

PAWS CHICAGO

FINANCIAL REPORT

DECEMBER 31, 2020 AND 2019

# PAWS CHICAGO®

Building No Kill Communities

## *Letter to Pet Lovers, Customers, and Friends:*

PAWS Chicago is a national leader in the No Kill animal welfare movement. The risks and challenges that homeless pets face are constantly evolving, which is why PAWS Chicago's comprehensive No Kill Model is nimble, and designed to optimize lifesaving and adjust to changing conditions. This was particularly apparent as the 2020 COVID-19 pandemic surprised the world and rapidly changed the challenges facing homeless animals, with great impact on the most vulnerable animal populations.

Every PAWS Chicago project and initiative is aimed at implementing solutions to build No Kill communities, end pet overpopulation and transform animal welfare by setting higher standards. Since PAWS Chicago's founding in 1997, the number of pets killed each year in Chicago has been reduced by more than 90 percent. With this incredible life-saving success, PAWS Chicago is able to save at risk animals from 12 additional high kill states.

In summary, 2020 results include 9,453 spay/neuter surgeries; 4,100 adoptions of homeless animals into new, loving families; a 98.17% save rate; 9,606 medical diagnoses treated; 29,889 pounds of food and supplies distributed through the Pet Food Pantry; 2,834 homeless animals placed in foster care; 84,167 hours worked by volunteers (the equivalent of 41 full-time employees); 1,399 pets from under-resourced communities medically treated; and the 18<sup>th</sup> consecutive year Charity Navigator's highest 4-star rating.

All of PAWS Chicago's programs work toward building No Kill communities through the comprehensive No Kill Model. The foundation of the No Kill Model is Community Engagement. PAWS Chicago's mission-critical programs—the No Kill pillars of Prevention, Animal Health & Behavior, Adoption and Volunteers—sit atop this foundation. Detailed program information follows.

## **Community Engagement**

Community Engagement is the foundation for creating lasting change for animals and is the basis upon which all of PAWS Chicago's programs are built. People cause the pet overpopulation problem and people have the power to solve it; animals are the victims. The way to inspire and create real change for animals is to mobilize people to be their caretakers and advocates, and provide resources and support in underserved communities.

When PAWS Chicago was founded in 1997, the mass killing of homeless pets was a hidden crisis. The public had no idea more than 42,000 homeless cats and dogs would be euthanized in the city of Chicago that year. PAWS Chicago was founded to bring attention to the plight of these vulnerable animals and to mobilize public support to develop humane solutions and build No Kill communities.

Shining a light on pet overpopulation and homelessness—and the resultant killing—has mobilized thousands of people to get involved in the cause by adopting, fostering, volunteering for, advocating for and donating to homeless pets.

PAWS Chicago continues to raise awareness through many channels, including working with the media to promote the cause of homeless pets, hosting high profile adoption events throughout the city, generating millions of views through digital platforms, and publishing *PAWS Chicago Magazine*, which has the largest circulation of any area magazine.

With its No Kill Model in action, PAWS Chicago is leading a movement, building a community, and preparing the foundation to share lessons learned on a national level. Every year, PAWS Chicago welcomes shelters, rescue groups and individuals from around the country to shadow its operations. PAWS Chicago also helps start-up adoption groups and spay/neuter clinics around the world. In Chicago, PAWS helps local rescue groups and shelters by providing low-cost medical services at the Lurie Spay/Neuter Clinic and by increasing exposure of their homeless animals through Angels with Tails adoption events.

By raising awareness about pet homelessness and engaging people in lifesaving efforts, PAWS Chicago makes lasting change for animals.

### **Prevention: The Spay/Neuter Solution**

Despite the pandemic shutting down businesses across the country and forcing massive changes to operations, PAWS Chicago remained operational, including its Medical Center and Lurie Clinic, performing 9,453 spay/neuter surgeries in 2020. The majority of stray, feral and unwanted pets originate in low-income, under-resourced communities. Through the PAWS Chicago Lurie Clinic in Little Village and the GusMobile Spay/Neuter Van, which brings lifesaving solutions directly to neighborhoods lacking resources, PAWS offers spay/neuter services where they are needed most and where they make the most impact. PAWS Chicago is nearing on the milestone of 300,000 low-cost and free spay/neuter surgeries since the Lurie Clinic's opening in 2000.

Preventing unwanted pets from being born is key to building a No Kill Chicago. A single female cat and her offspring can theoretically produce 420,000 kittens in seven years. For dogs, the number is 96,000. Spay/neuter surgeries are the solution to pet overpopulation, and as such, are at the core of PAWS prevention initiatives.

As an ancillary service to the Lurie Clinic, PAWS Chicago launched the PAWS For Life door-to-door Outreach Program in 2014, and opening the Englewood Outreach Center in 2019. Program staff and volunteers go door-to-door, expanding access to spay/neuter and pet resources in Chicago's most underserved communities. Of the pets PAWS for Life meets, 95% are unaltered. Simply by removing barriers, PAWS achieves a spay/neuter conversion rate of 83%.

Since launching in 2014, the primary neighborhood of focus has been Englewood, where more than 49% of the population lives below the poverty line, but services have in recent years expanded to nearby Back of the Yards as well. The Englewood Outreach Center serves as an animal welfare anchor, enabling PAWS to provide even more preventative resources beyond free spay/neuter and transportation. This important new location is expanding services to include a Community Medicine program that provides veterinary care to sick, injured and suffering pets who would otherwise never see a veterinarian. It also acts as a hub for the Pet Food Pantry, the GusMobile, volunteer orientations, feral cat shelter building assistance, Trap-Neuter-Return support, educational sessions and more.

