



Financial Statements  
September 30, 2022 and 2021

# Idaho Humane Society, Incorporated

Idaho Humane Society, Incorporated

Table of Contents

September 30, 2022 and 2021

---

Independent Auditor’s Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities .....	5
Statements of Cash Flows .....	7
Notes to Financial Statements .....	9



## Independent Auditor's Report

The Board of Directors  
Idaho Humane Society, Incorporated  
Boise, Idaho

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Idaho Humane Society, Incorporated, (the Society), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities 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 the Society as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities of 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 the 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 the 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 "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
January 11, 2023

Idaho Humane Society, Incorporated

Statements of Financial Position

September 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,543,181	\$ 4,509,312
Cash and cash equivalents restricted for programs	446,114	408,371
Accounts receivable, less allowance of \$48,296 and \$36,106 in 2022 and 2021, respectively	183,614	142,189
Promises to give, net	8,000	8,000
Inventory	18,438	13,980
Prepaid expenses	36,380	29,279
Total current assets	6,235,727	5,111,131
Board Designated Reserve Fund and Capital Campaign Assets		
Cash and cash equivalents	11,623	491,956
Investments	4,090,632	4,085,902
Total board designated reserve fund and capital campaign assets	4,102,255	4,577,858
Easy Fund Assets		
Cash and cash equivalents	40,183	19,589
Investments	1,906,679	2,421,602
Total easy fund assets	1,946,862	2,441,191
Charlie Bear Wilson Veterinary Fund Assets		
Cash and cash equivalents	9,629	-
Investments	169,088	-
Total charlie bear wilson veterinary fund assets	178,717	-
Promises to Give, Long-Term, Net	56,000	64,000
Property and Equipment, Net	15,075,622	15,510,350
Total assets	\$ 27,595,183	\$ 27,704,530

Idaho Humane Society, Incorporated  
 Statements of Financial Position  
 September 30, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 369,525	\$ 172,115
Accrued expenses	194,071	196,788
Capital lease obligations	-	72,729
Total current liabilities	563,596	441,632
Total liabilities	563,596	441,632
Net Assets		
Without donor restrictions		
Operations or undesignated	20,357,639	19,835,478
Board designated reserve fund	4,102,255	4,577,858
With donor restrictions		
Easy Fund	1,946,862	2,441,191
Charlie Bear Wilson Veterinary Fund	178,717	-
Other	446,114	408,371
Total net assets	27,031,587	27,262,898
	\$ 27,595,183	\$ 27,704,530

Idaho Humane Society, Incorporated

Statement of Activities

Year Ended September 30, 2022

	Without Donor Restrictions		With Donor	Total
	Operations	Designated	Restrictions	
<b>Public Support, Revenues, and Gains</b>				
Donations and Contributions				
Charlie Bear Wilson Veterinary Fund	\$ -	\$ -	\$ 231,397	\$ 231,397
Easy Fund	-	-	6,647	6,647
General support and other	2,344,565	377,284	500,310	3,222,159
Animal control contracts	2,571,972	-	-	2,571,972
Clinic services	2,519,213	-	-	2,519,213
Shelter services	955,881	-	-	955,881
Other revenues	300,422	-	-	300,422
Net investment return (loss)	463	(852,887)	(456,210)	(1,308,634)
Net assets released from restrictions				
Satisfaction of program restrictions	560,013	-	(560,013)	-
<b>Total public support, revenues, and gains</b>	<b>9,252,529</b>	<b>(475,603)</b>	<b>(277,869)</b>	<b>8,499,057</b>
<b>Expenses</b>				
Programs				
Animal control and shelter services	4,359,712	-	-	4,359,712
Clinic services	2,794,137	-	-	2,794,137
Other programs	545,703	-	-	545,703
Supporting services				
Management and general	599,328	-	-	599,328
Fundraising	431,488	-	-	431,488
<b>Total expenses</b>	<b>8,730,368</b>	<b>-</b>	<b>-</b>	<b>8,730,368</b>
<b>Change in Net Assets</b>	<b>522,161</b>	<b>(475,603)</b>	<b>(277,869)</b>	<b>(231,311)</b>
Easy Fund	-	-	2,441,191	2,441,191
Other	19,835,478	4,577,858	408,371	24,821,707
<b>Net Assets, Beginning of Year</b>	<b>19,835,478</b>	<b>4,577,858</b>	<b>2,849,562</b>	<b>27,262,898</b>
Charlie Bear Wilson Veterinary Fund	-	-	178,717	178,717
Easy Fund	-	-	1,946,862	1,946,862
Other	20,357,639	4,102,255	446,114	24,906,008
<b>Net Assets, End of Year</b>	<b>\$ 20,357,639</b>	<b>\$ 4,102,255</b>	<b>\$ 2,571,693</b>	<b>\$ 27,031,587</b>

