

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

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## Independent Auditors' Report

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

We have audited the accompanying financial statements of The Humane Society of Baltimore County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Independent Auditors' Report (continued)

**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, 2021 and 2020, 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.

*Weylich, Cronin & Serra, LLC*

Hunt Valley, MD  
November 9, 2021

# THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.

## Statements of Financial Position June 30, 2021 and 2020

### ASSETS

CURRENT ASSETS:	2021	2020
Cash	\$ 726,827	\$ 408,770
Investments	3,055,167	2,668,602
Bequests receivable	- 0 -	5,000
Accounts receivable	- 0 -	8,043
Inventory	13,729	- 0 -
Prepaid expenses	7,874	10,816
Total current assets	<u>3,803,597</u>	<u>3,101,231</u>
PROPERTY AND EQUIPMENT:		
Property and equipment, net	<u>792,778</u>	<u>840,696</u>
OTHER ASSETS:		
Beneficial interest in endowment fund	12,511	10,221
Beneficial interest in perpetual trust	<u>5,118,118</u>	<u>4,674,991</u>
Total other assets	<u>5,130,629</u>	<u>4,685,212</u>
TOTAL ASSETS	<u>\$ 9,727,004</u>	<u>\$ 8,627,139</u>

### LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 88,150	\$ 75,128
Refundable advances	- 0 -	33,120
Total Current Liabilities	<u>88,150</u>	<u>108,248</u>
NET ASSETS:		
Without donor restrictions	3,961,563	3,396,612
With donor restrictions	<u>5,677,291</u>	<u>5,122,279</u>
Total Net Assets	<u>9,638,854</u>	<u>8,518,891</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,727,004</u>	<u>\$ 8,627,139</u>

See accompanying notes to financial statements

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2021

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 798,490	\$ 25,569	\$ 824,059
Bequests	365,664	- 0 -	365,664
In-kind donations	59,040	- 0 -	59,040
Spay-neuter center and medical services	280,788	- 0 -	280,788
Cemetery	82,678	- 0 -	82,678
Adoption center	107,776	- 0 -	107,776
Special events, net of \$7,037 direct expenses	60,947	- 0 -	60,947
Investment income, net	359,258	89,026	448,284
Change in value of beneficial interest in endowment fund	- 0 -	2,290	2,290
Change in value of beneficial interest in trust fund	- 0 -	443,127	443,127
Gain on disposal of property	500	- 0 -	500
Other income	217,093	- 0 -	217,093
Released from restrictions	5,000	(5,000)	- 0 -
	<u>2,337,234</u>	<u>555,012</u>	<u>2,892,246</u>
<b>EXPENSES</b>			
Program services - operations:			
Spay-neuter center, medical services	310,574	- 0 -	310,574
Cemetery	51,372	- 0 -	51,372
Adoption center	255,381	- 0 -	255,381
Additional programs	7,661	- 0 -	7,661
Total Operational Program services	<u>624,988</u>	<u>- 0 -</u>	<u>624,988</u>
Program Services - personnel:			
Spay-neuter center, medical services	341,340	- 0 -	341,340
Cemetery	62,588	- 0 -	62,588
Adoption center	411,735	- 0 -	411,735
Total Personnel Program Services	<u>815,663</u>	<u>- 0 -</u>	<u>815,663</u>
Total Program Services	<u>1,440,651</u>	<u>- 0 -</u>	<u>1,440,651</u>
Supporting services:			
Management and general	98,644	- 0 -	98,644
Fundraising	232,988	- 0 -	232,988
Total Supporting Services	<u>331,632</u>	<u>- 0 -</u>	<u>331,632</u>
Total Expenses	<u>1,772,283</u>	<u>- 0 -</u>	<u>1,772,283</u>
CHANGE IN NET ASSETS	564,951	555,012	1,119,963
NET ASSETS, BEGINNING OF YEAR	<u>3,396,612</u>	<u>5,122,279</u>	<u>8,518,891</u>
NET ASSETS, END OF YEAR	<u>\$ 3,961,563</u>	<u>\$ 5,677,291</u>	<u>\$ 9,638,854</u>