PAWS Chicago's feral cat Trap-Neuter-Return (TNR) program is another critical aspect of the Prevention pillar. By proactively sterilizing and managing the free-roaming cat population, the source of thousands of unwanted kittens born each year, TNR reduces the number of animals entering the shelter system while also saving kittens and finding them adoptive homes. In 2020, PAWS performed 980 spay/neuter surgeries on feral cats. These prevention efforts are critical to ending the killing of homeless pets. There has been a 91% reduction in killing since 1997 and two-thirds of this reduction is the result of fewer pets entering shelters.

In 2020, the operations for these services adjusted to continue meeting pet and community needs. Community Medicine transitioned to telemedicine, treating animals who were suffering with illness or injury and would otherwise never see a veterinarian. Spay/neuter in underserved communities continued with PAWS providing transportation and socially distanced pick-up. And the Pet Food Pantry shifted to a direct delivery model to prevent people from lining up together in close proximity.

### **Animal Health & Behavior**

Committing to saving each treatable pet and providing all the medical treatment and behavioral enrichment needed to optimize health and wellbeing are two of the most critical elements of No Kill. Due to our expert veterinary and behavior teams, PAWS Chicago is one of the few shelters in the country that can treat and rehabilitate a large volume of sick, injured and behaviorally challenged animals. In 2020, PAWS Chicago had a 98.17% save rate, even while taking in a vulnerable population of animals. In total, 9,606 separate medical diagnoses were treated, including 1,299 respiratory illnesses; 1,163 GI conditions like parasites and worms; 463 musculoskeletal abnormalities; 143 abnormal heart conditions; 111 heartworm positive canines and 24 neurologic conditions.

The Medical Center—the first stop for homeless animals when they arrive at PAWS—and its world-class veterinary team treat the most serious cases on site. A robust foster network cares for pets when they are stable and ready to recover in a home environment. 2,834 animals went into foster care in 2020.

As the animal welfare movement continues to grow in Chicago, healthy animals are being saved in record numbers at the city impoundment facility, meaning the population of rescued animals increasingly require more significant medical resources. In 2019, PAWS Chicago began construction on a major expansion of its Medical Center and shelter medicine program to increase its capacity to save sick and injured animals, with the renovated Center fully operational at the end of 2020. The completed Medical Center tripled the number of isolation suites—from 30 to 90—and is the premier homeless pet hospital in the nation.

The PAWS Chicago Training Center has four full-time and numerous part-time trainers who lead an innovative dog training and enrichment program for PAWS Chicago's homeless animals, PAWS adopters, and members of the public. For PAWS homeless pets, a team of behavior professionals and trained volunteers provide abused, neglected, and under-socialized homeless dogs with one-on-one and group training as well as behavior enrichment to help them build confidence and communication, which leads to successful adoptions. PAWS trainers led 88 in-person classes with volunteers and shelter dogs in 2020. They also conducted 160 group and one-on-one zoom training classes with PAWS dogs and their temporary foster families. PAWS' goal is to place sensitive, anxious and fearful dogs in low-stress foster homes. Additionally, more than 1,000 canines enrolled in a variety of training and obedience classes in 2020, with 66% attending virtually during the pandemic, when in-person classes were suspended.

## **Adoption**

Rescuing homeless pets and uniting them with their new families is at the forefront of what PAWS Chicago does daily. Through PAWS Chicago's adoption centers and innovative programming, PAWS united 4,100 animals with loving homes in 2020.

PAWS Chicago's rescue and adoption programs did not close for even one day during the COVID-19 pandemic, immediately shifting to a virtual adoption process and continuing to save the lives of at-risk animals. When other states prohibited transport of at-risk homeless pets during the pandemic, PAWS Chicago stepped in to save lives.

In 2020, PAWS Chicago also launched the ComPETibility Quiz and matchmaking program, designed to assist adopters in finding pets that fit their home environment and lifestyle. This innovative program was essential foundation to build a virtual adoption process and save thousands of animal lives.

## **Volunteers**

Volunteers are the life force behind PAWS Chicago's operations and an essential ingredient to building a No Kill Chicago. In 2020, volunteers dedicated 84,167 hours of service, the equivalent of 41 full-time employees. And this doesn't include foster families who took in and cared for 2,834 animals in need in 2020. In addition to the time volunteers commit to PAWS Chicago, they are also ambassadors, reaching new people and engaging new communities in the cause of homeless animals through their everyday interactions.

The pandemic required innovative approaches to providing traditional services such as adoption and shelter medicine. When local statutes limited numbers of people allowed in on-site remote volunteer teams were created to shift to virtual work. Volunteers showed up online and onsite by the hundreds to help save thousands of animals in need. A group of 1,421 new volunteers joined the PAWS team. Twenty new remote teams were formed and 12 new volunteer roles were created.

Animal welfare is incredibly labor-intensive work. Only through volunteers is PAWS Chicago able to execute all elements of the comprehensive No Kill Model and advance on the mission of building No Kill communities.

Sincerely,

A handwritten signature in cursive script that reads "Paula Farsas". The signature is written in black ink and is positioned below the word "Sincerely,".