Idaho Humane Society, Incorporated

Statement of Activities

Year Ended September 30, 2021

	Without Donor Restrictions		With Donor	Total
	Operations	Designated	Restrictions	
<b>Public Support, Revenues, and Gains</b>				
Donations and Contributions				
Capital Campaign	\$ -	\$ -	\$ 34,975	\$ 34,975
Easy Fund	-	-	9,345	9,345
General support and other	2,017,967	879,936	688,577	3,586,480
Animal control contracts	2,427,553	-	-	2,427,553
Clinic services	2,600,467	-	-	2,600,467
Shelter services	772,780	-	-	772,780
PPP Loan Forgiveness	900,000	-	-	900,000
Other revenues	275,715	-	-	275,715
Net investment return	653	664,224	463,306	1,128,183
Net assets released from restrictions				
Satisfaction of program restrictions	853,938	-	(853,938)	-
<b>Total public support, revenues, and gains</b>	<b>9,849,073</b>	<b>1,544,160</b>	<b>342,265</b>	<b>11,735,498</b>
<b>Expenses</b>				
Programs				
Animal control and shelter services	3,823,883	-	-	3,823,883
Clinic services	2,758,332	-	-	2,758,332
Other programs	432,966	-	-	432,966
Supporting services				
Management and general	603,948	-	-	603,948
Fundraising	292,853	-	-	292,853
<b>Total expenses</b>	<b>7,911,982</b>	<b>-</b>	<b>-</b>	<b>7,911,982</b>
<b>Interfund Transfers</b>				
Designated fund transfers	660,038	(660,038)	-	-
<b>Change in Net Assets</b>	<b>2,597,129</b>	<b>884,122</b>	<b>342,265</b>	<b>3,823,516</b>
Capital Campaign	-	-	129,915	129,915
Easy Fund	-	-	2,108,668	2,108,668
Other	17,238,349	3,693,736	268,714	21,200,799
<b>Net Assets, Beginning of Year</b>	<b>17,238,349</b>	<b>3,693,736</b>	<b>2,507,297</b>	<b>23,439,382</b>
Easy Fund	-	-	2,441,191	2,441,191
Other	19,835,478	4,577,858	408,371	24,821,707
<b>Net Assets, End of Year</b>	<b>\$ 19,835,478</b>	<b>\$ 4,577,858</b>	<b>\$ 2,849,562</b>	<b>\$ 27,262,898</b>



Idaho Humane Society, Incorporated

Statements of Cash Flows

Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (231,311)	\$ 3,823,516
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	627,927	602,284
Interest expense attributable to amortization of debt issuance costs	-	17,531
Investment income net of fees	(226,005)	(84,623)
Realized gain on investments	(9,990)	(219,959)
Unrealized (gain) loss on investments	1,544,629	(823,601)
In-kind contribution of property	(11,215)	-
PPP loan forgiveness	-	(900,000)
Changes in assets and liabilities		
Accounts receivable	(41,425)	13,424
Promises to give	8,000	(72,000)
Inventory	(4,458)	9,407
Prepaid expenses	(7,101)	(537)
Accounts payable	197,410	31,674
Accrued expenses	(2,717)	(127,367)
Net Cash from Operating Activities	<u>1,843,744</u>	<u>2,269,749</u>
Investing Activities		
Purchase of investments	(1,242,416)	(915,343)
Proceeds from sale of investments	274,887	529,279
Purchase of property and equipment	(181,984)	(251,472)
Net Cash used for Investing Activities	<u>(1,149,513)</u>	<u>(637,536)</u>
Financing Activities		
Collections of contributions restricted to building project	-	39,604
Payment on loan payable	-	(931,576)
Payment on capital lease payable	(72,729)	(69,257)
Net Cash (used for) Financing Activities	<u>(72,729)</u>	<u>(961,229)</u>
Net Change in Cash	621,502	670,984
Cash and Cash Equivalents, Beginning of Year	<u>5,429,228</u>	<u>4,758,244</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,050,730</u>	<u>\$ 5,429,228</u>

