

Financial Statements
September 30, 2025 and 2024
Idaho Humane Society, Incorporated

Idaho Humane Society, Incorporated

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September 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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.



Boise, Idaho
January 8, 2026

Idaho Humane Society, Incorporated

Statements of Financial Position

September 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,029,644	\$ 713,709
Cash and cash equivalents restricted for programs	312,478	486,752
Certificates of deposit	4,621,505	3,950,053
Accounts receivable, net of allowance for credit losses of \$13,346 and \$25,468 in 2025 and 2024, respectively	324,404	304,710
Promises to give, net	8,000	8,000
Inventory	30,470	34,185
Prepaid expenses	64,793	63,036
Total current assets	6,391,294	5,560,445
Certificates of Deposit	2,190,495	2,363,330
Board Designated Reserve Fund Assets		
Cash and cash equivalents	21,689	416,102
Investments	9,296,436	7,279,766
Total Board Designated Reserve Fund assets	9,318,125	7,695,868
Easy Fund Assets		
Cash and cash equivalents	8,601	52,926
Investments	2,649,037	2,488,108
Total Easy Fund assets	2,657,638	2,541,034
Charlie Bear Wilson Veterinary Fund Assets		
Cash and cash equivalents	21,033	120,124
Investments	616,291	480,032
Total Charlie Bear Wilson Veterinary Fund assets	637,324	600,156
Marko Fund Assets		
Cash and cash equivalents	29	69
Investments	34,378	30,961
Total Marko Fund assets	34,407	31,030
Promises to Give, Long-Term, Net	32,000	40,000
Property and Equipment, Net	13,925,980	14,383,513
Operating Lease Right-of-Use Assets	250,989	269,169
Total assets	\$ 35,438,252	\$ 33,484,545

Idaho Humane Society, Incorporated

Statements of Financial Position

September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 327,828	\$ 416,873
Accrued expenses	305,119	288,556
Current portion of operating lease liability	28,564	28,564
Total current liabilities	<u>661,511</u>	<u>733,993</u>
Long-Term Liabilities		
Operating lease liability, less current portion	<u>220,952</u>	<u>239,133</u>
Total long-term liabilities	<u>220,952</u>	<u>239,133</u>
Total liabilities	<u>882,463</u>	<u>973,126</u>
Net Assets		
Without donor restrictions		
Operations or undesignated	21,595,838	21,156,579
Board Designated Reserve Fund	9,318,125	7,695,868
With donor restrictions		
Easy Fund	2,657,638	2,541,034
Charlie Bear Wilson Veterinary Fund	637,324	600,156
Marko Fund	34,407	31,030
Other	312,457	486,752
Total net assets	<u>34,555,789</u>	<u>32,511,419</u>
	<u>\$ 35,438,252</u>	<u>\$ 33,484,545</u>