See accompanying notes to financial statements

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2020

	<u>Without</u>	<u>With</u>	<u>Total</u>
	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>	
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 673,631	\$ 15,163	\$ 688,794
Bequests	74,385	5,000	79,385
In-kind donations	68,053	- 0 -	68,053
Spay-Neuter Center and Medical Services	179,743	- 0 -	179,743
Cemetery	95,175	- 0 -	95,175
Adoption center	93,229	- 0 -	93,229
Special events, net of \$22,032 direct expenses	130,947	- 0 -	130,947
Investment income, net	192,023	5,535	197,558
Change in Value of beneficial interest in endowment fund	- 0 -	(83)	(83)
Change in Value of beneficial investment in trust fund	- 0 -	(78,999)	(78,999)
Gain on sale of asset	1,000	- 0 -	1,000
other income	167,880	- 0 -	167,880
Released from restrictions	395,087	(395,087)	- 0 -
	<u>2,071,153</u>	<u>(448,471)</u>	<u>1,622,682</u>
Total Support and Revenue			
<b>EXPENSES</b>			
Program services			
Spay-Neuter Center and Medical Services	315,614	- 0 -	315,614
Cemetery	48,517	- 0 -	48,517
Adoption Center	317,804	- 0 -	317,804
Additional Programs	12,426	- 0 -	12,426
Total Program Services	<u>694,361</u>	<u>- 0 -</u>	<u>694,361</u>
Program services - Personnel:			
Spay-Neuter Center and Medical Services	266,803	- 0 -	266,803
Cemetery	57,959	- 0 -	57,959
Adoption Center	494,009	- 0 -	494,009
	<u>818,771</u>	<u>- 0 -</u>	<u>818,771</u>
Total Program Services	<u>1,513,132</u>	<u>- 0 -</u>	<u>1,513,132</u>
Supporting Services:			
Management and general	107,521	- 0 -	107,521
Fundraising	170,539	- 0 -	170,539
Total Supporting Services	<u>278,060</u>	<u>- 0 -</u>	<u>278,060</u>
Total Expenses	<u>1,791,192</u>	<u>- 0 -</u>	<u>1,791,192</u>
CHANGE IN NET ASSETS	279,961	(448,471)	(168,510)
NET ASSETS, BEGINNING OF YEAR	<u>3,116,651</u>	<u>5,570,750</u>	<u>8,687,401</u>
NET ASSETS, END OF YEAR	<u>\$ 3,396,612</u>	<u>\$ 5,122,279</u>	<u>\$ 8,518,891</u>

See accompanying notes to financial statements

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Statement of Functional Expenses  
For the Year Ended June 30, 2021

	Program Services					Supporting Services			Total
	Spay-Neuter Center and Medical Services	Cemetery	Adoption Center	Additional Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 316,118	\$ 58,025	\$ 376,959	\$ - 0 -	\$ 751,102	\$ 42,040	\$ 122,954	\$ 164,994	\$ 916,096
Payroll taxes	25,222	4,563	34,776	- 0 -	64,561	3,273	9,572	12,845	77,406
	<u>341,340</u>	<u>62,588</u>	<u>411,735</u>	<u>- 0 -</u>	<u>815,663</u>	<u>45,313</u>	<u>132,526</u>	<u>177,839</u>	<u>993,502</u>
Adoption Center Food and Supplies	8,251	189	64,500	2,546	75,486	- 0 -	- 0 -	- 0 -	75,486
Advertising	- 0 -	40	- 0 -	550	590	- 0 -	901	901	1,491
Bad Debts Expense	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	10,113	- 0 -	10,113	10,113
Cemetery Supplies	- 0 -	23,578	- 0 -	- 0 -	23,578	- 0 -	- 0 -	- 0 -	23,578
Contract Labor	50,489	3,774	42,297	336	96,896	1,696	640	2,336	99,232
Copier and Equipment	3,939	- 0 -	- 0 -	- 0 -	3,939	- 0 -	280	280	4,219
Credit Card Processing Fees	10,428	2,802	3,682	20	16,932	- 0 -	9,698	9,698	26,630
Depreciation	22,066	4,681	40,121	- 0 -	66,868	15,632	4,342	19,974	86,842
Direct Mailing	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	16,049	16,049	16,049
Dues and Subscriptions	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	545	- 0 -	545	545
Employee Benefits	20,437	5,341	47,621	- 0 -	73,399	4,380	12,811	17,191	90,590
Equipment Rental and Maintenance	7,371	717	5,134	- 0 -	13,222	564	1,651	2,215	15,437
Insurance	12,025	2,571	16,231	- 0 -	30,827	1,726	5,045	6,771	37,598
Lab Fees	6,540	- 0 -	- 0 -	- 0 -	6,540	- 0 -	- 0 -	- 0 -	6,540
Licenses and Permits	426	- 0 -	55	- 0 -	481	- 0 -	38	38	519
Medical Supplies and Labor	131,909	- 0 -	632	- 0 -	132,541	- 0 -	- 0 -	- 0 -	132,541
Miscellaneous	60	- 0 -	361	1,168	1,589	- 0 -	10,122	10,122	11,711
Office Supplies	998	817	1,812	19	3,646	611	2,598	3,209	6,855
Outside Computer Services	1,100	105	853	- 0 -	2,058	83	12,787	12,870	14,928
Postage and Delivery	- 0 -	202	- 0 -	- 0 -	202	- 0 -	11,746	11,746	11,948
Professional Fees	5,800	846	5,968	- 0 -	12,614	17,473	1,508	18,981	31,595
Repairs and Maintenance	2,007	1,055	11,235	- 0 -	14,297	- 0 -	275	275	14,572
Telephone	917	1,439	1,172	- 0 -	3,528	122	1,491	1,613	5,141
Training and Development	- 0 -	40	210	47	297	- 0 -	- 0 -	- 0 -	297
Utilities	21,078	2,047	11,357	- 0 -	34,482	386	1,571	1,957	36,439
Vehicle	- 0 -	504	287	- 0 -	791	- 0 -	- 0 -	- 0 -	791
Volunteer and Foster	- 0 -	266	74	1,038	1,378	- 0 -	- 0 -	- 0 -	1,378
Website	4,733	358	1,779	1,937	8,807	- 0 -	6,909	6,909	15,716
	<u>\$ 651,914</u>	<u>\$ 113,960</u>	<u>\$ 667,116</u>	<u>\$ 7,661</u>	<u>\$ 1,440,651</u>	<u>\$ 98,644</u>	<u>\$ 232,988</u>	<u>\$ 331,632</u>	<u>\$ 1,772,283</u>