Chairman and Founder

## Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
PAWS Chicago  
Chicago, Illinois

We have audited the accompanying financial statements of PAWS Chicago, 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 the 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 PAWS Chicago 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.

*Bansley and Kiener, L.L.P.*

Certified Public Accountants

November 19, 2021

PAWS CHICAGOSTATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

<u>A S S E T S</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 4,109,915	\$ 2,867,789
Investments, at fair value	65,105,230	51,825,040
Unconditional promises to give, net	1,938,447	3,846,113
Accounts receivable	687,182	280,581
Inventories	42,925	82,068
Prepaid expenses	187,703	330,639
Property and equipment, net	<u>19,734,436</u>	<u>17,400,879</u>
Total assets	<u>\$ 91,805,838</u>	<u>\$ 76,633,109</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
Accounts payable	\$ 824,325	\$ 869,045
Note payable, SBA Paycheck Protection Program Loan	1,153,803	-
Accrued expenses	146,987	311,908
Deferred revenue	<u>37,148</u>	<u>167,249</u>
Total liabilities	<u>2,162,263</u>	<u>1,348,202</u>
Net assets		
Without donor restrictions	73,683,588	58,793,439
With donor restrictions	<u>15,959,987</u>	<u>16,491,468</u>
Total net assets	<u>89,643,575</u>	<u>75,284,907</u>
Total liabilities and net assets	<u>\$ 91,805,838</u>	<u>\$ 76,633,109</u>

The accompanying notes are an integral part of the financial statements.



PAWS CHICAGO  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020							2019						
	WITHOUT DONOR RESTRICTIONS			WITH DONOR RESTRICTIONS				WITHOUT DONOR RESTRICTIONS			WITH DONOR RESTRICTIONS			
	Operations	Board Designated	Total	Purpose Restricted	Perpetual In Nature	Total	Total	Operations	Board Designated	Total	Purpose Restricted	Perpetual In Nature	Total	Total
<b>REVENUE</b>														
Program service fees:														
Adoption centers	\$ 842,435	\$ -	\$ 842,435	\$ -	\$ -	\$ -	\$ 842,435	\$ 941,605	\$ -	\$ 941,605	\$ -	\$ -	\$ -	\$ 941,605
Admission centers	-	-	-	-	-	-	-	460	-	460	-	-	-	460
Spay/neuter clinic	697,692	-	697,692	-	-	-	697,692	774,160	-	774,160	-	-	-	774,160
Training center	172,069	-	172,069	-	-	-	172,069	178,483	-	178,483	-	-	-	178,483
Contributions	8,654,980	-	8,654,980	1,365,256	1,635,570	3,000,826	11,655,806	6,524,823	-	6,524,823	3,578,031	2,018,044	5,596,075	12,120,898
Contributions - in kind	1,116,789	-	1,116,789	-	-	-	1,116,789	1,100,980	-	1,100,980	-	-	-	1,100,980
Investment income	2,152,381	-	2,152,381	-	-	-	2,152,381	1,712,253	-	1,712,253	-	-	-	1,712,253
Net gain (loss) on investments	7,968,546	-	7,968,546	-	-	-	7,968,546	8,401,330	-	8,401,330	-	-	-	8,401,330
Special events	2,360,205	-	2,360,205	-	-	-	2,360,205	3,889,094	-	3,889,094	-	-	-	3,889,094
Other income	5,544	-	5,544	-	-	-	5,544	38,230	-	38,230	-	-	-	38,230
Net assets released from restrictions	3,532,307	-	3,532,307	(3,532,307)	-	(3,532,307)	-	5,978,178	-	5,978,178	(5,978,178)	-	(5,978,178)	-
Total revenue	27,502,948	-	27,502,948	(2,167,051)	1,635,570	(531,481)	26,971,467	29,539,596	-	29,539,596	(2,400,147)	2,018,044	(382,103)	29,157,493
<b>EXPENSES</b>														
Program services:														
Rescue and recovery center	4,425,478	-	4,425,478	-	-	-	4,425,478	4,358,138	-	4,358,138	-	-	-	4,358,138
Spay/neuter clinic	1,805,322	-	1,805,322	-	-	-	1,805,322	1,750,248	-	1,750,248	-	-	-	1,750,248
Adoption centers	2,158,177	-	2,158,177	-	-	-	2,158,177	2,037,665	-	2,037,665	-	-	-	2,037,665
Community outreach	495,194	-	495,194	-	-	-	495,194	625,637	-	625,637	-	-	-	625,637
Volunteer program	357,791	-	357,791	-	-	-	357,791	432,989	-	432,989	-	-	-	432,989
Community development	917,436	-	917,436	-	-	-	917,436	871,089	-	871,089	-	-	-	871,089
	10,159,398	-	10,159,398	-	-	-	10,159,398	10,075,766	-	10,075,766	-	-	-	10,075,766
Supporting services:														
Management and general	743,879	-	743,879	-	-	-	743,879	801,101	-	801,101	-	-	-	801,101
Special events	1,234,190	-	1,234,190	-	-	-	1,234,190	1,878,815	-	1,878,815	-	-	-	1,878,815
Fundraising	475,332	-	475,332	-	-	-	475,332	471,022	-	471,022	-	-	-	471,022
	2,453,401	-	2,453,401	-	-	-	2,453,401	3,150,938	-	3,150,938	-	-	-	3,150,938
Total expenses	12,612,799	-	12,612,799	-	-	-	12,612,799	13,226,704	-	13,226,704	-	-	-	13,226,704
Change in net assets	14,890,149	-	14,890,149	(2,167,051)	1,635,570	(531,481)	14,358,668	16,312,892	-	16,312,892	(2,400,147)	2,018,044	(382,103)	15,930,789
Net assets at beginning of year	27,381,465	31,411,974	58,793,439	6,093,050	10,398,418	16,491,468	75,284,907	12,784,402	29,696,145	42,480,547	8,493,197	8,380,374	16,873,571	59,354,118
Designation of net assets	(7,003,502)	7,003,502	-	-	-	-	-	(1,715,829)	1,715,829	-	-	-	-	-
Net assets at end of year	\$ 35,268,112	\$ 38,415,476	\$ 73,683,588	\$ 3,925,999	\$ 12,033,988	\$ 15,959,987	\$ 89,643,575	\$ 27,381,465	\$ 31,411,974	\$ 58,793,439	\$ 6,093,050	\$ 10,398,418	\$ 16,491,468	\$ 75,284,907

