

THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.  
Financial Statements Together with Independent Auditor's Report  
As of and For the Year Ended June 30, 2015



**C.E.A. SCHOLTES & ASSOCIATES**  
*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Humane Society of Baltimore County, Inc.

We have audited the accompanying financial statements of The Humane Society of Baltimore County, Inc. (the Society), a nonprofit organization, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Humane Society of Baltimore County, Inc. as of June 30, 2015, and the

changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*C. E. A. Scholtes & Associates*

C.E.A. Scholtes and Associates  
Certified Public Accountants  
Baltimore, Maryland  
February 9, 2016

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2015**

<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 722,220
Investments, as fair value	283,756
Accounts Receivable	4,809
Bequests Receivable	112,491
Pledges Receivable	19,088
Prepaid Expenses	10,773
Total Current Assets	1,153,137
Property and Equipment	
Leasehold Improvements	1,056,183
Furniture and Equipment	226,397
Computer Equipment	22,758
Vehicles	9,480
	1,314,818
Less: Accumulated Depreciation	(745,507)
Property and Equipment, net	569,311
Total Assets	\$ 1,722,448
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Current Maturities of Term Loans	\$ 3,319
Accounts Payable and Accrued Expenses	85,336
Deferred Revenue	18,510
Total Current Liabilities	107,165
Total Liabilities	107,165
Commitments (Note 12)	
Net Assets	
Unrestricted	
Operations	636,071
Investment in Property and Equipment	565,992
Total Unrestricted Net Assets	1,202,063
Temporarily Restricted	159,747
Permanently Restricted	253,473
Total Net Assets	1,615,283
Total Liabilities and Net Assets	\$ 1,722,448

See accompanying notes to this financial statement and independent auditor's report.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

<b>REVENUES, GAINS AND OTHER SUPPORT</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions:				
Bequests	\$ 248,959	\$ 112,491	\$ -	\$ 361,450
Trust Income	230,368	-	-	230,368
Individuals, Corporations, Foundations	306,697	56,422	98,437	461,556
Earned Revenue:				
Spay-Neuter Center and Medical Services	249,965	-	-	249,965
Cemetery	76,821	-	-	76,821
Adoption Center	43,043	-	-	43,043
Other	15,923	-	-	15,923
In-Kind Donations	278,271	-	-	278,271
Special Events, net of \$113,021 of expense	49,160	-	-	49,160
Interest Earned	2,004	-	-	2,004
Investment Income, net	1,193	-	6,270	7,463
	<u>1,502,404</u>	<u>168,913</u>	<u>104,707</u>	<u>1,776,024</u>
Satisfaction of Purpose and Time Restrictions	74,380	(66,796)	(7,584)	-
Total Revenues, Gains and Other Support	<u>1,576,784</u>	<u>102,117</u>	<u>97,123</u>	<u>1,776,024</u>
<b>EXPENSES</b>				
Program Services:				
Adoption Center	708,413	-	-	708,413
Cemetery	67,352	-	-	67,352
Spay-Neuter Center and Medical Services	474,420	-	-	474,420
Total Program Services	<u>1,250,185</u>	<u>-</u>	<u>-</u>	<u>1,250,185</u>
Supporting Services:				
Management and General	449,588	-	-	449,588
Fundraising	51,184	-	-	51,184
Total Supporting Services	<u>500,772</u>	<u>-</u>	<u>-</u>	<u>500,772</u>
Total Expenses	<u>1,750,957</u>	<u>-</u>	<u>-</u>	<u>1,750,957</u>
<b>CHANGE IN NET ASSETS</b>	(174,173)	102,117	97,123	25,067
Net Assets, Beginning of Year	<u>1,376,236</u>	<u>57,630</u>	<u>156,350</u>	<u>1,590,216</u>
Net Assets, End of Year	<u>\$ 1,202,063</u>	<u>\$ 159,747</u>	<u>\$ 253,473</u>	<u>\$ 1,615,283</u>

See accompanying notes to this financial statement and independent auditor's report.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ 25,067
Adjustments to Reconcile Net Assets to Net Cash and Cash Equivalents Used in Operating Activities:	
Depreciation	47,751
In-Kind Donation	(98,437)
Unrealized Gain on Investments	(4,429)
Reinvested Dividends and Interest	(3,034)
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(1,341)
Increase in Bequests Receivable	(84,656)
Increase in Pledges Receivable	(4,786)
Decrease in Prepaid Expenses	9,820
Decrease in Accounts Payable and Accrued Expenses	(16,096)
Increase in Deferred Revenue	10,495
Net Cash Used in Operating Activities	(119,646)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of Investments	(151,540)
Cash Paid for Property and Equipment	(76,161)
Sales of Investments	20,692
Net Cash Used in Investing Activities	(207,009)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Repayments of Term Loan	(5,044)
Net Cash Used in Financing Activities	(5,044)