See accompanying notes to the financial statements



**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Statement of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services					Supporting Services			Total
	Spay-Neuter Center and Medical Services	Cemetery	Adoption Center	Additional Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 247,915	\$ 53,861	\$ 459,507	\$ - 0 -	\$ 761,283	\$ 39,696	\$ 87,221	\$ 126,917	\$ 888,200
Payroll taxes	18,888	4,098	34,502	- 0 -	57,488	2,860	6,285	9,145	66,633
	<u>266,803</u>	<u>57,959</u>	<u>494,009</u>	<u>- 0 -</u>	<u>818,771</u>	<u>42,556</u>	<u>93,506</u>	<u>136,062</u>	<u>954,833</u>
Adoption Center Food and Supplies	2,673	613	95,955	2,570	101,811	- 0 -	- 0 -	- 0 -	101,811
Advertising	- 0 -	40	- 0 -	1,890	1,930	- 0 -	2,580	2,580	4,510
Bad Debts Expense	- 0 -	775	- 0 -	- 0 -	775	- 0 -	- 0 -	- 0 -	775
Cemetery Supplies	- 0 -	26,004	- 0 -	- 0 -	26,004	- 0 -	- 0 -	- 0 -	26,004
Contract Labor	91,177	310	39,120	5,383	135,990	5,125	3,881	9,006	144,996
Copier and Equipment	- 0 -	161	1,975	811	2,947	- 0 -	1,052	1,052	3,999
Credit Card Processing Fees	7,180	3,798	4,587	- 0 -	15,565	- 0 -	15,543	15,543	31,108
Depreciation	20,566	4,127	38,320	- 0 -	63,013	14,730	4,092	18,822	81,835
Direct Mailing	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	6,735	6,735	6,735
Dues and Subscriptions	- 0 -	15	13	- 0 -	28	488	- 0 -	488	516
Employee Benefits	30,101	902	55,359	- 0 -	86,362	4,940	10,854	15,794	102,156
Equipment Rental and Maintenance	5,316	798	7,411	- 0 -	13,525	635	1,396	2,031	15,556
Insurance	8,055	1,617	19,532	- 0 -	29,204	1,287	2,828	4,115	33,319
Lab Fees	10,452	- 0 -	- 0 -	- 0 -	10,452	- 0 -	- 0 -	- 0 -	10,452
Licenses and Permits	1,036	- 0 -	151	- 0 -	1,187	3	- 0 -	3	1,190
Medical Supplies and Labor	98,463	- 0 -	170	- 0 -	98,633	- 0 -	- 0 -	- 0 -	98,633
Miscellaneous	115	49	2,475	15	2,654	15,398	10,545	25,943	28,597
Office Supplies	398	869	2,823	25	4,115	1,268	2,306	3,574	7,689
Outside Computer Services	6,653	1,295	12,833	- 0 -	20,781	1,031	2,265	3,296	24,077
Postage and Delivery	- 0 -	380	338	- 0 -	718	224	5,327	5,551	6,269
Professional Fees	3,786	918	5,627	48	10,379	18,917	808	19,725	30,104
Promotional Materials	- 0 -	115	- 0 -	22	137	- 0 -	2,127	2,127	2,264
Repairs and Maintenance	969	1,023	13,521	- 0 -	15,513	222	1,628	1,850	17,363
Telephone	1,491	1,418	2,779	- 0 -	5,688	238	1,055	1,293	6,981
Training and Development	427	768	167	- 0 -	1,362	- 0 -	- 0 -	- 0 -	1,362
Utilities	23,555	2,144	14,031	- 0 -	39,730	406	892	1,298	41,028
Vehicle	- 0 -	378	617	- 0 -	995	53	74	127	1,122
Volunteer and Foster	- 0 -	- 0 -	- 0 -	1,028	1,028	- 0 -	- 0 -	- 0 -	1,028
Website	3,201	- 0 -	- 0 -	634	3,835	- 0 -	1,045	1,045	4,880
	<u>\$ 582,417</u>	<u>\$ 106,476</u>	<u>\$ 811,813</u>	<u>\$ 12,426</u>	<u>\$ 1,513,132</u>	<u>\$ 107,521</u>	<u>\$ 170,539</u>	<u>\$ 278,060</u>	<u>\$ 1,791,192</u>