The accompanying notes are an integral part of the financial statements.

PAWS CHICAGOSTATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020

	Program Services						Supporting Services				Total	
	Rescue and Recovery	Spay/Neuter Clinic	Adoption Centers	Community Outreach	Volunteer Program	Community Development	Total Program Services	Management And General	Special Events	Fund Raising		Total Supporting Services
EXPENSES												
Compensation	\$ 2,198,937	\$ 1,140,166	\$ 970,089	\$ 228,716	\$ 263,084	\$ 422,093	\$ 5,223,085	\$ 341,826	\$ 185,579	\$ 54,367	\$ 581,772	\$ 5,804,857
Benefits and taxes	334,078	164,785	145,522	35,355	40,061	61,171	780,972	62,235	25,639	6,206	94,080	875,052
Animal care supplies	616,974	9,587	187	1,652	-	-	628,400	-	-	-	-	628,400
Medical supplies	558,964	30,421	100	90,716	-	-	680,201	85	-	-	85	680,286
Merchandise cost	3,698	1,849	5,548	-	-	39,130	50,225	371	47,199	185	47,755	97,980
Professional fees	170,109	88,930	116,023	13,779	10,678	153,959	553,478	109,334	46,839	114,729	270,902	824,380
Office supplies	110,626	34,430	56,119	2,074	5,423	13,058	221,730	116,068	126,139	45,253	287,460	509,190
Advertising	1,015	507	2,244	-	-	4,760	8,526	-	4,358	51	4,409	12,935
Event catering and food	584	407	407	54	267	5,475	7,194	9	653,158	-	653,167	660,361
Bad debt expense	-	-	100,000	25,000	-	-	125,000	15,000	-	32,993	47,993	172,993
Dues and subscriptions	373	1,969	751	-	8	160	3,261	1,438	63	4	1,505	4,766
Conferences and seminars	3,482	2,016	206	-	14	657	6,375	650	18	2	670	7,045
Depreciation	99,437	108,300	313,022	27,627	4,689	15,980	569,055	25,025	15,507	2,032	42,564	611,619
Insurance expense	25,529	16,116	14,020	9,329	3,943	5,529	74,466	7,061	4,724	561	12,346	86,812
Technology expense	96,490	47,264	82,080	10,659	9,699	26,354	272,546	41,730	20,286	34,614	96,630	369,176
Printing and production	71,374	41,704	35,050	8,605	4,126	101,369	262,228	793	19,498	130,220	150,511	412,739
Postage	41,243	19,376	16,854	6,215	3,452	50,993	138,133	-	4,472	51,887	56,359	194,492
Repairs and maintenance	21,996	20,660	76,055	2,407	1,667	2,595	125,380	5,905	3,401	378	9,684	135,064
Telephone and internet	30,082	17,841	50,725	8,919	3,506	4,707	115,780	6,424	4,484	287	11,195	126,975
Travel, meals and auto	13,888	1,177	1,801	11,334	4,045	3,222	35,467	3,638	1,686	1,254	6,578	42,045
Occupancy	22,226	57,560	129,664	4,663	3,086	5,933	223,132	4,498	2,535	278	7,311	230,443
Training reimbursement	-	-	40,600	-	-	-	40,600	-	-	-	-	40,600
Rental fees	4,373	257	1,110	8,090	43	291	14,164	1,789	68,605	31	70,425	84,589
Total expenses	<u>\$ 4,425,478</u>	<u>\$ 1,805,322</u>	<u>\$ 2,158,177</u>	<u>\$ 495,194</u>	<u>\$ 357,791</u>	<u>\$ 917,436</u>	<u>\$ 10,159,398</u>	<u>\$ 743,879</u>	<u>\$ 1,234,190</u>	<u>\$ 475,332</u>	<u>\$ 2,453,401</u>	<u>\$ 12,612,799</u>

The accompanying notes are an integral part of the financial statements.

