466
Veterinarian services and medication	99,714	-	-	99,714
Supplies	43,670	12,637	-	56,307
Professional fees and services	-	9,187	-	9,187
Event fees and supplies	-	-	27,217	27,217
Advertising	-	2,234	1,630	3,864
Auto expense	1,317	-	-	1,317
Bank and credit card fees	-	7,609	-	7,609
Education and training classes	5,967	-	-	5,967
Licenses and permits	-	317	-	317
Insurance	17,840	3,343	3,487	24,670
Printing and postage	-	2,119	5,113	7,232
Repairs and maintenance	23,594	636	345	24,575
Telephone	5,257	985	1,027	7,269
Utilities	31,924	861	467	33,252
Interest	841	157	164	1,162
Depreciation	82,020	2,210	1,201	85,431
Miscellaneous	3,631	680	710	5,021
Total expenses	987,817	168,900	172,699	1,329,416
Less expenses included with support and revenue on the statements of activities	-	-	(689)	(689)
Total expenses included in the expenses section of the statements of activities	\$ 987,817	\$ 168,900	\$ 172,010	\$ 1,328,727

See accompanying notes.

ELMBROOK HUMANE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Animal Care and Education	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 511,522	\$ 61,640	\$ 94,337	\$ 667,499
Employee benefits	75,832	9,138	13,985	98,955
Payroll taxes	40,355	4,863	7,442	52,660
Veterinarian services and medication	111,719	-	-	111,719
Supplies	71,488	10,878	-	82,366
Professional fees and services	-	19,357	-	19,357
Event fees and supplies	-	-	49,697	49,697
Advertising	-	4,845	500	5,345
Auto expense	2,374	-	-	2,374
Bank and credit card fees	-	7,035	-	7,035
Education and training classes	5,324	-	-	5,324
Licenses and permits	-	268	-	268
Insurance	18,082	2,179	3,335	23,596
Printing and postage	-	2,223	24,401	26,624
Repairs and maintenance	30,877	832	452	32,161
Telephone	5,944	716	1,096	7,756
Utilities	39,515	1,066	578	41,159
Depreciation	78,641	2,119	1,151	81,911
Miscellaneous	1,689	204	311	2,204
Total expenses	993,362	127,363	197,285	1,318,010
Less expenses included with support and revenue on the statements of activities	-	-	(15,239)	(15,239)
Total expenses included in the expenses section of the statements of activities	\$ 993,362	\$ 127,363	\$ 182,046	\$ 1,302,771

See accompanying notes.

ELMBROOK HUMANE SOCIETY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 163,477	\$ 844,540
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	85,431	81,911
Net realized and unrealized gains on investments	(248,118)	(491,581)
Donated property and equipment	(25,693)	-
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	(172,453)	(285,734)
(Increase) decrease in assets		
Unconditional promises to give	223,000	159,041
Accounts receivable	(5,379)	2,562
Prepaid expenses	(107)	(1,085)
Increase (decrease) in liabilities		
Accounts payable	5,495	(2)
Accrued sales tax	50	(115)
Accrued payroll	14,129	(19,428)
Accrued interest	1,162	-
Net cash flows from operating activities	40,994	290,109
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends retained in investments	(56,477)	(94,631)
Purchases of investments	-	(349,073)
Proceeds from sales of investments	200,000	95,000
Purchases of property and equipment	(4,757)	(28,677)
Contributions to beneficial interest held by Waukesha County Community Foundation	(203)	(370)
Net cash flows from investing activities	138,563	(377,751)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	166,380	-
Change in cash	345,937	(87,642)
Cash at beginning of year	235,663	323,305
Cash at end of year	<u>\$ 581,600</u>	<u>\$ 235,663</u>
SUPPLEMENTAL DISCLOSURES		
Noncash investing and financing transactions		
Donated property and equipment	\$ 25,693	\$ -

See accompanying notes.

