

THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.  
Financial Statements Together with Independent Auditor's Report  
As of and For the Year Ended June 30, 2018



**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, 2018, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Humane Society of Baltimore County, Inc. as of June 30, 2018, 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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*

Baltimore, Maryland  
December 19, 2018

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2018**

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<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 218,928
Investments, at fair value	2,020,466
Bequests Receivable	330,000
Pledges Receivable	5,835
Prepaid Expenses	7,283
Total Current Assets	<u>2,582,512</u>
Property and Equipment, net	<u>798,760</u>
Total Assets	<u><u>\$ 3,381,272</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 72,213
Deferred Revenue	16,950
Total Current Liabilities	<u>89,163</u>
Total Liabilities	89,163
Commitments (Note 12)	
Net Assets	
Unrestricted	
Operations	1,816,563
Investment in Property and Equipment	798,760
Total Unrestricted Net Assets	<u>2,615,323</u>
Temporarily Restricted	373,755
Permanently Restricted	303,031
Total Net Assets	<u>3,292,109</u>
Total Liabilities and Net Assets	<u><u>\$ 3,381,272</u></u>

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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Contributions:				
Individuals, Corporations, Foundations	\$ 532,352	\$ 78,749	\$ 4,202	\$ 615,303
Bequests				
In-Kind (Condominium Held for Sale)	132,578	-	-	132,578
Financial Instruments	72,836	330,000	-	402,836
Trust Income	204,514	-	-	204,514
In-Kind Donations	148,068	-	-	148,068
Earned Revenue:				
Spay-Neuter Center and Medical Services	214,807	-	-	214,807
Cemetery	71,597	-	-	71,597
Adoption Center	87,775	-	-	87,775
Special Events, net of \$25,081 of direct expenses	225,599	-	-	225,599
Investment Income, net	5,667	-	23,164	28,831
Interest Earned	494	-	-	494
	<u>1,696,287</u>	<u>408,749</u>	<u>27,366</u>	<u>2,132,402</u>
Satisfaction of Purpose and Time Restrictions	546,671	(539,087)	(7,584)	-
Total Revenues, Gains and Other Support	<u>2,242,958</u>	<u>(130,338)</u>	<u>19,782</u>	<u>2,132,402</u>
<b>EXPENSES</b>				
Program Services:				
Spay-Neuter Center and Medical Services	510,395	-	-	510,395
Cemetery	71,025	-	-	71,025
Adoption Center	729,613	-	-	729,613
Total Program Services	<u>1,311,033</u>	<u>-</u>	<u>-</u>	<u>1,311,033</u>
Supporting Services:				
Management and General	427,062	-	-	427,062
Fundraising	208,257	-	-	208,257
Total Supporting Services	<u>635,319</u>	<u>-</u>	<u>-</u>	<u>635,319</u>
Total Expenses	<u>1,946,352</u>	<u>-</u>	<u>-</u>	<u>1,946,352</u>
<b>CHANGE IN NET ASSETS</b>	296,606	(130,338)	19,782	186,050
Net Assets, Beginning of Year	<u>2,318,717</u>	<u>504,093</u>	<u>283,249</u>	<u>3,106,059</u>
Net Assets, End of Year	<u>\$ 2,615,323</u>	<u>\$ 373,755</u>	<u>\$ 303,031</u>	<u>\$ 3,292,109</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, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ 186,050
Adjustments to Reconcile Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	66,645
Realized Gains on Investments	(234)
Unrealized Loss on Investments	501
Reinvested Dividends and Interest, net of fees	(29,098)
In-Kind Contribution of Available for Sale Asset	(132,578)
Changes in Assets and Liabilities:	
Decrease in Bequests Receivable	123,768
Decrease in Pledges Receivable	1,346
Decrease in Prepaid Expenses	382
Decrease in Accounts Payable and Accrued Expenses	(3,159)
Increase in Deferred Revenue	6,444
Net Cash and Cash Equivalents Provided by Operating Activities	<u>220,067</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of Investments	(507,762)
Cash Proceeds from Sales of Investments	1,512
Cash Paid for Property and Equipment	(147,964)
Cash Proceeds from Available for Sale Asset	<u>132,578</u>
Net Cash and Cash Equivalents Used in Investing Activities	<u>(521,636)</u>

Net Decrease in Cash and Cash Equivalents	(301,569)
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Cash and Cash Equivalents, Beginning of Year	<u>520,497</u>
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Cash and Cash Equivalents, End of Year	<u><u>\$ 218,928</u></u>
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**Supplemental Disclosures of Cash Flow Information**