PAWS CHICAGOSTATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019

EXPENSES	Program Services						Supporting Services				Total	
	Rescue and Recovery	Spay/Neuter Clinic	Adoption Centers	Community Outreach	Volunteer Program	Community Development	Total Program Services	Management And General	Special Events	Fund Raising		Total Supporting Services
Compensation	\$ 2,231,568	\$ 1,007,948	\$ 924,793	\$ 356,990	\$ 274,886	\$ 456,894	\$ 5,253,079	\$ 354,537	\$ 272,930	\$ 79,644	\$ 707,111	\$ 5,960,190
Benefits and taxes	317,220	152,229	140,694	45,204	40,371	65,172	760,890	66,548	37,532	9,399	113,479	874,369
Animal care supplies	560,931	15,555	560	1,101	-	-	578,147	-	-	-	-	578,147
Medical supplies	544,444	191,157	769	99,404	-	-	835,774	-	-	-	-	835,774
Merchandise cost	-	-	-	-	-	12,575	12,575	14,656	83,801	-	98,457	111,032
Professional fees	172,056	58,472	113,678	10,721	28,276	133,301	516,504	126,635	123,497	211,348	461,480	977,984
Office supplies	116,904	23,360	61,887	10,624	28,183	13,940	254,898	105,607	156,139	4,261	266,007	520,905
Advertising	6,692	3,346	16,901	115	100	22,950	50,104	-	11,136	2,644	13,780	63,884
Event catering and food	-	-	56	223	7,644	12,929	20,852	-	921,934	1,622	923,556	944,408
Dues and subscriptions	2,979	1,649	815	6	229	100	5,778	1,256	110	77	1,443	7,221
Conferences and seminars	3,237	2,883	589	464	206	206	7,585	294	177	119	590	8,175
Depreciation	62,758	131,269	295,352	27,633	8,311	21,719	547,042	32,696	20,212	2,438	55,346	602,388
Insurance expense	25,048	11,071	10,508	7,889	5,286	5,685	65,487	6,504	5,722	2,921	15,147	80,634
Technology expense	104,757	37,834	106,143	15,912	10,163	7,742	282,551	60,783	19,543	25,065	105,391	387,942
Printing and production	41,831	27,643	36,152	1,431	1,609	61,814	170,480	7,923	31,527	97,240	136,690	307,170
Postage	36,663	17,456	26,449	1,271	2,563	36,704	121,106	4,969	13,874	28,642	47,485	168,591
Repairs and maintenance	44,384	26,819	73,049	6,087	3,474	6,306	160,119	3,636	5,673	576	9,885	170,004
Telephone and internet	35,169	15,121	50,127	8,754	3,404	3,360	115,935	4,132	5,493	408	10,033	125,968
Travel, meals and auto	22,007	4,645	4,566	17,100	15,469	5,423	69,210	5,199	4,944	3,787	13,930	83,140
Occupancy	28,913	21,222	113,565	4,899	2,527	3,979	175,105	4,817	13,434	831	19,082	194,187
Training reimbursement	-	-	53,800	-	-	-	53,800	-	-	-	-	53,800
Rental fees	577	569	7,212	9,809	288	290	18,745	909	151,137	-	152,046	170,791
<b>Total expenses</b>	<b>\$ 4,358,138</b>	<b>\$ 1,750,248</b>	<b>\$ 2,037,665</b>	<b>\$ 625,637</b>	<b>\$ 432,989</b>	<b>\$ 871,089</b>	<b>\$ 10,075,766</b>	<b>\$ 801,101</b>	<b>\$ 1,878,815</b>	<b>\$ 471,022</b>	<b>\$ 3,150,938</b>	<b>\$ 13,226,704</b>

The accompanying notes are an integral part of the financial statements.

PAWS CHICAGOSTATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,181,038	\$ 1,994,345
Cash received from contributors	12,539,574	10,636,022
Investment income received	2,152,381	1,712,253
Cash paid to employees and suppliers	(10,911,954)	(10,975,996)
Net cash provided by operating activities	<u>4,961,039</u>	<u>3,366,624</u>
Cash flows from investing activities:		
Purchases of investment securities	(6,784,047)	(26,059,551)
Sale of investment securities	3,220,937	25,139,175
Purchases of property and equipment	(2,945,176)	(5,547,669)
Net cash used in investing activities	<u>(6,508,286)</u>	<u>(6,468,045)</u>
Cash flows from financing activities:		
Contributions restricted for long-term purposes	1,635,570	2,018,044
Borrowing from the Note Payable, SBA PPP Loan	1,153,803	-
Net cash provided by financing activities	<u>2,789,373</u>	<u>2,018,044</u>
Increase (decrease) in cash	1,242,126	(1,083,377)
Cash at beginning of year	<u>2,867,789</u>	<u>3,951,166</u>
Cash at end of year	<u>\$ 4,109,915</u>	<u>\$ 2,867,789</u>
Supplemental disclosure of non-cash operating and financing activities:		
In-kind contributions	<u>\$ 1,116,789</u>	<u>\$ 1,100,980</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	<u>\$ 14,358,668</u>	<u>\$ 15,930,789</u>
Adjustments:		
Net appreciation in investments	(7,968,546)	(8,401,330)
Depreciation	611,619	602,388
Contributions restricted for long-term purposes	(1,635,570)	(2,018,044)
Contributed investments received	(1,748,534)	(1,671,701)
(Increase) decrease in:		
Unconditional promises to give	1,907,666	(1,699,110)
Accounts receivable	(406,601)	100,663
Inventories	39,143	8,547
Prepaid expenses	142,936	4,000
Increase (decrease) in:		
Accounts payable	(44,720)	538,732
Accrued expenses	(164,921)	10,946
Deferred revenue	(130,101)	(39,256)
Total adjustments	<u>(9,397,629)</u>	<u>(12,564,165)</u>
Net cash provided by operating activities	<u>\$ 4,961,039</u>	<u>\$ 3,366,624</u>

The accompanying notes are an integral part of the financial statements.