Net Decrease in Cash and Cash Equivalents (331,699)

Cash and Cash Equivalents, Beginning of Year 1,053,919

Cash and Cash Equivalents, End of Year \$ 722,220

**Supplemental Disclosures of Cash Flow Information**

Non-Cash Investing Activities	
Non-Cash Contributions of Shares of Stock	\$ 98,437
Cash Payments for Interest	\$ 120

See accompanying notes to this financial statement and independent auditor's report.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**1. Nature of Organization and Summary of Significant Accounting Policies**

This summary of significant accounting policies of The Humane Society of Baltimore County, Inc. (the Society) is presented to assist in the understanding of the Society's financial statements. The financial statements and notes are the representations of the Society's management, who are responsible for its integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been applied in the preparation of the financial statements.

**Nature of Organization**

The Society was founded in 1927 as a non-profit organization, which exists to provide an effective means for the prevention of cruelty to animals throughout Baltimore County and to promote humane education in all possible ways in Baltimore County schools and homes. The Society operates as an animal shelter, a spay/neuter center, a memorial park, and a wildlife sanctuary. In addition to the earned income derived from those activities, the Society is dependent on donations from the Elsie Seeger Barton Trust Fund (see Note 7), individuals, corporations, and foundations, and income from fundraising events to support animal care operations.

**Basis of Accounting**

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of Presentation and Net Assets**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958. Under FASB ASC No. 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor imposed stipulations.

Temporarily restricted net assets result from contributions whose use by the Society is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Society pursuant to those stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. The Society had temporarily restricted net assets of \$159,747 as of June 30, 2015.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**1. Nature of Organization and Summary of Significant Accounting Policies –  
(continued)**

**Basis of Presentation and Net Assets – (continued)**

Permanently restricted net assets result from contributions whose use by the Society is limited by donor imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Society. The Society had permanently restricted net assets of \$253,473 as of June 30, 2015.

**Donated Services**

The Society recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Bequests Receivable and Revenue Recognition**

The Society regularly receives assets from the estates of deceased individuals. Bequest receivables and revenues are recorded in the year the assets of the estate are available for distribution and amounts to be contributed to the Society are known and determinable and deemed unconditional. Otherwise, bequest revenue is recorded when received.

Management was unable to determine the necessary information to measure interests in certain bequests during the 2015 fiscal year. However, the Society became aware of certain bequests in the 2015 fiscal year which were collected in the 2016 year through February 9, 2016 as follows:

Estate of John D. Cullen	\$ 137,484
Estate of Shirley C. Shanahan	102,895
Estate of Helen B. Engel	50,000
Estate of Ellen T. Madden	26,266
Total	<u>\$ 316,645</u>

Accordingly, this revenue was appropriately recorded in the subsequent fiscal year.

**Pledges Receivable**

Pledges receivable consist of amounts due within one year from the United Way campaign. Management believes all pledges receivable are collectible, and accordingly, no allowance for doubtful pledges has been provided.



**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**1. Nature of Organization and Summary of Significant Accounting Policies – (continued)**

**Investments**

Investments are stated at fair market value.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Society considers all highly liquid debt instruments purchased with a maturity of three (3) months or less to be cash equivalents.

**Property and Equipment**

The Society capitalizes substantial expenditures of \$500 or more for property and equipment having a useful life of two or more years. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the following useful lives:

	<u>Years</u>
Leasehold Improvements	30
Furniture and Equipment	10-20
Computer Equipment	5
Vehicle	5

Depreciation totaled \$47,751 for the year ended June 30, 2015.

**Valuation of Long-Lived Assets**

The Society accounts for the valuation of long-lived assets under FASB ASC No. 360, *Property, Plant and Equipment*. ASC No. 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. The Society's management believes that there are no impaired long-lived assets as of June 30, 2015 and, therefore, no impairment loss has been recorded during the year ended June 30, 2015.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**1. Nature of Organization and Summary of Significant Accounting Policies –  
(continued)**

**Advertising Costs**

The Society expenses advertising costs when incurred. Advertising costs for the year ended June 30, 2015 totaled \$2,506.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

The Society is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Society may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the positions. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2015. The Society files federal and state information returns and is generally no longer subject to income tax examinations by major tax authorities for tax years prior to 2012.