Idaho Humane Society, Incorporated

Statements of Cash Flows

Years Ended September 30, 2022 and 2021

	2022	2021
<b>Supplemental Disclosures of Cash Flows Information</b>		
Cash paid during the year for interest	\$ 1,945	\$ 50,000
Noncash donation of stock	\$ 159,064	\$ 38,208
<b>Reconciliation of Cash and Cash Equivalents</b>		
Current assets	\$ 5,989,295	\$ 4,917,683
Board Designated Reserve Fund and Capital Campaign Assets	11,623	491,956
Easy Fund	40,183	19,589
Charlie Bear Wilson Veterinary Fund	9,629	-
	\$ 6,050,730	\$ 5,429,228

## **Note 1 - Summary of Significant Accounting Policies**

### **Activity**

The Idaho Humane Society is a private animal welfare organization incorporated in the State of Idaho in 1945 as a non-profit corporation. The Society is a stand-alone, nonprofit organization, operating in Boise, Idaho. The primary exempt purpose of the Idaho Humane Society is to prevent cruelty, abuse and neglect of animals by sheltering lost and unwanted companion animals; providing full-service affordable veterinary medical care emphasizing spay and neuter; conducting community outreach and education programs on humane care of animals; enforcing animal welfare laws; and conducting cruelty investigation and rescue.

Other than revenue received for contracted animal control services, the Society receives no governmental funding. The Society is supported entirely by private donations and revenues generated from sheltering services, animal control services contracted with local municipalities, and veterinary care provided to members of the community. The Society has two primary locations. The location at 1300 S. Bird Street opened in FY20 and houses the Adoption Center and public veterinary medical facility. The location at 4775 Dorman St. serves as the facility for animal control activities, including intakes and redemptions, as well as pre-adoption sheltering and medical care for the animals we shelter.

### **Basis of Accounting**

The financial statements of the Society are prepared on the accrual basis of accounting.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand as well as checking, savings and money market accounts with financial institutions. The Society considers all short-term investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statements of cash flows includes operating, temporarily restricted for programs, Board Designated Reserve Fund, Easy Fund and Charlie Bear Wilson Veterinary Fund cash and cash equivalents.

### **Accounts Receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Society provides for losses on accounts receivable using the allowance method. The allowance is based on experience. It is the Society's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The Society extends credit to its customers for veterinary services. The Society charges a monthly service fee on outstanding balances, but does not require collateral, for outstanding balances.

### **Promises to Give**

The Society records unconditional promises to give at net realizable value. The Society assesses collectability of promises to give and records an allowance for any for which collectability is questionable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At September 30, 2022 and 2021, unconditional promises to give are considered collectible by management, as such the allowance was zero for both years.

**Inventory**

Inventory consists of retail pet food and supplies valued at the lower of cost (first-in, first-out method) or net realizable value.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

**Property and Equipment**

Property and equipment are recorded at cost except for donated property, which is recorded at fair market value when donated. Depreciation on property and equipment is provided on the straight-line method over estimated useful lives of the assets or in the case of capitalized leased assets, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Expenditures over \$2,500 for major renewals and betterments that extend the useful lives are capitalized. Expenditures for maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to expense as incurred. Useful lives are as follows:

Buildings	40 years
Vehicles and equipment	3 - 15 years

The Society reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2022 and 2021.

**Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Society has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated reserve fund.

*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. The Society reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of

the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

### **Revenue and Revenue Recognition**

The Society recognizes revenue in the form of shelter and clinic services, donations and contributions, and animal control contracts. Virtually all donations and contributions are from private sources. Revenue is recognized when earned. For performance obligations related to shelter services, clinic services, and store sales revenue is recognized at a point in time. For performance obligations related to animal control contracts and student program fees revenue is recognized over time.