PAWS CHICAGO

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

*Nature of Activities*

PAWS Chicago's comprehensive No Kill Model is at work fulfilling the Organization's mission of building No Kill communities, ending pet overpopulation and transforming animal welfare by setting higher standards. Since PAWS Chicago's founding in 1997, the number of pets killed each year in Chicago has been significantly reduced. PAWS Chicago operates adoption centers, a medical center, and a training center along with a robust network of foster homes to provide treatment, medical care and enrichment for homeless cats and dogs until they can be adopted into loving homes.

*Basis of Accounting*

The financial statements of PAWS Chicago have been prepared on the accrual basis of accounting.

*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 could differ from those estimates.

*Recognition of Donor 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 contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, the donation is reclassified to net assets without restrictions.

*Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year-end. Based on management's assessment of the credit history with debtors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will not be significant.

*Promises to Give*

Unconditional promises to give are recognized as assets and revenue in the period the promise is received. Promises to give are recorded at net realizable value if expected to be collected in the current year and at fair value, which is measured at the present value of their estimated future cash flows, if expected to be collected in more than one year. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution income. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

*Inventories*

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or net realizable value.

*Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment returns are presented net of investment expenses.

*Property, Equipment, and Depreciation*

Property and equipment are recorded at cost, or if donated, at estimated fair value at date of acquisition. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the restriction is considered to have expired when the assets are placed in service. The Organization reclassifies the net assets with donor restrictions to net assets without donor restrictions at that time. Assets are capitalized only if they have estimated useful lives of at least two years and have an initial value of \$1,000 or more.

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. When assets are sold, retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the change in net assets.

Depreciation of property and equipment is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	10-40
Furniture fixtures and improvements	5-15
Equipment	7-10
Computer equipment	3-10
Leasehold improvements	5
Software	3-7
Vehicles	5-10

*Revenue recognition and Deferred Revenue*

Revenue collected for program service fees are recognized when the services are performed. Revenue collected for program service fees of the succeeding year are classified as deferred revenue.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

*Donated Services and Supplies*

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 addition, many volunteers also perform a variety of tasks throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Donated supplies are recognized as contributions and program expense. They are valued at their estimated retail value.

*Advertising*

The Organization recognizes advertising expenditures as an expense as they are incurred. Advertising expense totaled \$12,685 and \$63,884 for the years ended December 31, 2020 and 2019, respectively.

*Income Taxes*

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income derived from unrelated business activities, as defined under the Internal Revenue Code. There was no provision for income tax required for 2020 or 2019. The Organization's federal Forms 990 and 990-T for 2020, 2019, and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they are filed. In addition, the Organization's state Forms AG990-IL and IL990-T are subject to examination by the state tax authority for similar years.

*Evaluation of Subsequent Events*

Management has evaluated subsequent events through November 19, 2021, the date the financial statements were available to be issued.

*Reclassifications*

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no impact on total net assets.

*Recently Issued Accounting Standards Not Yet Adopted*

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires leases to recognize a right-of-use asset and related lease liability for all leases, with limited exception for short-term leases. The new lease guidance will be effective for the year ending December 31, 2022 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 2 – Investments

The Organization invests in various investment securities. 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 changes could materially affect net assets and the amounts reported in the statement of activities.

Investments at December 31 are reported at fair value and are composed of the following:

	<u>2020</u>	<u>2019</u>
Money market	\$ 4,946,588	\$ 3,074,331
Mutual funds:		
Emerging markets	4,308,900	3,206,847
Fixed income	5,597,183	5,389,063
Global equity	1,180,384	-
International equity	5,786,730	6,092,490
Large Cap Blend	9,152,854	5,900,878
Large Cap Growth	14,153,921	7,737,286
Large Cap Value	4,797,364	3,833,676
Mid Cap Blend	2,257,928	3,771,671
Other	-	2,804,161
Real Estate	1,573,777	1,373,155
Small Cap Growth	2,186,160	-
Small Cap Value	138,289	-
Stocks:		
Conglomerates	-	230,005
Consumer defensive	2,590	-
Energy	-	289,686
Financial	784,421	1,674,880
Healthcare	857,199	271,146
Industrials	759,312	706,608
Information technology	6,486,780	5,278,904
Other	-	3,219
Telecommunications	134,850	79,875
Utilities	-	107,159
	<u>\$65,105,230</u>	<u>\$51,825,040</u>

During the years ended December 31, 2020 and 2019 the Organization's investments (including investments bought, sold, as well as held during the period) appreciated in fair value by \$7,968,546 and \$8,401,330, respectively.



PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 2 – Investments (continued)

*Fair Value Measurement*

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2:* Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair market 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 fair value of the Organization's investments is determined by Level 1 measurements. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

*Mutual Funds:* Valued at the daily closing price as reported by the Fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. 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.

*Money Market:* Based on quoted market prices of shares held by the Organization at year-end.