See accompanying notes to the financial statements

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Statements of Cash Flows  
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,119,963	\$ (168,510)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Provisions for bad debt	10,113	775
Depreciation	86,842	81,835
Endowment contributions	(7,070)	(7,855)
Net realized and unrealized (gain) loss on investments	(210,543)	45,465
Change in value of beneficial interest in endowment fund	(2,807)	(444)
Change in value of beneficial interest in trust fund	(623,854)	(101,728)
Gain on disposal of property	(500)	(1,000)
(Increase) decrease in current assets:		
Bequests receivable	- 0 -	310,000
Pledges receivable	- 0 -	4,700
Accounts receivable	2,930	(387)
Prepaid expenses	2,942	5,411
Inventory	(13,729)	- 0 -
Decrease in current liabilities:		
Accounts payable and accrued expenses	13,022	(5,605)
Deferred revenue/Refundable advance	(33,120)	(10,940)
	<u>344,189</u>	<u>151,717</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(38,924)	(126,673)
Proceeds from sales property and equipment	500	1,000
Purchase of investments	(1,374,001)	(391,778)
Proceeds from sales of investment	1,386,293	452,563
	<u>(26,132)</u>	<u>(64,888)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from PPP loan	- 0 -	33,120
	<u>- 0 -</u>	<u>33,120</u>
<b>NET INCREASE IN CASH</b>	318,057	119,949
<b>CASH AT BEGINNING OF YEAR</b>	<u>408,770</u>	<u>288,821</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 726,827</u>	<u>\$ 408,770</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:</b>		
Gifts received in stock contributions	\$ 7,070	\$ 7,855

See accompanying notes to financial statements

# THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

## 1. Organization and Summary of Significant Accounting Policies

Nature of Operation - The Humane Society of Baltimore County, Inc. (the Society) was founded in 1927 as a Maryland 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 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 individuals, corporations, and foundations, and income from fundraising events to support animal care operations.

Basis of Accounting and Presentation - The accompanying financial statements are presented in accordance with the accrual basis of accounting and, accordingly, reflect receivables, payables, and other assets and liabilities. As such, the Society recognizes revenue when earned and expenditures when incurred.

Financial Statement Presentation - The Society is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Directors for general operating purposes. The Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Society to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts 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. Accordingly, actual results could differ from those estimates.

# THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.

## Notes to Financial Statements June 30, 2021 and 2020

### 1. Organization and Summary of Significant Accounting Policies (continued)

Cash – Cash includes amounts invested in short-term investments with original maturities of three months or less. Cash equivalents held for investment purposes are excluded from this classification.

Investments – Investments are reported at their fair value in the statement of financial position. Investment income is reported in the statement of activities and changes in net assets as a change in net assets without donor restrictions, unless their use is restricted by explicit donor-imposed stipulations or by law. Cash equivalents designated by the Board for investment purposes are reported at cost, which approximates fair value.

Bequests Receivable – The Society records a receivable for bequests from estates in the period when assets are available for distribution and amounts to be contributed to the Society are known, determinable and deemed unconditional.

Accounts Receivable – Accounts receivable are uncollateralized obligations that do not accrue interest. Accounts receivable are stated at the invoice amount. The Society provides an allowance for doubtful accounts, as needed, for amounts deemed uncollectible. The allowance is based on historical experience and management's analysis of specific accounts receivable. Management believes that accounts receivable are fully collectible and no allowance is considered necessary as of June 30, 2021 and 2020.

Inventory – The Society accepts contributions of pet supplies utilized in its programs. These contributed items are recorded at their fair value at the date of receipt and are reflected as inventory in the statement of financial position. Inventories are utilized on a first-in, first-out (FIFO) basis.

Beneficial Interest in Perpetual Trust and Endowment Fund – The Elsie Seeger Barton Trust (the Trust) was formed for the benefit of the Society. (See Note 5)

The Society maintains a balance at the Baltimore Community Foundation, Inc. (BCF) which is reported as beneficial interest in endowment fund in the statements of financial position. (See Note 4)

Beneficial interest in perpetual trust and endowment fund represents resources neither in the possession nor under the control of the Society, but held and administered by an outside fiscal agent, with the Society deriving income from such funds as beneficiary. Beneficiaries of a perpetual trust or endowment fund held by an unrelated party record, as a contribution and an asset, the present value of the estimated future cash receipts to be received. The amount reported on the statement of financial position represents the fair value of the portfolio of underlying assets of the Trust or Fund which approximates the estimated cash flows. Increases and decreases in the fair value are recorded as a change in value in beneficial interest in perpetual trust or endowment fund in the statement of activities and changes in net assets.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Notes to Financial Statements  
June 30, 2021 and 2020

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

Property and Equipment - Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Society reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for maintenance and repairs are charged against operations as expended. Renewals and betterments that materially extend the life of the assets are capitalized. The Society's policy is to capitalize all property expenditures and renewals and betterments greater than \$500 with a useful life of a year or more. The cost or fair value of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method.