Contributions are recognized when cash, securities, or other asset is received or when an unconditional promise to give is received and considered collectible. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

### **Contributed Support**

Contributed support is reported as with donor restrictions or without donor restrictions depending on the existence of donor stipulations that limit the use of the support. Contributions with donor restrictions whose restrictions are met in the same reporting period are classified as contributions without donor restrictions.

The Society receives a significant amount of contributed time. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Accordingly, the value of the majority of this contributed time has not been determined and is not reflected in the accompanying financial statements, as the donated time does not meet the recognition criteria.

The Society received donated materials and supplies reflected at their fair value at the date of donation in the amounts of \$215,563 and \$77,914, respectively, during the years ended September 30, 2022 and 2021. During the year certain donations of supplies were received that were not recorded in the financial statements. These donations had no effect on net assets.

### **Advertising**

Promotion and publicity charges are expensed when incurred. Advertising costs were \$10,869 and \$10,425, for the years ended September 30, 2022 and 2021, respectively.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Note 10 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facility operation and depreciation, which are allocated on a square footage basis, as well as salaries, benefits, insurance, supplies and services, office supplies, professional fees, vehicle expense, and advertising, which are allocated on the basis of estimates of usage, time, and effort.

### **Income Taxes**

The Society is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Society is annually required to file a Return of Society Exempt from Income Tax (Form 990) with the IRS. In addition, the Society is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Society has determined it has no unrelated business income tax and has not filed an Exempt Society Business Income Tax Return (Form 990T) with the IRS.

The Society believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Society would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The Society uses estimates and assumptions in preparing financial statements in conformity with U.S. GAAP. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. It is at least reasonably possible that the estimates will change within the next year and could be material.

### **Financial Instruments and Credit Risk**

The Society manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Society has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to historical collection rates. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Society.

**Subsequent Events**

The Society has evaluated subsequent events through January 11, 2023, the date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 5,543,181	\$ 4,509,312
Accounts receivable	183,614	142,189
Promises to give, net	8,000	8,000
	<u>\$ 5,734,795</u>	<u>\$ 4,659,501</u>

Reserve funds consist of donor-restricted funds and funds designated by the board. Income from donor-restricted funds is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted funds are not available for general expenditure.

Board-designated funds of \$4,102,255 are expended at the Board's discretion as described in Note 8. Although the Society does not intend to spend from this board-designated fund (other than amounts appropriated for specific purposes by Board approval), these amounts could be made available if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is invested in money market funds.

**Note 3 - Fair Value Measurements**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Society can access at measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the related asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Society's assessment of the quality, risk or liquidity profile of the asset.

All of the Society's investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at September 30, 2022:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Board designated reserve investments				
Mutual funds				
Large blend	\$ 2,699,282	\$ 2,699,282	\$ -	\$ -
Intermediate bond	1,247,465	1,247,465	-	-
Mid blend	143,885	143,885	-	-
	<u>\$ 4,090,632</u>	<u>\$ 4,090,632</u>	<u>\$ -</u>	<u>\$ -</u>
Easy Fund investments				
Mutual funds				
Large blend	\$ 1,228,016	\$ 1,228,016	\$ -	\$ -
Intermediate bond	607,155	607,155	-	-
Mid blend	71,508	71,508	-	-
	<u>\$ 1,906,679</u>	<u>\$ 1,906,679</u>	<u>\$ -</u>	<u>\$ -</u>
Charlie Bear Wilson Veterinary Fund investments				
Mutual funds				
Large blend	\$ 111,228	\$ 111,228	\$ -	\$ -
Intermediate bond	51,576	51,576	-	-
Mid blend	6,284	6,284	-	-
	<u>\$ 169,088</u>	<u>\$ 169,088</u>	<u>\$ -</u>	<u>\$ -</u>



Idaho Humane Society, Incorporated

Notes to Financial Statements

September 30, 2022 and 2021

The following table presents assets measured at fair value on a recurring basis at September 30, 2021:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Board designated reserve and Capital Campaign investments				
Mutual funds				
Large blend	\$ 2,714,311	\$ 2,714,311	\$ -	\$ -
Intermediate bond	1,224,144	1,224,144	-	-
Mid blend	147,447	147,447	-	-
	<u>\$ 4,085,902</u>	<u>\$ 4,085,902</u>	<u>\$ -</u>	<u>\$ -</u>
Easy Fund investments				
Mutual funds				
Large blend	\$ 1,576,237	\$ 1,576,237	\$ -	\$ -
Intermediate bond	740,174	740,174	-	-
Mid blend	105,191	105,191	-	-
	<u>\$ 2,421,602</u>	<u>\$ 2,421,602</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 4 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at September 30, 2022 and 2021:

	2022	2021
Within one year	\$ 8,000	\$ 8,000
Over one year	56,000	64,000
	<u>\$ 64,000</u>	<u>\$ 72,000</u>

At September 30, 2022 and 2021, one donor accounted for 100% of total promises to give.