Idaho Humane Society, Incorporated

Statement of Activities

Year Ended September 30, 2025

	Without Donor Restrictions		With Donor Restrictions	Total
	Operations	Designated		
Public Support, Revenues, and Gains				
Donations and Contributions				
Charlie Bear Wilson Veterinary Fund	\$ -	\$ -	\$ 10,140	\$ 10,140
Easy Fund	-	-	12,926	12,926
General support and other	2,868,053	704,088	838,031	4,410,172
In-kind contributions	410,809	-	-	410,809
Animal Control contracts	3,284,117	-	-	3,284,117
Clinic services	2,316,436	-	-	2,316,436
Shelter services	908,092	-	-	908,092
Other revenues	461,795	-	-	461,795
Net investment return	344,231	918,169	336,640	1,599,040
Net assets released from restrictions				
Satisfaction of program restrictions	1,214,883	-	(1,214,883)	-
Total public support, revenues, and gains	<u>11,808,416</u>	<u>1,622,257</u>	<u>(17,146)</u>	<u>13,413,527</u>
Expenses				
Programs				
Animal Control and Shelter services	5,678,064	-	-	5,678,064
Clinic services	3,098,157	-	-	3,098,157
Other programs	1,159,811	-	-	1,159,811
Supporting services				
Management and general	690,692	-	-	690,692
Fundraising	742,433	-	-	742,433
Total expenses	<u>11,369,157</u>	<u>-</u>	<u>-</u>	<u>11,369,157</u>
Change in Net Assets	<u>439,259</u>	<u>1,622,257</u>	<u>(17,146)</u>	<u>2,044,370</u>
Change in Net Assets by Fund				
Charlie Bear Wilson Veterinary Fund	-	-	600,156	600,156
Marko Fund	-	-	31,030	31,030
Easy Fund	-	-	2,541,034	2,541,034
Other	21,156,579	7,695,868	486,752	29,339,199
Net Assets, Beginning of Year	<u>21,156,579</u>	<u>7,695,868</u>	<u>3,658,972</u>	<u>32,511,419</u>
Change in Net Assets by Fund				
Charlie Bear Wilson Veterinary Fund	-	-	637,324	637,324
Marko Fund	-	-	34,407	34,407
Easy Fund	-	-	2,657,638	2,657,638
Other	21,595,838	9,318,125	312,457	31,226,420
Net Assets, End of Year	<u>\$ 21,595,838</u>	<u>\$ 9,318,125</u>	<u>\$ 3,641,826</u>	<u>\$ 34,555,789</u>

Idaho Humane Society, Incorporated

Statement of Activities

Year Ended September 30, 2024

	Without Donor Restrictions		With Donor	Total
	Operations	Designated	Restrictions	
Public Support, Revenues, and Gains				
Donations and Contributions				
Charlie Bear Wilson Veterinary Fund	\$ -	\$ -	\$ 218,678	\$ 218,678
Easy Fund	-	-	6,552	6,552
General support and other	2,737,121	730,438	1,021,986	4,489,545
In-kind contributions	507,166	-	-	507,166
Animal Control contracts	3,094,687	-	-	3,094,687
Clinic services	2,023,714	-	-	2,023,714
Shelter services	942,789	-	-	942,789
Other revenues	452,017	-	-	452,017
Net investment return	258,401	1,281,113	588,415	2,127,929
Net assets released from restrictions				
Satisfaction of program restrictions	1,107,097	(24,514)	(1,082,583)	-
Total public support, revenues, and gains	11,122,992	1,987,037	753,048	13,863,077
Expenses				
Programs				
Animal Control and Shelter services	5,354,499	-	-	5,354,499
Clinic services	2,436,714	-	-	2,436,714
Other programs	1,032,734	-	-	1,032,734
Supporting services				
Management and general	690,104	-	-	690,104
Fundraising	761,575	-	-	761,575
Total expenses	10,275,626	-	-	10,275,626
Change in Net Assets	847,366	1,987,037	753,048	3,587,451
Charlie Bear Wilson Veterinary Fund	-	-	311,478	311,478
Marko Fund	-	-	25,113	25,113
Easy Fund	-	-	2,131,591	2,131,591
Other	20,309,213	5,708,831	437,742	26,455,786
Net Assets, Beginning of Year	20,309,213	5,708,831	2,905,924	28,923,968
Charlie Bear Wilson Veterinary Fund	-	-	600,156	600,156
Marko Fund	-	-	31,030	31,030
Easy Fund	-	-	2,541,034	2,541,034
Other	21,156,579	7,695,868	486,752	29,339,199
Net Assets, End of Year	\$ 21,156,579	\$ 7,695,868	\$ 3,658,972	\$ 32,511,419