Non-Cash Investing Activities:

Non-Cash Contribution of Available for Sale Asset	\$ 132,578
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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, 2018**

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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 a temporary home, safe refuge and care for unwanted and homeless animals. The Society works to place each animal in a loving, permanent home and strives to end euthanasia of healthy, adoptable animals. The Society works through public education to provide an effective means for the prevention of cruelty to animals throughout Baltimore County. The Society operates as an animal shelter, a spay/neuter center, a pet cemetery, 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, *Not-for-Profit Entities*. Under FASB ASC No. 958, the Society 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

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

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

specified purposes. The Society had temporarily restricted net assets of \$373,755 as of June 30, 2018.

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 \$303,031 as of June 30, 2018.

**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.

**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.

**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.

**Credit Concentrations**

Although the Society places its cash with only high-credit qualified financial institutions, it occasionally has on deposit amounts greater than the federally insured limit of \$250,000 per institution. Management considers this a reasonable business risk.



**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**Bequests Receivable and Revenue Recognition**

The Society regularly receives assets (financial and in-kind) 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.

**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 \$66,645 for the year ended June 30, 2018.

**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, 2018 and, therefore, no impairment loss has been recorded during the year ended June 30, 2018.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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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, 2018 totaled \$545.

**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, 2018.

**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.

**Accounting Pronouncements Pending**

In February 2015, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. By definition, a short term lease is one in which: (a) the lease term is 12 months or less and (b) there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise. For short-term leases, lessees may elect an accounting policy

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**Accounting Pronouncements Pending – (continued)**

by class of underlying asset under which right-of-use assets and lease liabilities are not recognized and lease payments are generally recognized as expense over the lease term on a straight-line basis. This change will result in lessees recognizing right-of-use assets and lease liabilities from most leases currently accounted for as operating leases under the existing lease accounting guidance. This ASU will be effective for fiscal years beginning after December 15, 2019. Management does not anticipate a material impact of this standard on the Society's financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in the ASU make improvements to the information provided in the financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2018. Management does not anticipate a material impact of this standard on the Society's financial statements.

**Subsequent Events**

The Society evaluated the accompanying financial statements for subsequent events and transactions through December 19, 2018, 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.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**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 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, 2018 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, 2018.

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, 2018:

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

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

*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 following table presents the Society's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2018:

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Market For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Mutual Funds	\$1,979,559	\$1,979,559	\$ -	\$ -
Common Stock	30,658	30,658	-	-
BCF Fund	10,249	-	-	10,249
Total	<u>\$2,020,466</u>	<u>\$2,010,217</u>	<u>\$ -</u>	<u>\$10,249</u>

**3. Investments**

Investments are stated at fair market value. The market value of the Society's investments as of June 30, 2018 is as follows:

Mutual Funds	\$1,979,559
Common Stock	30,658
BCF Fund	10,249
Total	<u>\$2,020,466</u>

The investment income composition was as follows for the year ended June 30, 2018:

Endowment Investments	\$24,384
Non-Endowment Investments	4,447
Total Investment Income, net	<u>\$28,831</u>

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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**3. Investments – (continued)**

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 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, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowed Net Assets,				
July 1, 2017	\$ 27,397	\$ 30,336	\$ 283,249	\$340,982
Interest and Dividends	2,458	-	5,965	8,423
Fees	(57)	-	(2,803)	(2,860)
Unrealized and Realized Gain (Loss)	(1,181)	-	20,002	18,821
Current Period Income				
Available for Operations	1,220	-	23,164	24,384
Contributions	-	-	4,202	4,202
Annual Balance				
Available for Disbursement	-	7,584	(7,584)	-
Endowed Net Assets,				
June 30, 2018	<u>\$ 28,617</u>	<u>\$ 37,920</u>	<u>\$ 303,031</u>	<u>\$ 369,568</u>

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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**3. Investments – (continued)**

Total net assets composition was as follows as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Funds	\$ 28,617	\$ 37,920	\$303,031	\$ 369,568
Non-Endowment Funds	2,586,706	335,835	-	2,922,541
Total Net Assets	<u>\$ 2,615,323</u>	<u>\$ 373,755</u>	<u>\$303,031</u>	<u>\$3,292,109</u>

**4. Bequest Revenue and Receivable**

Bequest revenue for fiscal year ended June 30, 2018 totaled \$535,414 and consisted of the following:

<u>Estate</u>	<u>Amount</u>
Heinz	\$303,677
Heinz – In-Kind	132,578
Standiford	78,439
Cullen	8,269
Buchanan	5,273
Fletcher	5,000
Burl	4,209
Diamond	2,083
Jenkins	1,000
Skivan	1,000
Colbert	500
Ewell	250
McCubbin (write off)	(6,864)
Total	<u>\$535,414</u>

Effective October 2017, the Society was the recipient of a condominium (the Condo) gifted by the Heinz estate. The fair market value of the Condo was appropriately based on its sales price of \$132,578 in the marketplace effective April 2018.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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**4. Bequest Revenue and Receivable – (continued)**

Bequests receivable totaled \$330,000 as of June 30, 2018 and consisted of the following:

<u>Estate</u>	<u>Amount</u>
Cummins	\$ 300,000
Bentley	<u>30,000</u>
Total	<u>\$ 330,000</u>

**5. Pledges Receivable**

Pledges are temporarily restricted as to purpose if specified by the donor and temporarily restricted as to time until collected. The outstanding balance as of June 30, 2018 was \$5,835.

**6. Property and Equipment**

Property and equipment consisted of the following as of June 30, 2018:

Leasehold Improvements	\$1,394,569
Furniture and Equipment	299,604
Computer Equipment	22,759
Vehicles	<u>9,480</u>
	1,726,412
less: accumulated depreciation	<u>(927,652)</u>
Property and Equipment, net	<u>\$ 798,760</u>



**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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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 regular monthly contributions of \$15,061 totaling \$180,732 for the year. The Trust provided an additional contribution of \$23,782 to the Society for a specific project. Contributions from the Trust for the year ended June 30, 2018 totaled \$204,514.

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 \$80,775 for the year ended June 30, 2018. In addition, the Trust is responsible for major improvements to the facilities and grounds.

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

Net assets released for purpose and time restrictions for the year ended June 30, 2018 are as follows:

**Temporarily Restricted Releases**

Purpose Restrictions:

Spay and Neuter and Medical	\$ 32,500
Sammy's Cat Necessities Fund	15,438
Adoption Center	15,200
Feral Cats	5,000
Kennel Covers	5,000
Playground	3,000
Food Pantry	2,000

Time Restrictions:

Bequests Receivable	453,768
Pledges Receivable	7,181
Total	<u>\$539,087</u>

**Permanently Restricted Releases**

Time Restrictions:

Annual Balance Available for Disbursement	7,584
Total Releases from Restriction	<u><u>\$546,671</u></u>

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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**9. Temporarily Restricted Net Assets**

The Society had temporarily restricted net assets of \$373,755 as of June 30, 2018 restricted as to time as follows:

Time Restrictions:

Bequests Receivable	\$330,000
Pledges Receivable	5,835
Endowment Earnings Available for Disbursement	37,920
Total Temporarily Restricted Net Assets	<u>\$373,755</u>

**10. Permanently Restricted Net Assets**

**Roy Sachs Animal Care Endowment Fund**

The Roy Sachs Animal Care Endowment Fund was established for the benefit of the Society's operating 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.

**Burl Endowment Fund**

In May 2014, an endowment fund was established as directed by the Burl estate in the amount of \$151,540. In fiscal years 2015, 2016 and 2018, a total of \$126,123 was deposited into the portfolio endowment. Under the direction of the decedent's estate, the Society can draw 5% of the accumulating investment return on the initial asset per year to be used in operations.

The Society had permanently restricted net assets as of \$303,031 as of June 30, 2018. Specifically, the balance is comprised of the following:

Burl Endowment Fund	\$ 290,636
Roy Sachs Animal Care Endowment Fund	12,395
Total	<u>\$ 303,031</u>

**11. Concentrations**

One donor accounted for 20% of total revenue, gains and other support for the year ended June 30, 2018.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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**12. Commitments**

Copier Lease

Effective May 24, 2017, the Society leased a multifunctional printer/photocopier having a lease term of 60 months and a monthly payment of \$457. Total future minimum scheduled lease payments for the photocopier lease as of June 30, 2018 was as follows:

For the Year

Ending <u>June 30,</u>	<u>Amount</u>
2019	\$ 5,484
2020	5,484
2021	5,484
2022	<u>5,027</u>
Total	<u><u>\$21,479</u></u>

Postage Machine Lease

Effective June 19, 2018, the Society leased a postage machine having a lease term of 63 months and a monthly payment of \$63. Total future minimum scheduled lease payments for the postage machine lease as of June 30, 2018 was as follows:

For the Year

Ending <u>June 30,</u>	<u>Amount</u>
2019	\$ 756
2020	756
2021	756
2022	756
2023	756
Thereafter	<u>189</u>
Total	<u><u>\$3,969</u></u>

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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**13. Donated Items**

The Society receives donated items and services from various vendors in support of the Society's mission. Because the land is gifted in perpetuity the land could be treated as a permanently restricted gift. However, an appraisal of the land has not been performed and management is unable to value the land in order to be able to capitalize it. Therefore, management records the in-kind value of the land as a donation of \$80,775 and an offsetting rental expense for the year ended June 30, 2018 for its annual use of the land.

The Society received the following non-cash contributed services meeting the criteria for recognition during the year ended June 30, 2018:

<u>Purpose</u>	<u>Amount</u>
Condominium - Bequest	\$132,578
Land	80,775
Adoption Center	49,598
Event: Black Ties and Tails	8,656
Professional Legal Services	5,919
Event: Dogfest	3,120
Total	<u>\$280,646</u>

## SUPPLEMENTAL INFORMATION

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2018**

	Program Services				Supporting Services			
	Spay-Neuter Center and Medical Services	Cemetery	Adoption Center	Total	Management and General	Fundraising	Total	Total
Adoption Center Food and Supplies	\$ 8,438	\$ -	\$ 87,860	\$ 96,298	\$ -	\$ 3,977	\$ 3,977	\$ 100,275
Advertising	-	-	-	-	-	545	545	545
Automobile	67	76	364	507	1,577	-	1,577	2,084
Barn Repair Research Fees	-	-	-	-	21,663	-	21,663	21,663
Cemetery Supplies	-	14,463	-	14,463	-	-	-	14,463
Condo Expenses	-	-	-	-	8,502	-	8,502	8,502
Contract Labor	84,115	4,398	-	88,513	-	-	-	88,513
Copier and Equipment	363	64	600	1,027	-	-	-	1,027
Credit Card Processing Fees	-	1	-	1	18,174	16,137	34,311	34,312
Depreciation	8,639	-	42,784	51,423	12,128	3,094	15,222	66,645
Direct Mailing	-	-	-	-	-	24,241	24,241	24,241
Dues and Subscriptions	-	20	-	20	200	880	1,080	1,100
Employee Benefits	14,612	2,692	43,369	60,673	26,968	6,177	33,145	93,818
Equipment Rental and Maintenance	221	-	-	221	8,404	-	8,404	8,625
Insurance	24,634	2,231	13,750	40,615	11,385	12,059	23,444	64,059
Lab Fees	12,317	-	-	12,317	-	-	-	12,317
Licenses and Permits	851	-	92	943	22	300	322	1,265
Medical Supplies and Labor	116,434	-	-	116,434	-	-	-	116,434
Miscellaneous	-	-	-	-	155	2,984	3,139	3,139
Occupancy	10,469	-	51,856	62,325	14,700	3,750	18,450	80,775
Office Supplies	410	177	1,425	2,012	2,995	1,441	4,436	6,448
Outside Computer Services	-	-	-	-	9,194	-	9,194	9,194
Payroll Expenses	197,614	41,751	385,357	624,722	207,031	62,400	269,431	894,153
Payroll Taxes	15,718	3,322	30,664	49,704	16,731	4,776	21,507	71,211
Postage and Delivery	61	21	-	82	778	856	1,634	1,716
Professional Fees	1,448	149	-	1,597	30,388	-	30,388	31,985
Promotional Materials	-	-	265	265	-	6,115	6,115	6,380
Repairs and Maintenance	4,392	1,435	32,379	38,206	23,160	7,675	30,835	69,041
Special Events - Indirect	-	-	-	-	-	42,761	42,761	42,761
Telephone	2,488	225	1,389	4,102	1,150	1,218	2,368	6,470
Training and Development	-	-	1,826	1,826	2,232	1,237	3,469	5,295
Utilities	6,506	-	32,223	38,729	9,134	2,330	11,464	50,193
Volunteer and Foster	-	-	1,284	1,284	-	-	-	1,284
Website	598	-	2,126	2,724	391	3,304	3,695	6,419
	<u>\$ 510,395</u>	<u>\$ 71,025</u>	<u>\$ 729,613</u>	<u>\$ 1,311,033</u>	<u>\$ 427,062</u>	<u>\$ 208,257</u>	<u>\$ 635,319</u>	<u>\$ 1,946,352</u>

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