**Note 5 - Revenue from Contracts with Customers**

The following table disaggregates the Society's revenue based on the timing of satisfaction of performance obligations for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Revenue recognized at a point in time	\$ 3,576,239	\$ 3,460,006
Revenue recognized over time	<u>2,753,766</u>	<u>2,608,230</u>
Total revenue from contracts with customers	<u>\$ 6,330,005</u>	<u>\$ 6,068,236</u>

Revenue from performance obligations satisfied at a point in time consist of clinic services, shelter services, and store sales. These goods and services are provided to customers at the Bird and Dorman locations. Revenue from performance obligations satisfied over time consists of animal control contracts entered into with local municipalities and student program fees generated from the agreement with an educational institution in the Western United States.

The Society's accounts receivable, less allowance, from contracts with customers as of October 1, 2020 was \$155,613.

**Note 6 - Property and Equipment**

Property and equipment is comprised of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 996,490	\$ 996,490
Buildings	16,907,520	16,725,536
Vehicles and equipment	<u>2,148,202</u>	<u>2,136,987</u>
	20,052,212	19,859,013
Accumulated depreciation	<u>(4,976,590)</u>	<u>(4,348,663)</u>
	<u>\$ 15,075,622</u>	<u>\$ 15,510,350</u>

Depreciation expense recorded on the fixed assets was \$627,927 and \$602,284, for the years ended September 30, 2022 and 2021, respectively.

**Note 7 - Leases****Operating Leases**

The Society leases the land upon which their Dorman Street building is located from the City of Boise under a 40-year operating lease expiring August 1, 2036. The lease requires an annual payment of \$15,259, which is increased on the 5<sup>th</sup>, 15<sup>th</sup>, 25<sup>th</sup> and 35<sup>th</sup> lease anniversary date by a percentage of the increase in the Consumer Price Index. The annual payment is also increased on the 10<sup>th</sup>, 20<sup>th</sup>, and 30<sup>th</sup> anniversary date by the greater of 8 percent of the fair market value of the lease premises or a percentage of the increase in the Consumer Price Index. The future minimum lease payments are \$211,077. The rent expense totaled \$15,259 for the years ended September 30, 2022 and 2021.

In May 2006, the Society signed a second lease for additional land behind the Dorman Street shelter and the use of buildings that are located on the land from the City of Boise under a 30-year and three month lease expiring on July 31, 2036. The lease requires an annual payment of \$13,191, which is increased on the 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup>, and 25<sup>th</sup> lease anniversary date by the greater of a percentage of the increase in the Consumer Price Index or the fair market value of the leased premises. The future minimum lease payments are \$182,470. The rent expense totaled \$13,191 and \$12,516 for the years ended September 30, 2022 and 2021, respectively.

In July 2019, the Society entered into a lease agreement for multiple copiers and printers. The lease expires in June 2024, monthly lease payments are \$1,078. The future minimum lease payments are \$22,638. The rent expense related to the copiers and printers totaled \$12,936 for the years ended September 30, 2022 and 2021.

The five year payout for commitments and contingencies are as follows:

Years Ending September 30,	Operating Leases
2023	\$ 41,385
2024	38,151
2025	28,449
2026	28,449
2027	28,449
Thereafter	251,302
	\$ 416,185

**Note 8 - Board Designated Reserve Fund**

The Board of Directors established a reserve fund to help ensure the financial future of the Society. The reserve fund is composed of net assets set aside by the Board of Directors for specific purposes, such as future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. The Board of Directors also transfers funds from the reserve fund to the operations fund as deemed necessary.