**Use of Estimates in Financial Statements**

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

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**1. Nature of Organization and Summary of Significant Accounting Policies –  
(continued)**

**Subsequent Events**

The Society evaluated the accompanying financial statements for subsequent events and transactions through February 9, 2015, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

**2. Fair Value of Financial Instruments**

FASB ASC No. 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC No. 820 are described below:

**Level 1**

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

**Level 2**

Inputs to the valuation methodology include:

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

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

**Level 3**

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**2. Fair Value of Financial Instruments - (continued)**

techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation techniques used by the Society to measure fair value during the year ended June 30, 2015 maximized the use of observable inputs and minimized the use of unobservable inputs. There have been no changes in the methodologies used as of June 30, 2015.

When an active market for an identical asset is not available, alternative pricing sources and models utilizing market observable inputs are used. The Society determines whether the market for a financial instrument is active or inactive based on the security's daily volume and other market trading statistics. Inactivity of the market is evidenced by factors including decreased trade volumes, stale transaction prices and transaction prices that varied significantly either over time or among markets.

Changes in fair value are recognized in the period in which the change occurs in the statement of activities.

The following is a description of the valuation methodologies used for assets measured at fair value as of June 30, 2015:

*Mutual Funds and Common Stock:* Valued at the closing price reported on the active market on which the fund is traded.

*Baltimore Community Foundation (BCF) Fund:* Valued at the ending investment asset balance of all assets pooled together in the fund.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**2. Fair Value of Financial Instruments - (continued)**

The following table presents the Society's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2015:

	Fair Value Measurement Using			
	Total	Quoted Prices in Active Market For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$244,480	\$244,480	\$ -	\$ -
Common Stock	28,977	28,977	-	-
BCF Fund	10,299	-	-	10,299
Total	\$283,756	\$273,457	\$ -	\$10,299

**3. Investments**

Investments are stated at fair market value. The market value of the Society's investments as of June 30, 2015 is as follows:

Mutual Funds	\$244,480
Common Stock	28,977
BCF Fund	10,299
Total	\$283,756

The following schedule summarizes the net investment income for the year ended June 30, 2015:

Net Unrealized Gain	\$4,429
Interest and Dividends	4,326
Less: Investment Fees	(1,292)
Net Investment Income	\$7,463

ASC No. 958-205, *Non-for-Profit Entities: Presentation of Financial Statements*, established a framework of the net assets classification of donor-restricted endowment funds for any nonprofit organization that is subject to a state enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC No. 958-205, which is

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**3. Investments – (continued)**

effective for fiscal years ending after December 15, 2008, also required expanded disclosures for all endowment funds.

In the event the Society receives donor-restricted endowment funds, determination of the net assets classification for the corpus and return on investments is based on the donor's intentions. In the event the Society's Board determines certain non-donor funds as board-designated, those respective funds are classified as unrestricted and the return on those funds is used to support the general program expenses of the annual budget.

The Society's overall financial objectives of the endowment are: (1) to support the current and future operations of the Society and (2) to preserve the purchasing power of the endowment. The Society's spending and investing policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current investment objective is to attain an average annual total return of at least 6% over rolling five-year periods. Actual returns in any given year may vary from this objective.

Changes in endowment net assets are as follows for the year ended June 30, 2015:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowed Net Assets, July 1, 2014	\$ 35,054	\$ 7,584	\$ 156,350	\$ 198,988
Interest and Dividends	2,498	-	1,767	4,265
Fees	-	-	(1,239)	(1,239)
Net Market Value Appreciation	<u>(1,114)</u>	<u>-</u>	<u>5,742</u>	<u>4,628</u>
Income Available for Operations	1,384	-	6,270	7,654
Contributions	-	-	98,437	98,437
Annual Balance Available for Disbursement	<u>-</u>	<u>7,584</u>	<u>(7,584)</u>	<u>-</u>
Endowed Net Assets, June 30, 2015	<u>\$ 36,438</u>	<u>\$ 15,168</u>	<u>\$ 253,473</u>	<u>\$ 305,079</u>

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**4. Bequest Revenue and Receivable**

Bequest revenue for fiscal year ended June 30, 2015 totaled \$361,450 and consisted of the following:

<u>Donor</u>	<u>Amount</u>
Estate of Frances Burl	\$ 121,921
Estate of Harvey Panzer	106,440
Estate of Doris F. Cole	91,211
Estate of Anne Homer Martin	33,370
Estate of John C. Axel	5,000
Estate of Adele Mears	3,500
Estate of Skip Michael	8
Total	<u>\$ 361,450</u>

Bequests receivable totaled \$112,491 as of June 30, 2015 and consisted of the following:

<u>Donor</u>	<u>Amount</u>
Estate of Doris F. Cole	\$ 91,211
Estate of Frances Burl	14,854
Hensley Revocable Trust	<u>6,426</u>
Total	<u>\$ 112,491</u>

**5. Pledges Receivable**

Pledges receivable as of June 30, 2015 consisted of \$19,088 due from the United Way.

**6. Term Loans**

Effective October 2010, the Society borrowed \$8,000 for the purpose of acquiring equipment used in operations. The term loan bears interest at 6.6%. The term of the loan is 60 months and matures in October 2015. Monthly payments of principal and interest are \$157.

Effective March 2011, the Society borrowed \$15,570 from a private finance company for the purpose of acquiring equipment used in operations. The term loan bears interest at 4%. The term of the loan is 60 months and matures in March 2016. Monthly payments of principal and interest are \$286.

Future minimum scheduled principal payments as of June 30, 2015 totaled \$3,319.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**7. Related Party Transactions**

**Elsie Seeger Barton Trust**

The Elsie Seeger Barton Trust (the Trust) was formed for the benefit of the Society. The facilities and grounds used by the Society, at no cost to the Society, are owned by the Trust. Effective January 1, 2006, the Trust was converted to a unitrust, whereby the Society receives contributions equal to 4% of the value of the liquid assets (exclusive of the value of land – see below) of the Trust. The Society received \$230,368 in contributions from the Trust which represents \$180,727 in monthly contributions as stated in the Trust agreement and \$49,641 in additional funding as requested by The Society due to cash flow shortages.

In addition, the Trust provides land and facilities for the Society including an office building, dog kennel and adoption center. Management has determined in-kind value for the land and facilities to be \$109,422 for the year ended June 30, 2015. In addition, the Trust is responsible for major improvements to the facilities and grounds.

**8. Satisfaction of Purpose and Time Restrictions**

Net assets released from purpose and time restrictions for the year ended June 30, 2015 are as follows:

Temporarily Restricted Releases

Purpose Restrictions:

Spay/Neuter and Medical – Feral Cats	\$ 7,659
Fence	7,000
Purchase of Cat Gym	6,000
Eye Surgery	2,000
General Wellness	1,750
Leader Connections Programs	250

Time Restrictions:

Pledges and Bequests Receivable	42,137
Total	<u>\$ 66,796</u>

Permanently Restricted Releases

Time Restrictions:

Annual Balance Available for Disbursement	7,584
Total Releases from Restriction	<u><u>\$ 74,380</u></u>



**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**9. Temporarily Restricted Net Assets**

The Society had temporarily restricted net assets of \$159,747 as of June 30, 2015 restricted as to time and purpose.

Purpose Restrictions:

Spay/Neuter & Medical – Feral Cats	\$ 10,000
Playground	3,000

Time Restrictions:

Bequests Receivable	112,491
Pledges Receivable	19,088
Endowment Earnings Available for Disbursement	15,168
Total Temporarily Restricted Net Assets	<u>\$ 159,747</u>

**10. Permanently Restricted Net Assets**

**Roy Sachs Animal Care Endowment Fund**

An endowment fund named The Roy Sachs Animal Care Fund was created for the benefit of the Society's mission. The fund was established in May 2002 by a gift of \$12,395, the principal of which is restricted in perpetuity as an endowment by the donor. The fund provides for income earned on the principal to be available to support the mission of the Society.

**Burle Endowment Fund**

In May 2014, an endowment fund was established as directed by the Burle estate in the amount of \$151,540. In June 2015, \$98,437 was deposited into the portfolio endowment. Under the direction of the decedent's estate, the Society can draw 5% of the initial asset per year to be used in operations.

Permanently restricted net assets as of June 30, 2015 are \$253,473.

**11. Concentrations**

There exists one donor that made up 13% of total revenue, gains and other support for the year ended June 30, 2015.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**12. Commitments**

**Photocopier Lease 1**

Effective March 3, 2010, the Society leased a multifunctional printer/photocopier having a lease term of 60 months and a monthly payment of \$343.

