
BERKELEY-EAST BAY
HUMANE SOCIETY
dba Berkeley Humane

FINANCIAL STATEMENTS

December 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

BERKELEY-EAST BAY HUMANE SOCIETY
dba Berkeley Humane

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Berkeley-East Bay Humane Society (dba Berkeley Humane)
Berkeley, California

Report on the Financial Statements

We have audited the accompanying financial statements of Berkeley-East Bay Humane Society (dba Berkeley Humane), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows and functional expenses 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.

Auditors' 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 Berkeley-East Bay Humane Society (dba Berkeley Humane) as of December 31, 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 Summarized Comparative Information

We have previously audited the Berkeley-East Bay Humane Society (dba Berkeley Humane)'s December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Croody & Lameda CPAs LLP

Oakland, California

April 29, 2019

BERKELEY-EAST BAY HUMANE SOCIETY
dba Berkeley Humane

Statement of Financial Position
December 31, 2018
(With Comparative Totals as of December 31, 2017)

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 345,930	\$ 288,842
Investments (Note 3)	842,734	1,240,956
Accounts receivable	2,246	310
Grants receivable	507,610	-
Prepaid expenses	42,247	45,953
Total Current Assets	1,740,767	1,576,061
Investments - long term (Note 3)	1,424,666	999,541
Property and equipment, net (Note 5)	910,020	955,073
Grants receivable, long-term	500,000	-
Beneficial interest in trust (Note 6)	54,911	58,520
Total Assets	\$ 4,630,364	\$ 3,589,195
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 99,093	\$ 91,867
Accrued vacation	64,458	57,590
Total Liabilities	163,551	149,457
Commitments and Contingencies (Notes 7 and 8)		
Net Assets		
Without donor restrictions (Note 9)	2,904,292	3,371,218
With donor restrictions (Note 10)	1,562,521	68,520
Total Net Assets	4,466,813	3,439,738
Total Liabilities and Net Assets	\$ 4,630,364	\$ 3,589,195

See Notes to the Financial Statements

BERKELEY-EAST BAY HUMANE SOCIETY
dba Berkeley Humane

Statement of Activities
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2018	2017
Support and Revenue				
Support				
Foundation and community grants	\$ 100,300	\$ 1,591,292	\$ 1,691,592	\$ 93,250
Contributions	959,838	35,928	995,766	994,558
Bequests	145,970		145,970	523,854
Special event, net (Note 11)	234,616		234,616	108,206
In-kind support (Note 12)	90,541		90,541	133,153
Total support	<u>1,531,265</u>	<u>1,627,220</u>	<u>3,158,485</u>	<u>1,853,021</u>
Revenue				
Adoptions	147,820		147,820	116,287
Hospital services	77,050		77,050	54,967
Training	85,503		85,503	77,160
Interest and investment income, net	9,673		9,673	5,759
Change in beneficial interest in trusts		(3,609)	(3,609)	(5,167)
Other income	19,976		19,976	11,279
Total revenue	<u>340,022</u>	<u>(3,609)</u>	<u>336,413</u>	<u>260,285</u>
Support provided by expiring time and purpose restrictions	<u>129,610</u>	<u>(129,610)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,000,897</u>	<u>1,494,001</u>	<u>3,494,898</u>	<u>2,113,306</u>
Expenses				
Program	2,138,798		2,138,798	1,896,389
Management and general	143,637		143,637	184,984
Fundraising	185,388		185,388	309,998
Total Expenses	<u>2,467,823</u>	<u>-</u>	<u>2,467,823</u>	<u>2,391,371</u>
Change in net assets	(466,926)	1,494,001	1,027,075	(278,065)
Net Assets, beginning of year	<u>3,371,218</u>	<u>68,520</u>	<u>3,439,738</u>	<u>3,717,803</u>
Net Assets, end of year	<u>\$ 2,904,292</u>	<u>\$ 1,562,521</u>	<u>\$ 4,466,813</u>	<u>\$ 3,439,738</u>