The Society has adopted investment and spending policies for the reserve fund that attempt to provide a predictable stream of funding for operations, while seeking to maintain the purchasing power of the reserve fund assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the reserve fund assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the reserve fund investments.

All withdrawals from the reserve fund are at the discretion of the Board of Directors. Board approved distributions from the reserve fund were \$0 and \$660,038, during 2022 and 2021, respectively. The distributions for the year ended September 30, 2021, were for construction costs related to the building and related costs. The principal balance of the reserve fund was \$4,102,255 and \$4,577,858, at September 30, 2022 and 2021, respectively.

**Note 9 - Net Assets with Donor Restrictions**

The Society's net assets with donor restrictions consist of granted and donated money from various sources provided for the benefit of specific programs.

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

	2022	2021
Restricted by donors for		
Easy Fund	\$ 1,946,862	\$ 2,441,191
Charlie Bear Wilson Veterinary Fund	178,717	-
Behavior Mod Program	76,457	93,057
Medical Transfer	124,251	119,855
Pet Food Pantry	9,274	17,694
HSUS Pets for Life	119,526	115,550
Rescue Ranch	22,937	14,390
STAR Medical Fund	43,915	28,490
Others	49,754	19,335
	<u>\$ 2,571,693</u>	<u>\$ 2,849,562</u>

Idaho Humane Society, Incorporated

Notes to Financial Statements

September 30, 2022 and 2021

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. Net assets were released as follows for other programs for the years ended September 30, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions		
Easy Fund	\$ 92,523	\$ 140,128
Charlie Bear Wilson Veterinary Fund	4,924	-
Capital Campaign	-	164,890
Medical Transfer	220,604	198,543
Adoption Event	-	45,000
Shelter Animal Care	7,274	11,306
Spay/Neuter Programs	16,317	15,071
HSUS Pets for Life	106,124	90,530
Foster	40,276	-
COVID Relief	1,560	1,615
Duck Valley	18,974	17,146
Pet Food Pantry	16,866	15,229
Behavior Mod Program	16,949	12,068
Pets for Seniors	-	10,000
STAR	9,508	4,423
Equipment Acquisitions	-	113,109
Others	8,114	14,880
	\$ 560,013	\$ 853,938

**Easy Fund**

In fiscal year 2013, the Society received a bequest to provide funding for the Easy Fund of the Idaho Humane Society, Incorporated (Easy Fund), to benefit dogs by subsidizing the cost of (i) urgently needed veterinary care to companion animals of families, seniors, and individuals in the community that aren't otherwise able to afford the care and (ii) immediate medical care for ill and injured homeless and/or ownerless animals that are in the care of the Society. The goal is (i) to provide medical care for adoptable dogs with serious but treatable medical conditions that without such care would be rendered unadoptable and (ii) to provide medical care for treatable dogs belonging to members of the public that cannot afford such care and might lose the companionship of the dog without such care. The Easy Fund will specifically benefit dogs only. No other species shall benefit from the Easy Fund, per the donor's stipulations.

Each year no less than 2 ½ % or more than 5% of the Annual Value, as determined as of December 31, of the Easy Fund may be used to provide benefits contemplated under the Easy Fund. As of September 30, 2022, the value of the Easy Fund was \$1,946,862. Funds are presented under Easy Fund in the Statement of Financial Position as of September 30, 2022. Funds are invested according to donor guidelines with no fees charged to the funds. The allocation of funds to be used for the following year, beginning January 1, will be determined based on the balance of the Fund at December 31 each year. Additional donations to the Easy Fund will be encouraged and accepted per the donor's request. For calendar year 2022, the Society took a 4.5% distribution from the Fund to provide benefits under Fund guidelines. That amount, based on the December 31, 2021 balance, was \$114,182, of which \$76,801, of services under the fund had been provided to recipients as of September 30,

2022. For calendar year 2021, the Society took a 4.5% distribution from the Fund to provide benefits. That amount, based on the December 31, 2020, balance was \$103,870. As of September 30, 2022, the Society has complied with the agreement as set forth by the donor.

### Charlie Bear Wilson Veterinary Fund

In fiscal year 2022, the Society received a donation to provide funding for the Charlie Bear Wilson Veterinary Fund of the Idaho Humane Society, Incorporated (Charlie Bear Fund), to benefit pets by subsidizing the cost of veterinary care, on a sliding scale based on financial need, for medical procedures, preventative care, behavioral therapy and surgery for dogs and cats belonging to low income owners or owners who demonstrate financial hardship in affording veterinary care regardless of household income.