**Photocopier Lease 2**

Effective October 24, 2013, the Society leased a multifunctional printer/photocopier having a lease term of 60 months and a monthly payment of \$441.

Future minimum scheduled lease payments for both photocopier leases for the year ended June 30, 2015 are as follows:

For the Year	
Ending	
<u>June 30,</u>	<u>Amount</u>
2016	\$ 7,914
2017	5,292
2018	<u>1,764</u>
Total	<u>\$ 14,970</u>

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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**13. Donated Items**

The Society receives donated items and services from various vendors in support of the Society's mission.

The Society received the following non-cash contributed services meeting the criteria for recognition during the year ended June 30, 2015:

<u>Purpose</u>	<u>Amount</u>
Land	\$ 109,422
Marketing	40,000
Adoption Center	36,397
Event: Dogfest	34,356
Event: Casino Night	12,161
Mission	9,900
Legal Fees	8,500
Annual Audit	8,174
Event: Black Ties and Tails	7,348
Spay & Neuter	6,513
Building Supplies	5,000
Cemetery	500
Total	<u>\$ 278,271</u>

## SUPPLEMENTAL INFORMATION

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2015**

	Program Services				Supporting Services			Total
	Adoption Center	Cemetery	Spay-Neuter Center	Total	Management and General	Fundraising	Total	
Adoption Center Food and Supplies	\$ 78,241	\$ -	\$ 12,443	\$ 90,684	\$ -	\$ -	\$ -	\$ 90,684
Advertising	434	102	852	1,388	470	647	1,117	2,505
Automobile	118	28	232	378	128	176	304	682
Cemetery Supplies	-	12,852	-	12,852	-	-	-	12,852
Contract Labor	-	5,626	45,437	51,063	-	315	315	51,378
Copier and Equipment	250	59	491	800	271	373	644	1,444
Credit Card Processing Fees	-	-	-	-	23,692	-	23,692	23,692
Depreciation	31,560	-	6,372	37,932	7,637	2,182	9,819	47,751
Direct Mailing	-	-	-	-	100	11,964	12,064	12,064
Dues and Subscriptions	-	-	215	215	374	-	374	589
Employee Benefits	39,363	3,270	14,845	57,478	18,294	-	18,294	75,772
Equipment Rental	3,330	779	6,535	10,644	3,608	4,966	8,574	19,218
Insurance	2,190	512	4,299	7,001	21,666	3,268	24,934	31,935
Interest	-	-	-	-	120	-	120	120
Lab Fees	-	-	5,255	5,255	-	-	-	5,255
Licenses and Permits	179	-	1,066	1,245	-	300	300	1,545
Meals and Entertainment	332	78	651	1,061	360	495	855	1,916
Medical Supplies and Labor	-	-	108,604	108,604	-	-	-	108,604
Meetings	-	-	-	-	236	39	275	275
Miscellaneous	-	-	-	-	66	91	157	157
Occupancy	72,320	-	14,602	86,922	17,500	5,000	22,500	109,422
Office Supplies	930	217	1,825	2,972	1,008	1,386	2,394	5,366
Outside Computer Services	874	204	1,715	2,793	947	1,303	2,250	5,043
Payroll Expenses	373,640	36,818	211,524	621,982	247,199	866	248,065	870,047
Payroll Taxes	32,190	3,148	17,817	53,155	21,137	-	21,137	74,292
Postage and Delivery	350	82	687	1,119	379	522	901	2,020
Professional Fees	-	-	1,461	1,461	40,072	-	40,072	41,533
Promotional Materials	22,154	-	-	22,154	17,846	8,334	26,180	48,334
Repairs and Maintenance	10,795	2,879	4,302	17,976	13,238	2,219	15,457	33,433
Telephone	1,434	335	2,815	4,584	1,554	2,140	3,694	8,278
Training and Development	1,151	269	2,260	3,680	1,248	1,717	2,965	6,645
Uniforms	299	-	-	299	-	-	-	299
Utilities	34,065	-	6,878	40,943	8,243	2,355	10,598	51,541
Volunteer and Foster	538	18	-	556	1,483	40	1,523	2,079
Website	1,676	76	1,237	2,989	712	486	1,198	4,187
	<u>\$ 708,413</u>	<u>\$ 67,352</u>	<u>\$ 474,420</u>	<u>\$ 1,250,185</u>	<u>\$ 449,588</u>	<u>\$ 51,184</u>	<u>\$ 500,772</u>	<u>\$ 1,750,957</u>

See accompanying notes to this financial statement and independent auditor's report.