ELMBROOK HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Elmbrook Humane Society, Inc. (EBHS) is incorporated as a non-profit organization located in Brookfield, Wisconsin. EBHS provides shelter for homeless animals, promotes the human animal bond, and prevents animal cruelty and neglect. The vision of EBHS is to be the most personal, compassionate, and preferred resource for animal needs in the community. EBHS' primary sources of revenue includes contributions and various program service fees.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Accounts Receivable

Accounts receivable primarily represent amounts due from municipalities and animal services provided by EBHS. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of December 31, 2020 and 2019, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Property and Equipment

Property and equipment in excess of \$2,500 are capitalized and carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Investments

EBHS reports investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

ELMBROOK HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Adoption fees, registration fees for certain training and outreach programs, animal medical care and services, and fees for other program services are recognized as revenue when EBHS provides the particular service or when the particular program is held. It is generally the policy of EBHS to not refund these fees. EBHS generally bills for these services prior to or on the date the services are provided. Advance billings are deferred until the services are performed. EBHS also provides animal services to certain municipalities under fixed-price contracts that are renewed annually. Animal services revenue is recognized once the services have been provided. EBHS invoices the municipalities on a monthly, bi-annually, or yearly basis at the fee established by the contract.

Retail Sales

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

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, insurance, telephone, interest, and miscellaneous, which are allocated on the basis of estimates of time and effort, as well as repairs and maintenance, utilities, and depreciation, which are allocated on a square-footage basis.

Donated Services

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 EBHS.

Volunteers also provided a variety of tasks such as animal exercise and socialization, animal care, customer service, animal adoption, foster care, services at special events, veterinary services assistance, and clerical work throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. EBHS received approximately 8,800 and 15,800 volunteer hours during the years ended December 31, 2020 and 2019, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ELMBROOK HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

EBHS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through June 7, 2021, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

EBHS maintains cash balances at one financial institution located in southeastern Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, EBHS's uninsured cash balances total approximately \$158,000. At December 31, 2019, EBHS's cash balances were fully insured with federal depository insurance.

NOTE 3—INVESTMENTS

Investments are comprised of the following:

	2020	2019
Cash equivalents held by investment manager	\$ 1,143,748	\$ 37,981
Stocks	439,188	596,897
Exchange traded funds	760,234	903,297
Fixed income securities	327,146	1,017,558
Mutual funds	1,860,916	1,870,904
	\$ 4,531,232	\$ 4,426,637

NOTE 4—BENEFICIAL INTEREST IN ASSETS HELD BY WAUKESHA COUNTY COMMUNITY FOUNDATION

EBHS's board created a fund at Waukesha County Community Foundation (Foundation), a community foundation, to support the mission of EBHS. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

EBHS has designated itself as the sole beneficiary of the income from the investment of this fund. The Foundation will make annual distributions of the income earned on the fund subject to the Foundation's spending policy. EBHS reserves the right to recommend distributions greater than those set by the Foundation's distribution policy as long as the fund balance is maintained that is consistent with the Foundation's \$10,000 minimum balance requirement.

ELMBROOK HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4—BENEFICIAL INTEREST IN ASSETS HELD BY WAUKESHA COUNTY COMMUNITY FOUNDATION (continued)

The Board of Directors of the Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community serviced. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of EBHS if the Organization ceases to exist, it is EBHS's wish that distributions be made to benefit another organization and help provide program services as determined by the Foundation.

Changes in value of beneficial interest in assets held by the Foundation are as follows:

	2020	2019
Balance - beginning of year	\$ 1,868,831	\$ 1,582,727
Contributions	203	370
Change in value of beneficial interest	172,453	285,734
Balance - end of year	\$ 2,041,487	\$ 1,868,831

The fair value of the fund is based on the fair value of the underlying assets as reported to EBHS by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

NOTE 5—PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, EBHS received a \$166,380 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by EBHS during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over two years.

On April 22, 2021, the SBA preliminarily approved forgiveness of the loan and accrued interest. EBHS must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review EBHS's good-faith certification concerning the necessity of its loan request, whether EBHS calculated the loan amount correctly, whether EBHS used loan proceeds for the allowable uses specified in the CARES Act, and whether EBHS is entitled to loan forgiveness in the amount claimed on its application. If SBA determines EBHS was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

ELMBROOK HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6—NET ASSETS

EBHS's board of directors has designated net assets without donor restrictions for the following purposes:

	2020	2019
Board designated funds for long-term reserves	\$ 2,041,487	\$ 1,868,831
Undesignated for general use	6,248,946	6,266,888
	\$ 8,290,433	\$ 8,135,719