The donor stipulated that in the calendar year 2022, 5% of the initial value of the Charlie Bear Fund should be withdrawn. Thereafter, absent exceptional circumstances as determined by the Board of Directors, no less than 2 ½ % or more than 5% shall be distributed annually to provide benefits. For calendar years 2023, 2024 and 2025, the percentage distributed will be based on the ending value of the account as of December 31. For calendar year 2026 and thereafter, the percentage shall be based on the average value of the Charlie Bear Fund as of December 31 for the previous three calendar years.

As of September 30, 2022, the value of the Charlie Bear Fund was \$178,717. Funds are presented under Charlie Bear Wilson Veterinary Fund in the Statement of Financial Position as of September 30, 2022. Funds are invested according to donor guidelines. For calendar year 2022, the Society took a 5% distribution from the Fund to provide benefits under the Fund guidelines. That amount, based on the December 31, 2021 balance, was \$10,746, of which \$4,924 of services under the Fund had been provided to recipients as of September 30, 2022.

### Note 10 - Functional Expenses

The following schedule presents the natural classification of expenses by function for the year ended September 30, 2022:

	Animal Control Shelter Services	Clinic Services	Other Programs	Management and General	Fundraising	Total
Expenses						
Salaries and benefits	\$ 2,877,915	\$ 1,740,914	\$ 375,057	\$ 328,235	\$ 102,339	\$ 5,424,460
Insurance	36,561	16,552	5,529	7,068	-	65,710
Supplies and services	780,357	729,563	103,411	68,826	-	1,682,157
Office supplies	2,171	1,311	201	685	-	4,368
Professional fees	61,666	100,164	-	38,104	-	199,934
Facility operation	188,114	59,572	29,137	50,831	-	327,654
Vehicle expense	56,149	-	-	46	-	56,195
Depreciation	347,110	144,861	32,368	103,588	-	627,927
Fundraising expense	-	-	-	-	329,149	329,149
Interest expense	-	-	-	1,945	-	1,945
Advertising	9,669	1,200	-	-	-	10,869
Total expenses	<u>\$ 4,359,712</u>	<u>\$ 2,794,137</u>	<u>\$ 545,703</u>	<u>\$ 599,328</u>	<u>\$ 431,488</u>	<u>\$ 8,730,368</u>

Idaho Humane Society, Incorporated

Notes to Financial Statements

September 30, 2022 and 2021

The following schedule presents the natural classification of expenses by function for the year ended September 30, 2021:

	Animal Control Shelter Services	Clinic Services	Other Programs	Management and General	Fundraising	Total
Expenses						
Salaries and benefits	\$ 2,446,468	\$ 1,703,116	\$ 273,622	\$ 284,622	\$ 94,614	\$ 4,802,442
Insurance	35,773	16,664	5,535	7,180	-	65,152
Supplies and services	653,032	762,874	92,678	62,837	-	1,571,421
Office supplies	1,462	754	85	1,754	-	4,055
Professional fees	91,872	66,107	-	33,259	-	191,238
Facility operation	189,918	62,025	28,678	48,017	-	328,638
Vehicle expense	72,256	-	-	48	-	72,304
Depreciation	325,067	144,402	32,368	100,447	-	602,284
Fundraising expense	-	-	-	-	198,239	198,239
Interest Expense	-	-	-	65,784	-	65,784
Advertising	8,035	2,390	-	-	-	10,425
<b>Total expenses</b>	<b><u>\$ 3,823,883</u></b>	<b><u>\$ 2,758,332</u></b>	<b><u>\$ 432,966</u></b>	<b><u>\$ 603,948</u></b>	<b><u>\$ 292,853</u></b>	<b><u>\$ 7,911,982</u></b>

**Note 11 - Retirement Plan**

All employees with greater than six months of service are eligible to participate in the 401(k)-retirement plan. The Society matches employee contributions up to 5%. Employees vest in Society contributions at time of contribution. Contribution expense was \$88,621 and \$95,159, for the years ended September 30, 2022 and 2021, respectively.