Idaho Humane Society, Incorporated

Statements of Cash Flows

Years Ended September 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	\$ 2,044,370	\$ 3,587,451
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	597,085	632,635
Donation of stock	43,145	118,534
Investment income net of fees	(517,291)	(412,057)
Realized gain on investments	(13,660)	(114,625)
Unrealized gain on investments	(1,008,716)	(1,559,710)
Changes in assets and liabilities		
Certificates of deposit	786,755	(750,000)
Accounts receivable	(19,694)	(96,292)
Promises to give	8,000	8,000
Inventory	3,715	(11,923)
Prepaid expenses	(1,757)	(31,879)
Accounts payable	(89,045)	149,261
Accrued expenses	16,563	76,873
Net Cash from Operating Activities	1,849,470	1,596,268
Investing Activities		
Purchase of investments	(2,316,701)	(1,291,543)
Proceeds from sale of investments	210,575	199,059
Purchase of property and equipment	(139,552)	(318,166)
Proceeds from sale of property	-	430,000
Net Cash used for Investing Activities	(2,245,678)	(980,650)
Net Change in Cash	(396,208)	615,618
Cash and Cash Equivalents, Beginning of Year	1,789,682	1,174,064
Cash and Cash Equivalents, End of Year	\$ 1,393,474	\$ 1,789,682
Supplemental Disclosures of Cash Flows Information		
Noncash donation of stock	\$ 43,145	\$ 118,534
Reconciliation of Cash and Cash Equivalents		
Current assets	\$ 1,342,122	\$ 1,200,461
Board designated reserve fund	21,689	416,102
Easy Fund	8,601	52,926
Charlie Bear Wilson Veterinary Fund	21,033	120,124
Marko Fund	29	69
	\$ 1,393,474	\$ 1,789,682

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, restricted for programs, Board Designated Reserve Fund, Easy Fund, Charlie Bear Wilson Veterinary Fund and Marko Fund cash and cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at unpaid balances, less an allowance for credit losses. 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.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at September 30, 2025 and 2024, because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time).

Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at September 30, 2025 and 2024, totaled \$13,346 and \$25,468, respectively.

Changes in the allowance for credit losses for receivables are as follows for the years ended September 30:

	2025	2024
Allowance for Credit Losses, Beginning of Year	\$ 25,468	\$ 12,956
Provision for credit losses	39,531	57,716
Charge-offs	(40,558)	(35,604)
Recoveries	(11,095)	(9,600)
	\$ 13,346	\$ 25,468

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, 2025 and 2024, 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. 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, 2025 and 2024.

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 \$410,809 and \$507,166, respectively, during the years ended September 30, 2025 and 2024. 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 \$13,420 and \$12,067, for the years ended September 30, 2025 and 2024, 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 Organization 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 Organization 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. The financial institution account is insured by the FDIC, which insures cash up to \$250,000 per depositor, per insured bank, for each account ownership category. The brokerage accounts are insured by the Securities Investment Protection Corporation, which insures cash up to \$250,000. At September 30, 2025 and 2024, the Society had approximately \$7,668,139 and \$7,365,254, respectively, in excess of FDIC-insured limits. 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 8, 2026, 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:

	2025	2024
Cash and cash equivalents	\$ 1,029,644	\$ 713,709
Certificates of deposit	4,621,505	3,950,053
Accounts receivable	324,404	304,710
Promises to give, net	8,000	8,000
	<u>\$ 5,983,553</u>	<u>\$ 4,976,472</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 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 and certificates of deposit.

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.

A significant portion 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 Society invests in CDs traded in the financial markets. Those CDs are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2.

Idaho Humane Society, Incorporated

Notes to Financial Statements

September 30, 2025 and 2024

The following table presents assets measured at fair value on a recurring basis at September 30, 2025:

	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)
Certificates of deposit	\$ 6,812,000	\$ -	\$ 6,812,000	\$ -
Board designated reserve investments				
Mutual funds				
Large blend	\$ 6,196,325	\$ 6,196,325	\$ -	\$ -
Intermediate bond	2,767,097	2,767,097	-	-
Mid blend	333,014	333,014	-	-
	<u>\$ 9,296,436</u>	<u>\$ 9,296,436</u>	<u>\$ -</u>	<u>\$ -</u>
Easy fund investments				
Mutual funds				
Large blend	\$ 1,852,341	\$ 1,852,341	\$ -	\$ -
Intermediate bond	703,557	703,557	-	-
Mid blend	93,139	93,139	-	-
	<u>\$ 2,649,037</u>	<u>\$ 2,649,037</u>	<u>\$ -</u>	<u>\$ -</u>
Charlie Bear Wilson veterinary fund investments				
Mutual funds				
Large blend	\$ 425,828	\$ 425,828	\$ -	\$ -
Intermediate bond	166,186	166,186	-	-
Mid blend	24,277	24,277	-	-
	<u>\$ 616,291</u>	<u>\$ 616,291</u>	<u>\$ -</u>	<u>\$ -</u>
Marko fund investments				
Mutual funds				
Large blend	\$ 23,707	\$ 23,707	\$ -	\$ -
Intermediate bond	9,539	9,539	-	-
Mid blend	1,132	1,132	-	-
	<u>\$ 34,378</u>	<u>\$ 34,378</u>	<u>\$ -</u>	<u>\$ -</u>

Idaho Humane Society, Incorporated

Notes to Financial Statements

September 30, 2025 and 2024

The following table presents assets measured at fair value on a recurring basis at September 30, 2024:

	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)
Certificates of deposit	\$ 6,313,383	\$ -	\$ 6,313,383	\$ -
Board designated reserve investments				
Mutual funds				
Large blend	\$ 4,767,843	\$ 4,767,843	\$ -	\$ -
Intermediate bond	2,157,654	2,157,654	-	-
Mid blend	304,353	304,353	-	-
Other	49,916	49,916	-	-
	<u>\$ 7,279,766</u>	<u>\$ 7,279,766</u>	<u>\$ -</u>	<u>\$ -</u>
Easy fund investments				
Mutual funds				
Large blend	\$ 1,696,807	\$ 1,696,807	\$ -	\$ -
Intermediate bond	696,877	696,877	-	-
Mid blend	94,424	94,424	-	-
	<u>\$ 2,488,108</u>	<u>\$ 2,488,108</u>	<u>\$ -</u>	<u>\$ -</u>
Charlie Bear Wilson veterinary fund investments				
Mutual funds				
Large blend	\$ 317,959	\$ 317,959	\$ -	\$ -
Intermediate bond	142,114	142,114	-	-
Mid blend	19,959	19,959	-	-
	<u>\$ 480,032</u>	<u>\$ 480,032</u>	<u>\$ -</u>	<u>\$ -</u>
Marko fund investments				
Mutual funds				
Large blend	\$ 20,584	\$ 20,584	\$ -	\$ -
Intermediate bond	9,229	9,229	-	-
Mid blend	1,148	1,148	-	-
	<u>\$ 30,961</u>	<u>\$ 30,961</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 8,000	\$ 8,000
Over one year	<u>32,000</u>	<u>40,000</u>
	<u>\$ 40,000</u>	<u>\$ 48,000</u>

At September 30, 2025 and 2024, 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Revenue recognized at a point in time	\$ 3,511,187	\$ 3,325,794
Revenue recognized over time	<u>3,340,758</u>	<u>3,080,110</u>
Total revenue from contracts with customers	<u>\$ 6,851,945</u>	<u>\$ 6,405,904</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, 2023 was \$208,418.

Note 6 - Property and Equipment

Property and equipment is comprised of the following at September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 996,490	\$ 996,490
Buildings	17,080,336	17,073,340
Vehicles and equipment	2,672,291	2,539,735
Accumulated depreciation	<u>(6,823,137)</u>	<u>(6,226,052)</u>
Total property, plant and equipment, net	<u>\$ 13,925,980</u>	<u>\$ 14,383,513</u>

Depreciation expense recorded on the fixed assets was \$597,085 and \$632,635, for the years ended September 30, 2025 and 2024, respectively.

Note 7 - Leases

The Society leases land and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2036. The leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require the Society to pay insurance and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Society has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Society has applied the risk-free rate option to the building and office equipment classes of assets.