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

	2020	2019
Medical care for diabetic animals	\$ 3,051	\$ 5,000
Read to me program	791	4,538
Animal enrichment	931	731
Pitbull enrichment program	1,229	1,392
Staff development	1,000	1,000
Spring Gala	11,851	3,500
Wagfest	2,000	-
Behavior and training of shelter dogs	1,000	-
Lilly's medical needs	3,071	-
	\$ 24,924	\$ 16,161

NOTE 7—FAIR VALUE MEASUREMENTS OF INVESTMENTS

Fair values of investments measured on a recurring basis are as follows:

Assets at Fair Value as of December 31, 2020			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Stocks	\$ 439,188	\$ 439,188	\$ -
Exchange traded funds	760,234	760,234	-
Fixed income securities	327,146	-	327,146
Mutual funds	1,860,916	1,860,916	-
	\$ 3,387,484	\$ 3,060,338	\$ 327,146

ELMBROOK HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7—FAIR VALUE MEASUREMENTS OF INVESTMENTS (continued)

	Assets at Fair Value as of December 31, 2019		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Stocks	\$ 596,897	\$ 596,897	\$ -
Exchange traded funds	903,297	903,297	-
Fixed income securities	1,017,558	-	1,017,558
Mutual funds	1,870,904	1,870,904	-
	\$ 4,388,656	\$ 3,371,098	\$ 1,017,558

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

NOTE 8—IN-KIND CONTRIBUTIONS

The fair values of donated services and materials are included as contributions in the financial statements and the corresponding program expenses for the years ended December 31, 2020 and 2019 as follows:

	2020	2019
Veterinarian services and medication	\$ 3,615	\$ 3,411
Supplies	25,382	39,502
Event fees and supplies	-	48
Repairs and maintenance	279	120
	\$ 29,276	\$ 43,081

The fair value of donated property and equipment included as contributions in the statements of activities was \$25,693 for the year ended December 31, 2020. There was no donated property and equipment for the year ended December 31, 2019.

NOTE 9—PENSION PLAN

EBHS has a 403(b) retirement savings plan covering all eligible employees. Pension expense for the years ended December 31, 2020 and 2019 was \$8,925 and \$9,694, respectively.

ELMBROOK HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 10—LIQUIDITY AND AVAILABILITY

The following reflects the EBHS’s financial assets at December 31, 2020 and 2019, reduced by amounts not available to meet cash needs for general expenditures within one year of the dates of the statements of financial position because of donor-imposed or other restrictions:

	2020	2019
Financial assets at end of year		
Cash	\$ 581,600	\$ 235,663
Unconditional promises to give	2,000	225,000
Accounts receivable	5,379	-
Investments	4,531,232	4,426,637
Beneficial interest in assets held by Waukesha County Community Foundation	2,041,487	1,868,831
 Total financial assets at end of year	 7,161,698	 6,756,131
 Less amounts unavailable for general expenditures within one year		
Restricted by donors with time or purpose restrictions	(24,924)	(16,161)
Board designated funds for long-term reserves	(2,041,487)	(1,868,831)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 5,095,287	 \$ 4,871,139

As part of EBHS’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 11—COVID-19 CONSIDERATONS

In March 2020, the United States economy began suffering adverse effects from the COVID-19 virus global crisis. In response to the crisis, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. As noted in Note 5 and 12, EBHS was approved for loans under the Paycheck Protection program (PPP), established by the CARES Act.

EBHS altered operations and services to reduce the spread of COVID-19. These changes included cancellation of in person events, converting educational programs and fundraising events to a virtual platform, reduction of program services, and modification in hours open to the public, requiring by appointment only. While the disruption is currently expected to be temporary, the ultimate disruption and effect on EBHS are uncertain; however, it may result in a material adverse impact on EBHS’s assets, revenues and expenses.

ELMBROOK HUMANE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12—SUBSEQUENT EVENTS

On March 16, 2021 EBHS received a \$172,484 loan under the Paycheck Protection Program Second Draw Loans established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1% but payments are deferred until a determination of the amount of forgiveness is made. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by EBHS during the covered period. Eligible expenses include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years.