*Stocks:* Valued at closing price reported on the active market on which the individual securities are traded.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 3 – Unconditional Promises to Give

Unconditional promises to give have been received in support of the spay/neuter clinic, the adoption center, and the endowment fund. Carrying value of unconditional promises to give is determined by calculating the present values of estimated future pledge payments expected to be received, over the expected term of the agreements, using a risk-adjusted discount rate of 3.25% at December 31, 2020 and 2019.

Unconditional promises to give include the following:

	<u>2020</u>	<u>2019</u>
Promises to give beginning of year	\$ 4,144,806	\$ 2,400,459
Amount pledged during the year	525,000	3,341,749
Amount collected during the year	(2,367,217)	(1,597,402)
Pledges written off	<u>(172,012)</u>	<u>-</u>
Promises to give end of year	2,130,577	4,144,806
Less:		
Discounts to present value	(122,130)	(228,693)
Allowance for doubtful promises	<u>(70,000)</u>	<u>(70,000)</u>
Net promises to give	<u>\$ 1,938,447</u>	<u>\$ 3,846,113</u>

Promises to give expected to be collected in:

	<u>2020</u>	<u>2019</u>
Less than one year	\$1,123,117	\$2,348,006
One to five years	1,007,460	1,581,800
More than five years	<u>-</u>	<u>215,000</u>
	<u>\$2,130,577</u>	<u>\$4,144,806</u>

## Note 4 – Inventories

Inventories at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Merchandise	\$ 13,047	\$ 38,306
Medical supplies	<u>29,878</u>	<u>43,762</u>
	<u>\$ 42,925</u>	<u>\$ 82,068</u>

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 5 – Property, Equipment, and Depreciation

Property and equipment at December 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 3,874,619	\$ 3,874,619
Buildings	9,832,875	9,271,951
Furniture fixtures and improvements	1,764,979	1,760,556
Equipment	617,181	602,018
Computer equipment	486,089	479,455
Leasehold Improvements	183,725	-
Software	283,233	283,233
Vehicles	<u>550,556</u>	<u>550,556</u>
	17,593,257	16,822,388
Less accumulated depreciation	<u>6,051,915</u>	<u>5,440,297</u>
	11,541,342	11,382,091
Construction in progress	<u>8,193,094</u>	<u>6,018,788</u>
	<u>\$19,734,436</u>	<u>\$17,400,879</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$611,619 and \$602,388, respectively.

During 2017, the Organization began a project to expand the Medical Center in order to increase the capacity of animals that the Organization can treat. The final cost of the construction for the expansion of the Medical Center is approximately \$8,500,000. The expansion of the Medical Center was opened in October 2021.

## Note 6 – Paycheck Protection Program Loan

In April 2020, the Organization received loan proceeds in the amount of \$1,153,803 under the Paycheck Protection Program (“PPP”). The PPP was established as a part of the *Coronavirus Aid, Relief and Economic Security Act* (“CARES Act”). It provided for loans to qualifying organizations for amounts of up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest at 1% are forgivable between eight and twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

In 2021 the Organization has received notification that the loan and accrued interest have been forgiven. The Organization accounted for the PPP Loan in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Code (ASC) 470 – *Debt*, and accrued interest in accordance with the interest method under FASB ASC 835-30. When the loan was forgiven in 2021, the debt and accrued interest were reduced to zero and a gain on debt extinguishment was recorded in the statement of activities.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 7 – Net Assets Without Donor Restrictions

*Board-Designated Endowment*

The Board of Directors has designated a portion of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since this resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. The Organization determines annually any allocation of contributions, investment income, and gains or losses from investments, as well as any appropriation of its board-designated endowments for expenditure. There were no appropriations during the years 2020 and 2019.

Composition of and changes in board-designated endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Beginning designated balance	\$31,411,974	\$29,696,145
Contributions	-	-
Investment income	-	-
Net appreciation (depreciation) on investments	-	-
Current designation	7,003,502	1,715,829
Appropriated for expenditure	<u>-</u>	<u>-</u>
Ending designated balance	<u>\$38,415,476</u>	<u>\$31,411,974</u>

## Note 8 – Net Assets With Donor Restrictions

The Organization is subject to the State Prudent Management of Institutional Funds (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of the Organization has interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, the Organization would consider the fund to be under water if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The funds are not currently underwater.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies that accept prudent levels of short and long-term volatility consistent with the near-term cash flow needs, funding level, and long-term liability structure of the investment portfolio. To achieve long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Organization appropriates for expenditure all of the investment income of the funds. This is consistent with the objective to provide income for its programs, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 8 – Net Assets (Continued)

Changes in net assets with donor restrictions as of December 31, 2020 and 2019 are as follows:

	<u>Perpetual In Nature</u>	<u>Purpose Restricted</u>	<u>Total</u>
<i>December 31, 2020</i>			
Endowment Funds:			
Beginning of year	\$10,398,418	\$ 6,093,050	\$16,491,468
Contributions	1,635,570	1,365,256	3,000,826
Investment income	-	-	-
Appropriated for expenditure	-	(3,532,307)	(3,532,307)
End of year	<u>\$12,033,988</u>	<u>\$ 3,925,999</u>	<u>\$15,959,987</u>
<i>December 31, 2019</i>			
Endowment Funds:			
Beginning of year	\$ 8,380,374	\$ 8,493,197	\$16,873,571
Contributions	2,018,044	3,578,031	5,596,075
Investment income	-	-	-
Appropriated for expenditure	-	(5,978,178)	(5,978,178)
End of year	<u>\$10,398,418</u>	<u>\$ 6,093,050</u>	<u>\$16,491,468</u>