See Notes to the Financial Statements

BERKELEY-EAST BAY HUMANE SOCIETY
dba Berkeley Humane

Statement of Cash Flows
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 1,027,075	\$ (278,065)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	62,341	62,619
Investment activity	(9,673)	(5,759)
Donated stock	(10,690)	-
Contributions intended for long term use	(1,500,000)	-
Changes in assets and liabilities:		
Accounts receivable	(1,936)	(310)
Grants receivable	(1,007,610)	-
Prepaid expenses	3,706	(11,772)
Beneficial interest in trust	3,609	5,167
Accounts payable and accrued expenses	7,226	16,357
Accrued vacation	6,868	10,186
Net cash provided (used) by operating activities	(1,419,084)	(201,577)
Cash flows from investing activities		
Purchases of investments	(650,000)	(2,234,738)
Proceeds from investments	643,460	-
Purchase of property and equipment	(17,288)	(38,391)
Net cash provided (used) by investing activities	(23,828)	(2,273,129)
Cash flows from financing activities		
Contributions intended for long term use	1,500,000	-
Net cash provided (used) by financing activities	1,500,000	-
Net change in cash and cash equivalents	57,088	(2,474,706)
Cash and cash equivalents, beginning of year	288,842	2,763,548
Cash and cash equivalents, end of year	\$ 345,930	\$ 288,842
Supplemental Disclosure:		
Interest paid	\$ 811	\$ 434

See Notes to the Financial Statements

BERKELEY-EAST BAY HUMANE SOCIETY
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Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Program	Management and General	Fundraising	Total	
				2018	2017
Salaries	\$ 1,126,680	\$ 78,940	\$ 72,010	\$ 1,277,630	\$ 1,245,235
Employee benefits	133,909	14,242	12,449	160,600	152,083
Payroll taxes	93,713	6,566	5,990	106,269	105,678
Total personnel	<u>1,354,302</u>	<u>99,748</u>	<u>90,449</u>	<u>1,544,499</u>	<u>1,502,996</u>
Professional services	17,617	10,500	11,663	39,780	49,038
Advertising and events	214,225	-	34,634	248,859	185,745
Supplies and office expenses	58,960	4,250	24,695	87,905	101,551
Occupancy	92,372	6,350	2,540	101,262	98,833
Information technology	15,897	456	7,765	24,118	18,351
Travel and meals	963	258	1,690	2,911	4,877
Interest	206	340	265	811	434
Conferences and meetings	7,269	563	397	8,229	10,829
Depreciation	57,977	3,117	1,247	62,341	62,619
Insurance	29,124	2,040	1,861	33,025	32,347
Medical and other supplies/services	197,244	-	125	197,369	178,339
Other expenses	2,850	16,015	7,308	26,173	12,259
In-kind services	89,792	-	749	90,541	133,153
Expenses by function	<u>\$ 2,138,798</u>	<u>\$ 143,637</u>	<u>\$ 185,388</u>	<u>\$ 2,467,823</u>	<u>\$ 2,391,371</u>
Expenses reported on a net basis					
Event expense - donor benefit (Note 11)	-	-	23,110	23,110	25,568
Total Expenses	<u>\$ 2,138,798</u>	<u>\$ 143,637</u>	<u>\$ 208,498</u>	<u>\$ 2,490,933</u>	<u>\$ 2,416,939</u>

See Notes to the Financial Statements

**BERKELEY-EAST BAY HUMANE SOCIETY
DBA BERKELEY HUMANE**

**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

NOTE 1: NATURE OF ACTIVITIES

The Berkeley-East Bay Humane Society dba Berkeley Humane (the Organization) is a California nonprofit public benefit corporation, which serves the people and animals of the community by providing life-saving programs for cats and dogs, cultivating compassion, and strengthening the human-animal bond.

The Organization provides the following programs.

Adoption Center

The primary purpose of the Organization is to place 100% of healthy and treatable animals in loving homes and to offer programs that enrich animals' lives and make them more adoptable.

Veterinary Hospital

The on-site veterinary hospital provides animals with continuous medical oversight and care during their stay with us. Berkeley Humane runs the only veterinary hospital in the East Bay dedicated to exclusively serving shelter animals, and can treat conditions that fall well outside the range of what most shelters can care for, including a variety of medical procedures from eye surgeries to hip surgeries.

PAWS Safety Net Services

PAWS Safety Net Services provide resources that prevent animals from entering the public shelter system whenever possible. Safety net services include:

Behavior Advice Line and Training Classes: The Organization offers affordable dog training classes (from Puppy Kindergarten through Advanced Obedience) using gentle, positively reinforced training methods and a behavior advice line that provides expert advice on managing a range of behavioral issues.