The following represents the estimated useful lives:

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

Compensated Absences – The Society accrues vacation pay when earned.

Revenue Recognition – Contributions and grants are recognized when the donor makes a promise to give to the Society that is, in substance, unconditional. These amounts are recorded at fair value at the date of the contribution. All contributions are considered available for the Society's general programs unless specifically restricted by donors. Amounts received that are restricted for future periods or specific purposes by donors are reported as restricted support and increase net assets with donor restrictions. When a 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 are reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions and grants that are restricted by donors are recorded as revenue without donor restrictions if the restriction is satisfied in the same year as the contribution is received. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

The Society provides various services such as spay-neuter and other veterinary, cemetery and adoption services to the general public. Fees are considered to be available for unrestricted use and are recognized as income at the time of service (the performance period) which is typically a single point in time.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Notes to Financial Statements  
June 30, 2021 and 2020

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

Revenue Recognition (continued) – The Society benefits from several different revenue streams. The disaggregation of revenue for the years ended June 30, 2021 and 2020 are included in the chart below:

Revenue Type	Timing of Revenue Recognition	2021	2020
Contributions and grants	Upon receipt	\$ 824,059	688,794
Bequests	Upon receipt	365,664	79,385
In-kind donations	Upon receipt	59,040	68,053
Spay-neuter center and medical services	Point in time	280,788	179,743
Cemetery	Point in time	82,678	95,175
Adoption center	Point in time	107,776	93,229
Special events, net of direct expenses	Date of event	60,947	130,947
Investment income, net	Period earned	448,284	197,558
Change in value of beneficial interest in endowment fund	Period earned	2,290	(83)
Change in value of beneficial interest in perpetual trust	Period earned	443,127	(78,999)
Gain on disposal of property	Point in time	500	1,000
Other income	As expenditures incurred	217,093	167,880
		<b>\$ 2,892,246</b>	<b>\$ 1,622,682</b>

In-Kind Support – 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. No amounts have been recognized in the statement of activities and changes in net assets relating to professional services because the criteria for recognition under generally accepted accounting principles have not been satisfied.

The Society receives contributions of animal supplies and food for its programs. In-kind support is recognized in the statement of activities and changes in net assets for contributed supplies and food (see Note 12).

Functional Allocation of Expenses – Expenses are presented by both function and natural classification in the statement of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Payroll expenses are allocated according to specific job duties per employee/contractor. Indirect expenses are allocated based on the percentages of direct costs for each category of expense to total direct costs.

Income Taxes - The Society is exempt from income taxes under Internal Revenue Code Section 501(c)(3) as an organization, other than a private foundation, as described in Section 509(a). The Society is no longer subject to U.S. federal or state income tax examination by tax authorities for years before 2018.

Reclassifications – Certain 2020 amounts have been reclassified to conform with the 2021 financial statement presentation.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Notes to Financial Statements  
June 30, 2021 and 2020

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

Advertising Costs - The Society expenses advertising production costs as incurred, and advertising communication costs the first time the advertising takes place. Marketing and advertising expenses were \$1,491 and \$4,510 for the year ended June 30, 2021 and 2020.

2. Investments and Fair Value Measurements

The fair value and cost of the Society's investments as of June 30, 2021 are as follows:

	Fair Value	Cost	Unrealized Gain (Loss)
Cash equivalents	\$ 128,193	\$ 128,193	\$ - 0 -
Mutual funds	95,649	84,125	11,524
Equity securities	867,480	675,416	192,064
Fixed Interest Investments	1,963,845	2,030,444	(66,599)
<b>Total investments</b>	<b>\$ 3,055,167</b>	<b>\$ 2,918,178</b>	<b>\$ 136,989</b>

The fair value and cost of the Society's investments as of June 30, 2020 are as follows:

	Fair Value	Cost	Unrealized Gain (Loss)
Cash equivalents	\$ 67,784	\$ 67,784	\$ - 0 -
Mutual funds	418,530	356,926	61,604
Equity securities	390,370	412,975	(22,605)
Government & Corporate Bonds	672,623	678,046	(5,423)
Fixed Interest Investments	1,119,295	1,120,051	(756)
<b>Total investments</b>	<b>\$ 2,668,602</b>	<b>\$ 2,635,782</b>	<b>\$ 32,820</b>

The following schedule summarizes the investment return and its classification in the statements of activities as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 62,408	\$ 9,053	\$ 71,461
Investment fees	(12,065)	(2,899)	(14,964)
Net realized gain	12,234	29,777	42,011
Net unrealized gains	115,437	53,095	168,532
Distribution from endowment fund	517	- 0 -	517
Distribution from perpetual trust	180,727	- 0 -	180,727
<b>Total return on investments</b>	<b>\$ 359,258</b>	<b>\$ 89,026</b>	<b>\$ 448,284</b>

## THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.

### Notes to Financial Statements June 30, 2021 and 2020

#### 2. Investments and Fair Value Measurements (Continued)

The following schedule summarizes the investment return and its classification in the statements of activities as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 65,894	\$ 11,650	\$ 77,544
Investment fees	(12,616)	(3,159)	(15,775)
Net realized gain	1,086	6,551	7,637
Net unrealized losses	(43,595)	(9,507)	(53,102)
Distribution from endowment fund	527	- 0 -	527
Distribution from perpetual trust	180,727	- 0 -	180,727
Total return on investments	<u>\$ 192,023</u>	<u>\$ 5,535</u>	<u>\$ 197,558</u>

The fair value measurement accounting literature establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1); Level 3 inputs are unobservable and have the lowest priority. The Society uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Society measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The Society's policy is to recognize transfers between levels in the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2021 and 2020 there were no transfer between levels in the fair value hierarchy.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and their classification in the valuation hierarchy.

#### *Level 1 Fair Value Measurements*

##### *Investment in cash equivalents*

Highly liquid investments in brokerage accounts with an initial maturity of three months or less are reported at cost, which approximates fair value.

##### *Investment in Mutual Funds*

Mutual funds listed or traded on a national market or exchange are generally valued at publicly quoted prices. The Society's investments in mutual funds consist of domestic and foreign equity debt instruments with diversified investment strategies.

##### *Investment in Equity Securities*

Equity securities listed or traded on a national market or exchange are valued at publicly quoted prices. The Society's investments in equity securities consist of common stocks in a variety of sectors and publicly traded Real Estate Investment Trusts (REIT).



**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Notes to Financial Statements  
June 30, 2021 and 2020

2. Investments and Fair Value Measurements (continued)

*Level 2 Fair Value Measurements*

*Government and Corporate Bonds*

Government and corporate bonds are priced using evaluations, which may be matrix or model based. Estimates of valuation are obtained from various sources, assume normal market conditions and are based on large volume transactions.

*Fixed Income Investments*

Fixed income investments may include asset-backed securities (ABS), mortgage-backed securities (MBS), or collateralized mortgage obligations (CMO) which are valued based on average life.

*Level 3 Fair Value Measurements*

*Beneficial Interest in Perpetual Trust*

Fair value is determined based on the fair value of the underlying assets of the Trust reported by the trustee as of June 30, 2021 and 2020 which approximates the estimated cash flows to the Society.

*Beneficial Interest in Endowment Funds*

Fair value is determined based on the fair value of the underlying assets of the Fund reported by the BCF as of June 30, 2021 and 2021 which approximates the estimated cash flows to the Society.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 different fair value measurement at the reporting date.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 128,193	\$ - 0 -	\$ - 0 -	\$ 128,193
Mutual funds	387,394	- 0 -	- 0 -	387,394
Equity securities	612,497	- 0 -	- 0 -	612,497
Government & Corporate Bonds	- 0 -	802,944	- 0 -	802,944
Fixed Interest Investments	- 0 -	1,124,139	- 0 -	1,124,139
Beneficial interest				
in endowment fund	- 0 -	- 0 -	12,511	12,511
Beneficial interest				
in perpetual trust	- 0 -	- 0 -	5,118,118	5,118,118
Total fair value	<u>\$ 1,128,084</u>	<u>\$ 1,927,083</u>	<u>\$ 5,130,629</u>	<u>\$ 8,185,796</u>



## THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.

### Notes to Financial Statements June 30, 2021 and 2020

#### 3. Property and Equipment

Property and equipment consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leasehold Improvements	\$ 1,513,945	\$ 1,490,643
Furniture and Equipment	308,084	301,062
Computer Equipment	27,984	27,984
Website	12,138	12,138
Vehicles	59,869	53,504
	<u>1,922,020</u>	<u>1,885,331</u>
less: accumulated depreciation	<u>(1,129,242)</u>	<u>(1,044,635)</u>
Property and Equipment, net	<u>\$ 792,778</u>	<u>\$ 840,696</u>

Depreciation expense for the years ended June 30, 2021 and 2020 were respectively \$86,842 and \$81,835.

#### 4. Beneficial Interest in Endowment Fund

The Society maintains a balance at the Baltimore Community Foundation, Inc. (BCF) which is reported as beneficial interest in endowment fund in the statement of financial position. The agreement with the BCF stipulates that the principal portion of the fund will be held in perpetuity and that an amount of the net annual income earned by the fund, as determined under the BCF's spending policy, will be distributed to the Society for as long as the Society is in existence. If for any reason the Society ceases operation, the agreement with BCF provides that this income will be used for a similar purpose.