The Society has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Idaho Humane Society, Incorporated

Notes to Financial Statements

September 30, 2025 and 2024

Total lease costs for the years ended September 30, 2025 and 2024, were as follows:

	2025	2024
Operating lease cost	\$ 28,564	\$ 28,564
Short-term lease cost	3,715	3,485

The following table summarizes the supplemental cash flow information for the years ended September 30:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 28,564	\$ 28,564

The following summarizes the weighted-average remaining lease term and weight-average discount rate at September 30, 2025:

	2025	2024
Weighted-average remaining lease term in years:		
Operating leases	10.83 Years	11.83 Years
Weighted-average discount rate:		
Operating leases	4.00%	4.00%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of September 30, 2025:

Years Ending September 30,	Operating
2026	\$ 28,564
2027	28,564
2028	28,564
2029	28,564
2030	28,564
Thereafter	166,623
Total lease payments	309,443
Less interest	(59,927)
Present value of lease liabilities	\$ 249,516

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. There were no distributions from the reserve fund during 2025 and 2024, respectively. The principal balance of the reserve fund was \$9,318,125 and \$7,695,868, at September 30, 2025 and 2024, 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.

	2025	2024
Restricted by donors for specified purpose		
Easy Fund	\$ 2,657,638	\$ 2,541,034
Charlie Bear Wilson Veterinary Fund	637,324	600,156
Marko Fund	34,407	31,030
Behavior Mod program	11,576	36,867
Medical transfer	155,682	199,742
Pet food pantry	46,664	53,395
HSUS pets for life	33,416	67,149
Rescue ranch	3,069	6,748
STAR medical fund	49,536	48,772
Others	12,514	74,079
	\$ 3,641,826	\$ 3,658,972

Idaho Humane Society, Incorporated

Notes to Financial Statements
September 30, 2025 and 2024

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, 2025 and 2024:

	2025	2024
Satisfaction of purpose restrictions		
PetSmart veterinary grant	\$ 418,124	\$ 447,497
Easy Fund	168,254	96,946
Charlie Bear Wilson Veterinary Fund	34,303	12,661
Medical transfer	244,060	192,518
Shelter animal care	29,641	37,706
Spay/Neuter programs	43,400	9,284
HSUS pets for life	96,032	129,605
Shelter Diversion	49,217	50,783
Foster	10,000	2,500
Pet food pantry	44,692	19,773
Behavior mod program	25,640	23,628
STAR	31,066	18,149
Others	20,454	41,533
	\$ 1,214,883	\$ 1,082,583

Easy Fund

In fiscal year 2013, the Society received a bequest to provide funding for the Easy Fund of the Idaho Humane Society, Incorporated, 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, 2025 and 2024, the value of the Easy Fund was \$2,657,638 and \$2,541,034, respectively. Funds are presented under Easy Fund in the Statement of Financial Position. 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 2025, the Society took a 5% distribution from the Fund to provide benefits under Fund guidelines. That amount, based on the December 31, 2024 balance, was \$121,815, of which \$121,815, of services under the fund had been provided to recipients as of September 30, 2025.

For calendar year 2024, the Society took a 5% distribution from the Fund to provide benefits. That amount, based on the December 31, 2023, balance was \$115,464. As of September 30, 2025 and 2024, the Society 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, 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 Wilson Veterinary 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 Wilson Veterinary Fund as of December 31, for the previous three calendar years.

As of September 30, 2025 and 2024, the value of the Charlie Bear Wilson Veterinary Fund was \$637,324 and \$600,156, respectively. Funds are presented under Charlie Bear Wilson Veterinary Fund in the Statement of Financial Position as of September 30, 2025. Funds are invested according to donor guidelines. For calendar year 2025, the Society took a 5% distribution from the Fund to provide benefits under the Fund guidelines. That amount, based on the December 31, 2024 balance, was \$29,210, of which \$25,408 of services under the Fund had been provided to recipients as of September 30, 2025. For calendar year 2024, the Society took a 5% distribution from the Fund to provide benefits. That amount, based on the December 31, 2023, balance was \$20,076. As of September 30, 2025 and 2024, the Society complied with the agreement as set forth by the donor.