*Donor-restricted - Perpetual in Nature*

The Organization's net assets with donor restrictions include seven donor-restricted endowment funds. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift to be held and invested by the Organization indefinitely, and income from the fund is to be expended for program services. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Following is a summary of funds that have restrictions that are perpetual in nature as of December 31:

	<u>2020</u>	<u>2019</u>
Free spay/neuter program	\$ 1,231,296	\$ 1,231,296
Lincoln Park Adoption Center	8,534,586	6,934,586
Medical assistance for dogs with treatable illness	500,000	500,000
Medical Center Campaign Fund Endowment	356,855	356,285
Medical treatment of animals under 6 months old	181,251	181,251
Medical treatment of kittens	800,000	800,000
General endowment	<u>430,000</u>	<u>395,000</u>
	<u>\$12,033,988</u>	<u>\$10,398,418</u>

When donors amend or clarify intent for applicable gifts and contributions reported in a previous fiscal year, revisions are separately reflected as donor designated changes within the statement of activities.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 8 – Net Assets (Continued)

*Donor-Restricted – Purpose Restricted*

Following is a summary of the activity in purpose restricted net assets for the years ended December 31, 2020 and 2019:

	2020			
	Beginning Balance	Additions	Assets Released	Ending Balance
Adoption program	\$1,578,670	\$ 500	\$ 12,486	\$1,566,684
GUS Mobile	374,196	-	7,802	366,394
Sick and Injured / Shelter Medicine	693,482	6,100	100,000	599,582
Spay/Neuter Clinic	-	27,040	2,000	25,040
Strategic initiatives growth fund	2,905,591	866,518	2,653,653	1,118,456
Other timing restrictions	<u>541,111</u>	<u>465,098</u>	<u>756,366</u>	<u>249,843</u>
	<u>\$6,093,050</u>	<u>\$1,365,256</u>	<u>\$3,532,307</u>	<u>\$3,925,999</u>
	2019			
	Beginning Balance	Additions	Assets Released	Ending Balance
Adoption program	\$1,546,477	\$ 75,055	\$ 42,862	\$1,578,670
GUS Mobile	394,971	-	20,775	374,196
Sick and Injured / Shelter Medicine	793,484	154,724	254,726	693,482
Spay/Neuter Clinic	8,225	-	8,225	-
Strategic initiatives growth fund	5,198,423	2,792,342	5,085,174	2,905,591
Other timing restrictions	<u>551,617</u>	<u>555,910</u>	<u>566,416</u>	<u>541,111</u>
	<u>\$8,493,197</u>	<u>\$3,578,031</u>	<u>\$5,978,178</u>	<u>\$6,093,050</u>

## Note 9 – Operating Lease

The Organization has begun installing leasehold improvements on a site in Indiana owned by a related party. The site will be used for extended therapy and additional care for certain pets. A lease for this space is expected to be executed in 2021.

## Note 10 – Employee Benefit Plan

The Organization maintains a 401(k) savings plan covering substantially all employees that have completed the service requirement. For each year, the Board of Directors determines the amount of the discretionary contribution to be made to the Plan. No employer contributions were made for 2020 or 2019.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 11 – Liquidity and Availability of Financial Assets

The following represents the Organization's financial assets available to meet the cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets have been reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date. Due to the nature of restrictions from contributions received from donors, the Organization has omitted all restricted contributions.

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$91,805,838</u>	<u>\$76,633,109</u>
Less nonfinancial assets:		
Prepaid expenses	187,703	330,639
Property and equipment, net	<u>19,734,436</u>	<u>17,400,879</u>
	<u>19,922,139</u>	<u>17,731,518</u>
Financial assets	<u>71,883,699</u>	<u>58,901,591</u>
Less assets not available for general expenditures within one year due to:		
Contractual or donor imposed restrictions:		
Restrictions that are perpetual in nature	12,033,988	10,398,418
Purpose restricted	3,000,000	5,000,000
Board designations set aside for liquidity needs that exceed one year	<u>38,415,476</u>	<u>31,411,974</u>
	<u>53,449,464</u>	<u>46,810,392</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$18,434,235</u>	<u>\$12,091,199</u>

As a part of the Organization'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. To help manage unanticipated liquidity needs, the Organization has board designated endowment as noted above. Although the Organization does not intend to spend from its board designated endowment, amounts could be made available if necessary.

## Note 12 – Concentrations

*Cash*

The Organization maintains cash balances with two banks. Amounts on deposit generally exceed the amount insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in these accounts. Management believes the Organization is not exposed to any significant credit risk on cash accounts.

*Contribution Revenue*

For the year ended December 31, 2020 one major contributor accounted for 18% of total contribution revenue to the Organization. For the year ended December 31, 2019, contributions from one contributor accounted for nearly 11% of the total contributions to the Organization.

PAWS CHICAGONOTES TO FINANCIAL STATEMENTS

## Note 13 – Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocations are based on a square footage basis or on estimates of time and effort.

## Note 14 – Uncertainty

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. Although the Organization is continuing to monitor and assess the effects of the COVID-19 pandemic on its operations, the ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in disruption of the Organization's operations and revenue streams, and a decline in value of the Organization's marketable securities.