Subsidized Veterinary Care and Pet Food Pantry: The Subsidized Veterinary Care and Pet Food Pantry program supports individuals and families who are low-income. The Pet Food Pantry provides the resource boost needed to keep animals out of the shelters and in their homes. With dedicated grant funding, the Organization is also able to offer free or subsidized veterinary care to low-income pet guardians.

Low-Cost Spay/Neuter and Vaccine Services: In the fall of 2016, the Organization launched Spay the Bay, a low-cost spay/neuter and vaccine clinic to help assist seniors, students, and other low-income and vulnerable populations in Berkeley and the surrounding region by offering spay/neuter and vaccination services on a sliding scale.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in perpetual trust held by a bank or trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses, other than losses on endowment investments, are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Accounts and Grants Receivable

Accounts and grants receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance basis. The Organization considers all accounts and grants receivable to be fully collectible at December 31, 2018. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

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**Notes to the Financial Statements
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Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2018 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Estates and Trusts

The Organization may be a named beneficiary of estates and trusts. Unless the ultimate amount available for distribution can be determined before the close of probate proceedings, the Organization does not record these amounts until the time of asset distribution. Trusts in which the Organization is named as an irrevocable beneficiary are recorded when the Organization is notified by the trustee of the Organization's interest in the trust and the ownership percentage and valuation of the interest is determined.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	5-10 years
Vehicles	10 years
Building improvements	15 years

Construction in progress is depreciated over the useful lives of the respective assets when they are ready for their intended use.

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Occupancy, depreciation, and amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the

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**Notes to the Financial Statements
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annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Changes in Accounting Principles and Reclassifications

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements are presented on a classified basis with additional disclosures about liquidity in the notes.

Additional disclosures are presented with respect to board designated funds.

The Organization evaluated the classification of net assets under the most recent guidance and reclassified certain funds that were primarily board designated to net assets without restriction and reclassified a portion of net assets held for long term use to align with the value of the underlying trust.

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class:	As Originally <u>Presented</u>	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 2,738,012	\$ -
Temporarily restricted net assets	701,726	-
Net assets without donor restrictions	-	3,371,218
Net assets with donor restrictions	<u>-</u>	<u>68,520</u>
Total	<u>\$ 3,439,738</u>	<u>\$ 3,439,738</u>

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of April 29, 2019, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENTS

Investments are stated at fair value and consisted of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Money market mutual funds	\$ 394,243	\$ 489,176
Exchange traded funds	<u>1,873,157</u>	<u>1,750,961</u>
Total	2,267,400	2,240,137
Less portion held for long term use	<u>(1,424,666)</u>	<u>(999,541)</u>
Investments, current portion	<u>\$ 842,734</u>	<u>\$ 1,240,956</u>

Investment Activity

Investment activity consisted of the following for the year ended December 31:

	<u>2018</u>	<u>2017</u>
Dividends	\$ 61,790	\$ 9,198
Realized and unrealized gain (loss), net	<u>(52,117)</u>	<u>(7,336)</u>
Total	<u>\$ 9,673</u>	<u>\$ 1,862</u>

NOTE 4: FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair value of investments measured on recurring basis were as follows as of December 31, 2018.

	<u>Level 1</u>
Money market mutual fund	\$ 394,243
Exchange traded funds	
Short and ultra short term bond	960,870
Intermediate term bond	274,213
High yield bond	295,055
Mortgage backed	280,826
Emerging markets bond	<u>62,193</u>
Total	<u>\$ 2,267,400</u>

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

The Organization used the following methods to value its investments:

Money market mutual fund – Based on the published net asset value per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date.

Exchange traded funds - Based on the closing price at the end of the last trading day of the fiscal year, which is the basis for transactions at that date.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 208,778	\$ 206,182
Vehicles	195,259	195,259
Building and improvements	783,463	768,772
Construction in progress	470,938	470,938
Land	85,214	85,214
Less: Accumulated depreciation	<u>(833,632)</u>	<u>(771,292)</u>
Total	<u>\$ 910,020</u>	<u>\$ 955,073</u>

NOTE 6: BENEFICIAL INTEREST IN TRUST

The Organization is the irrevocable beneficiary of certain trusts. These resources are neither in the possession of, nor under the control of the Organization, may include assets that are difficult to liquidate, and may otherwise not be readily available for the Organization's use.