Marko Fund

In fiscal year 2023, the Society received a donation to provide initial funding for The Bonnie L. Marko and Kurt R. Marko Endowment Fund (Marko Fund) for veterinary care and related costs for care of all animals within the shelter. The donor intends to provide \$1,000,000 in funding for the Marko Fund.

The donor stipulated that for each calendar year after the Fund is established, 4% of the Fund's average market value over the most recent three-year period should be withdrawn after the first three years. Prior to the end of the first three years, the previous year or two years' average market value will be used to determine the amount to be distributed. At the discretion of the Idaho Humane Society Board of Directors, or committee designated by it, the amount to be released to be used may be deferred from the initial gift until the end of the calendar year in which the Fund is completely funded by the donor.

As of September 30, 2025 and 2024, the value of the Marko Fund was \$34,407 and \$31,030, respectively. Funds are presented under Marko Fund in the Statement of Financial Position. Funds are invested according to donor guidelines. No distributions have been made from the Fund as of September 30, 2025 or 2024.

Note 10 - Functional Expenses

The following schedule presents the natural classification of expenses by function for the year ended September 30, 2025:

	Animal Control					Fundraising	Total
	Shelter Services	Clinic Services	Other Programs	Management and General			
Expenses							
Salaries and benefits	\$ 3,896,202	\$ 2,096,222	\$ 710,774	\$ 441,536	\$ 230,743	\$ 7,375,477	
Insurance	69,773	24,896	7,979	8,470	-	111,118	
Supplies and services	903,533	686,556	360,713	77,891	-	2,028,693	
Office supplies	1,919	1,151	285	969	-	4,324	
Professional fees	88,066	79,707	-	44,881	-	212,654	
Facility operation	281,371	78,544	47,491	25,414	-	432,820	
Operating right-of-use amortization	-	-	-	28,564	-	28,564	
Vehicle expense	53,312	-	-	-	-	53,312	
Depreciation	372,292	129,533	32,569	62,691	-	597,085	
Fundraising expense	-	-	-	-	511,690	511,690	
Advertising	11,596	1,548	-	276	-	13,420	
Total expenses	<u>\$ 5,678,064</u>	<u>\$ 3,098,157</u>	<u>\$ 1,159,811</u>	<u>\$ 690,692</u>	<u>\$ 742,433</u>	<u>\$ 11,369,157</u>	

The following schedule presents the natural classification of expenses by function for the year ended September 30, 2024:

	Animal Control					Fundraising	Total
	Shelter Services	Clinic Services	Other Programs	Management and General			
Expenses							
Salaries and benefits	\$ 3,563,596	\$ 1,576,620	\$ 554,620	\$ 391,392	\$ 200,195	\$ 6,286,423	
Insurance	50,584	22,896	7,677	9,506	-	90,663	
Supplies and services	1,020,474	553,834	398,656	81,579	-	2,054,543	
Office supplies	2,078	1,045	30	964	-	4,117	
Professional fees	78,662	57,381	-	54,358	-	190,401	
Facility operation	237,676	75,478	39,353	26,408	-	378,915	
Operating right-of-use amortization	-	-	-	28,564	-	28,564	
Vehicle expense	35,918	-	-	-	-	35,918	
Depreciation	355,233	147,671	32,398	97,333	-	632,635	
Fundraising expense	-	-	-	-	561,380	561,380	
Advertising	10,278	1,789	-	-	-	12,067	
Total expenses	<u>\$ 5,354,499</u>	<u>\$ 2,436,714</u>	<u>\$ 1,032,734</u>	<u>\$ 690,104</u>	<u>\$ 761,575</u>	<u>\$ 10,275,626</u>	

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 \$126,297 and \$116,804, for the years ended September 30, 2025 and 2024, respectively.