The fair value of the Fund held by BCF at June 30, 2021 and 2020 were \$12,511 and \$10,221. The Fund made distributions of \$517 and \$527 during the year ended June 30, 2021 and 2020 which have been reflected as investment income in the statements of activities and changes in net assets.

#### 5. Interest in Perpetual Trust

The Elsie Seeger Barton Trust (the Trust) was formed for the benefit of the Society. Assets of the trust include an investment portfolio under the control of Wilmington Trust and the facilities and grounds used by the Society. Under the terms of the Trust, the Society receives annual cash distributions from the Trust's portfolio and utilizes a portion of the land and buildings held in the Trust free of charge.

The Trust stipulates that the Society use the income distributed from the Trust to maintain the facilities and grounds used by the Society, and in the programs of spaying and neutering cats and dogs whose owners cannot afford the cost of doing the same. During the years ended June 30, 2021 and 2020, the Society received \$180,727 in distributions from the Trust which have been reflected as investment income in the statement of activities and changes in net assets.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Notes to Financial Statements  
June 30, 2021 and 2020

5. Interest in Perpetual Trust (continued)

The facilities and grounds utilized by the Society include an office building, dog kennel, and adoption center. The Society utilizes approximately 15 acres of the total 365 acres of land maintained by the Trust. The unused acres consist mostly of a wildlife sanctuary. In addition, the Trust is responsible for major improvements to the facilities and grounds. Any improvements incurred by the Society are capitalized in accordance with the Society's property and equipment policy. The value of the land and property maintained by the Trust for the years ended June 30, 2021 and 2020 was \$1,394,000.

6. Restrictions on Net Assets

Net assets with donor restrictions as of June 30, 2021 and 2020 and represent the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose or period:		
Feral Cats	\$ 2,679	\$ 1,451
Spay/Neuter and Medical	32,317	19,985
Sammy's Cat Necessities	11,651	6,712
Bequests Receivable	- 0 -	5,000
	<u>46,647</u>	<u>33,148</u>
Endowment funds held in perpetuity:		
Roy Sachs Animal Care Endowment Fund	34,290	27,220
Burl Endowment Fund	277,811	277,811
	<u>312,101</u>	<u>305,031</u>
Earnings on endowments subject to Society spending policy and appropriation:		
Roy Sachs Animal Care Endowment Fund	32,826	23,403
Burl Endowment Fund	155,088	75,485
	<u>187,914</u>	<u>98,888</u>
Funds Held by Third Party Trustee:		
Beneficial interest in endowment fund	12,511	10,221
Beneficial interest in Barton Trust	5,118,118	4,674,991
	<u>5,130,629</u>	<u>4,685,212</u>
	<u>\$ 5,677,291</u>	<u>\$ 5,122,279</u>

# THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.

## Notes to Financial Statements June 30, 2021 and 2020

### 6. Restrictions on Net Assets (continued)

Net assets with donor restrictions were released during the year ended June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Time Restricted:		
Bequests Receivable	\$ 5,000	\$ 315,000
Pledges Receivable	- 0 -	4,700
Purpose Restricted:		
Adoption Center	- 0 -	38,760
Roof Repairs	- 0 -	36,627
	<u>\$ 5,000</u>	<u>\$ 395,087</u>

### 7. Contingency

In March 2020, significant mitigation efforts began taking effect in the United States in an attempt to curtail the spread of the coronavirus (COVID-19) pandemic. Such efforts included travel restrictions, business disruptions, and event cancellations. Capital markets have seen significant volatility in the wake of the pandemic and significant economic disruptions occurred across the country. In response, the Society has altered its operation and interactions with donors and the general public. Management cannot reasonably estimate the related financial impact and duration of the situation at this time. However, management believes it has sufficient cash and investment reserves to sustain operation in the event of continued disruption. Management intends to monitor the situation on an ongoing basis and to continue efforts to reduce its impact on the Society's operation and financial resources.

### 8. Refundable Advances

In April 2020, the Society applied for and received a \$201,000 loan under the Payroll Protection Program (PPP). As of June 30, 2020, the Society had incurred \$167,880 of eligible expenses and had satisfied the criteria for recognition of the income. A refundable advance of \$33,120 had not been expended at that time. During the year ended June 30, 2021, the Society expended the remaining balance of the refundable advance. The Society applied for and received full forgiveness of the initial PPP loan in April 2020.

In January 2021, the Society received a second PPP loan of \$182,283. The Society incurred eligible expenses for the entire balance as of June 30, 2021. The PPP loan is for a term of two years and bears interest at a fixed rate of 1% per annum. Payments on this loan are deferred until the date the SBA remits the borrower's loan forgiveness amount to the lender, or until 10 months after the 24-week eligibility period if the borrower never requests forgiveness. As of June 30, 2021, the Society has not received formal forgiveness of the second PPP loan.

For the years ended June 30, 2021 and 2020, the Society recognized \$215,403 and \$167,880 of eligible expenses in other income as a result of this program.

# THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.

## Notes to Financial Statements June 30, 2021 and 2020

### 9. Liquidity and Availability of Financial Assets

The following reflects the Society's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Financial assets at year end	\$ 3,781,994	\$ 3,090,415
Less those unavailable for general expenditures within one year, due to:		
Restricted by donors with a purpose or time restrictions	<u>46,647</u>	<u>33,148</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,735,347</u></u>	<u><u>\$ 3,057,267</u></u>

The Society maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Society's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds and mutual funds.

### 10. Endowments

Endowments consist of two donor-restricted funds established to further the mission of the Society.

*Roy Sachs Animal Care Endowment Fund (Sachs Fund)* - The Sachs Fund was established in May 2002 to benefit the Society's operating mission with an initial gift of \$12,395. The original gift, and all subsequent gifts to the Sachs Fund are restricted in perpetuity by the donor. Income earned on the principal may be appropriated to support the general mission of the Society.

*Burl Endowment Fund (Burl Fund)* - In May 2014, an endowment fund was established as directed by the Burl estate. Total distributions from the estate to be held in perpetuity total \$277,811. 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.

#### *Interpretation of Relevant Law*

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

# THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.

## Notes to Financial Statements June 30, 2021 and 2020

### 10. Endowments (continued)

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

#### *Investment Return Objectives and Risk Parameters*

The Society has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide adequate liquidity, maximize returns on all funds invested and achieve a consistent inflation-protected rate of return. 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. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

#### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate of return objectives, the Society relies on a total strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based and other investments to achieve its long-term return objectives within prudent risk constraints.

#### *Spending Policy*

The Board of Directors has adopted a spending policy calculated as 5% of the Endowment Fund for the five previous fiscal year ends. Expenditures from the donor-restricted endowment fund are released from restriction in accordance with donor stipulations or as appropriated by the Board of Directors. In establishing this policy, the Society considered the long-term expected return on its endowment investments. Accordingly, over the long-term, the Board of Directors expects the current spending policy to allow its endowment to retain the original fair value of the gift. There were no appropriations for distribution from the Endowment Funds as of June 30, 2021 and 2020.

**THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.**

Notes to Financial Statements  
June 30, 2021 and 2020

10. Endowments (continued)

*Endowment Fund Deficiencies*

The Society considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Society has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. There were no such deficiencies as of June 30, 2021 and 2020.

The endowment's net asset composition for the year ended June 30,

Donor-Restricted Endowment Funds	2021	2020
Original gifts	\$ 312,101	\$ 305,031
Accumulated gains	187,914	98,888
	\$ 500,015	\$ 403,919

For the year ended June 30, 2021 and 2020, the total amount of donor restricted contributions to be maintained in perpetuity totaled \$7,070 and \$7,855.

Changes in Endowment net assets for the fiscal year ended June 30, 2021:

Endowment net assets June 30, 2020	\$ 403,919
Contributions	7,070
Net investment return	89,026
Amount appropriated for expenditure	- 0 -
Endowment net assets June 30, 2021	\$ 500,015

Changes in Endowment net assets for the fiscal year ended June 30, 2020:

Endowment net assets June 30, 2019	\$ 390,529
Contributions	7,855
Net investment return	5,535
Amount appropriated for expenditure	- 0 -
Endowment net assets June 30, 2020	\$ 403,919



# THE HUMANE SOCIETY OF BALTIMORE COUNTY, INC.

## Notes to Financial Statements June 30, 2021 and 2020

### 11. Commitments

The Society entered into an operating lease for a copier effective, May 2017. The lease calls for minimum monthly payments of \$457 for 60 months. Expenses related to the contract and reported as equipment rental and maintenance in the statement of functional expenses were \$6,244 and \$7,260 and for the years ended June 30, 2021 and 2020.

The Society entered into an operating lease for a postage machine effective, June 2018. The lease calls for minimum monthly payments of \$63 for 63 months. Expenses related to the contract and reported as equipment rental and maintenance in the statements of functional expenses were \$564 and \$756 for the year ended June 30, 2021 and 2020.

The future minimum payments for the commitments disclosed above are as follows for the years ending June 30:

2022	\$	5,326
2023		756
2024		189
		<u>6,271</u>
	\$	<u>6,271</u>

### 12. Donated Items

Included in in-kind revenues and functional expenses is the estimated fair value of certain donated supplies and food. The value of donated supplies and food received by the Society for the year ended June 30, 2021 and 2020 were respectively \$59,040 and \$68,053. Supplies not utilized by year end are recorded as inventory.

### 13. Concentrations of Credit Risk and Uncertainties

In the ordinary course of business, the Society's cash and cash equivalents balances and investment balances may exceed the FDIC and SIPC insurance limits. The Society and its investment manager continually review credit concentrations as part of its asset and liability management.

The Society may invest in various types of marketable securities. Marketable securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is possible that changes in the values of these securities may occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

### 14. Subsequent Events

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through November 9, 2021, the date the financial statements were available to be issued.