The Organization generally receives periodic distributions from trusts with a final distribution on the termination of the trusts as determined by the trustee and trust terms. Activity and balances for the trusts were as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Beneficial interest in trusts, beginning of year	\$ 58,520	\$ 63,687
Change in beneficial interest in trusts	<u>(3,609)</u>	<u>(5,167)</u>
Beneficial interest in trusts, end of year	<u>\$ 54,911</u>	<u>\$ 58,520</u>

NOTE 7: COMMITMENTS

Operating Leases

The Organization leases office space under non-cancelable leases that expire on January 31, 2021. Future minimum lease payments were as follows for the years ended December 31:

2019	\$ 58,526
2020	58,644
2021	<u>4,887</u>
Total	<u>\$ 122,057</u>

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

Rent for the years ended December 31, 2018 and 2017 was \$57,228 and \$55,480, respectively.

NOTE 8: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 9: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restriction consisted of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Designated for rebuilding activities	\$ 924,666	\$ 999,541
Invested in property and equipment	910,020	955,073
Undesignated	<u>1,069,606</u>	<u>1,416,604</u>
Total	<u>\$ 2,904,292</u>	<u>\$ 3,371,218</u>

In 2010, the Board of Directors designated a portion of insurance proceeds related to a fire damage claim and certain general donations for rebuilding activity along with investment gains and losses on such amounts. Certain expenses related to rebuilding activities result in a release of such designation.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of December 31:

	<u>2018</u>	<u>2017</u>
Restricted for capital improvements – rebuild	\$ 1,500,000	\$ -
Restricted for future use	54,911	58,520
Restricted for specific programs	<u>7,610</u>	<u>10,000</u>
Total	<u>\$ 1,562,521</u>	<u>\$ 68,520</u>

NOTE 11: SPECIAL EVENT

The Organization held fundraising events during the year at which an admission fee was charged. Activity related to these events was as follows during the years ended December 31:

	<u>2018</u>	<u>2017</u>
Admission	\$ 88,158	\$ 73,034
Donations and sponsorships	151,947	59,250
Food, beverage, and merchandise sales	2,220	1,490
Auction receipts	15,401	-
Less: Costs of direct donor benefit	<u>(23,110)</u>	<u>(25,568)</u>
Total	<u>\$ 234,616</u>	<u>\$ 108,206</u>

**BERKELEY-EAST BAY HUMANE SOCIETY
DBA BERKELEY HUMANE**

**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

NOTE 12: IN-KIND SUPPORT

In-kind support consisted of the following for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Legal services	\$ -	\$ 22,516
Donated pet food	1,856	-
Donated advertising services	<u>88,685</u>	<u>110,637</u>
Total	<u>\$ 90,541</u>	<u>\$ 133,153</u>

NOTE 13: VOLUNTEER EFFORT

In addition to the activity reflected on the financial statements, the Organization receives significant volunteer support in the areas of animal care, foster care, adoption counseling and other Organizational activities. Total estimated hours were 69,036 and 51,654 during the years ended December 31, 2018 and 2017, respectively.

NOTE 14: JOINT COSTS OF ACTIVITIES THAT INCLUDED FUNDRAISING APPEALS

The Organizations engaged in direct mail activity and advertising activity that included both a program and fundraising component. The costs of these activities were allocated between fundraising and program costs as follows for the year ended December 31, 2018:

Costs allocated to program activities	\$ 129,188
Costs allocated to fundraising activities	<u>30,278</u>
Total	<u>\$ 159,466</u>

NOTE 15: CONCENTRATIONS

Support

The Organization received 76% of its foundation and corporate support from one funder during the year ended December 31, 2018.

NOTE 16: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Financial assets:	
Cash and cash equivalents	\$ 345,930
Accounts and grants receivable	509,856
Investments	2,267,400
Beneficial interest in trust	<u>54,911</u>
Total financial assets	3,178,097
Less financial assets held to meet donor-imposed restrictions:	
Net assets with donor restrictions	(1,562,521)
Less financial assets not available within one year:	
Board designated funds	<u>(924,666)</u>
Amount available for general expenditures within one year	<u>\$ 690,910</u>

**BERKELEY-EAST BAY HUMANE SOCIETY
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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

The above reflects donor-restricted and board designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization. However, in the case of need, the Board of Directors could appropriate resources from board designated funds. As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in cash and cash equivalents and primarily fixed income investments.