

**NEW HAMPSHIRE HUMANE SOCIETY**

**FOR THE YEARS ENDED  
DECEMBER 31, 2015 AND 2014  
AND  
INDEPENDENT AUDITORS' REPORT**

*Leone,  
McDonnell  
& Roberts*  
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

**NEW HAMPSHIRE HUMANE SOCIETY**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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To the Board of Directors of  
New Hampshire Humane Society  
Laconia, New Hampshire

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of New Hampshire Humane Society (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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 auditors' judgement, 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 New Hampshire Humane Society as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited New Hampshire Humane Society's 2014 financial statements, and our report dated August 12, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Lemire, McDonnell & Roberts  
Professional Association*

June 24, 2016  
Wolfeboro, New Hampshire

**NEW HAMPSHIRE HUMANE SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2015 WITH SUMMARIZED**  
**COMPARATIVE INFORMATION AS OF DECEMBER 31, 2014**

<b>ASSETS</b>	<b>DECEMBER 31, 2015</b>				<b>DECEMBER 31, 2014 TOTAL</b>
	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>PERMANENTLY RESTRICTED</b>	<b>TOTAL</b>	
<b>CURRENT ASSETS</b>					
Cash and equivalents	\$ 28,944	\$ 59,156	\$ 32,133	\$ 120,233	\$ 99,967
Contributions receivable	1,695	-	-	1,695	1,285
Employee advances	338	-	-	338	642
Investments	2,767,999	-	-	2,767,999	3,015,133
Inventory	5,951	-	-	5,951	5,951
Prepaid insurance and other expenses	7,963	-	-	7,963	18,205
Total current assets	<u>2,812,890</u>	<u>59,156</u>	<u>32,133</u>	<u>2,904,179</u>	<u>3,141,183</u>
<b>PROPERTY</b>					
Land and land improvements	172,602	-	-	172,602	172,602
Buildings and improvements	2,432,502	-	-	2,432,502	2,432,502
Furniture, equipment and vehicle	260,098	-	-	260,098	236,828
Total property	2,865,202	-	-	2,865,202	2,841,932
Less accumulated depreciation	(794,102)	-	-	(794,102)	(711,312)
Property - net	<u>2,071,100</u>	<u>-</u>	<u>-</u>	<u>2,071,100</u>	<u>2,130,620</u>
<b>OTHER ASSETS</b>					
Loan reserves	106,877	-	-	106,877	103,660
Total other assets	<u>106,877</u>	<u>-</u>	<u>-</u>	<u>106,877</u>	<u>103,660</u>
Total	<u>\$ 4,990,867</u>	<u>\$ 59,156</u>	<u>\$ 32,133</u>	<u>\$ 5,082,156</u>	<u>\$ 5,375,463</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>CURRENT LIABILITIES</b>					
Current portion of long term debt	\$ 50,520	\$ -	\$ -	\$ 50,520	\$ 43,232
Cash overdraft	-	-	-	-	1,191
Accounts payable and accrued expenses	11,812	-	-	11,812	11,945
Accrued payroll and related liabilities	11,803	-	-	11,803	12,173
Refundable advances	17,400	-	-	17,400	15,750
Total current liabilities	91,535	-	-	91,535	84,291
<b>LONG TERM DEBT, less current portion shown above</b>	<u>1,413,688</u>	<u>-</u>	<u>-</u>	<u>1,413,688</u>	<u>1,446,676</u>
Total liabilities	<u>1,505,223</u>	<u>-</u>	<u>-</u>	<u>1,505,223</u>	<u>1,530,967</u>
<b>NET ASSETS</b>					
Unrestricted	3,485,644	-	-	3,485,644	3,744,529
Temporarily restricted	-	59,156	-	59,156	67,834
Permanently restricted	-	-	32,133	32,133	32,133
Total net assets	<u>3,485,644</u>	<u>59,156</u>	<u>32,133</u>	<u>3,576,933</u>	<u>3,844,496</u>
Total	<u>\$ 4,990,867</u>	<u>\$ 59,156</u>	<u>\$ 32,133</u>	<u>\$ 5,082,156</u>	<u>\$ 5,375,463</u>

See Notes to Financial Statements

**NEW HAMPSHIRE HUMANE SOCIETY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015 WITH SUMMARIZED  
COMPARATIVE INFORMATION FOR 2014**

	DECEMBER 31, 2015			TOTAL	DECEMBER 31, 2014 TOTAL
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>		
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Program service fees					
Shelter income	\$ 213,068	\$ -	\$ -	\$ 213,068	\$ 141,686
Town and city assessments	72,600	-	-	72,600	71,600
Contributions	402,072	7,821	-	409,893	338,779
Bequests	77,407	-	-	77,407	111,115
Memorial gifts	47,574	-	-	47,574	28,149
Fundraising and special events	193,321	-	-	193,321	184,373
Investment return	(62,995)	-	-	(62,995)	168,226
Net assets released from restrictions -					
Satisfied by payments and donor permission	16,499	(16,499)	-	-	-
Total revenues, gains and other support	<u>959,546</u>	<u>(8,678)</u>	<u>-</u>	<u>950,868</u>	<u>1,043,928</u>
<b>EXPENSES</b>					
Program services					
Shelter operations	668,371	-	-	668,371	624,847
Medical operations	205,673	-	-	205,673	191,706
Supporting activities					
Management and general	139,754	-	-	139,754	104,172
Fundraising	<u>204,633</u>	<u>-</u>	<u>-</u>	<u>204,633</u>	<u>212,822</u>
Total expenses	<u>1,218,431</u>	<u>-</u>	<u>-</u>	<u>1,218,431</u>	<u>1,133,547</u>
<b>CHANGES IN NET ASSETS</b>	(258,885)	(8,678)	-	(267,563)	(89,619)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>3,744,529</u>	<u>67,834</u>	<u>32,133</u>	<u>3,844,496</u>	<u>3,934,115</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,485,644</u>	<u>\$ 59,156</u>	<u>\$ 32,133</u>	<u>\$ 3,576,933</u>	<u>\$ 3,844,496</u>

See Notes to Financial Statements

**NEW HAMPSHIRE HUMANE SOCIETY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015 WITH SUMMARIZED  
COMPARATIVE INFORMATION FOR 2014**

	DECEMBER 31, 2015			TOTAL	DECEMBER 31, 2014 TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Changes in net assets	\$ (258,885)	\$ (8,678)	\$ -	\$ (267,563)	\$ (89,619)
Adjustments to reconcile changes in net assets to net cash from operating activities:					
Depreciation	82,790	-	-	82,790	83,480
Realized losses (gains) on sale of investments	29,252	-	-	29,252	(104,071)
Unrealized losses on investments	164,919	-	-	164,919	38,760
Restricted contributions	(7,821)	-	-	(7,821)	(6,450)
(Increase) decrease in assets:					
Contributions receivable	(410)	-	-	(410)	(85)
Employee advances	(304)	-	-	(304)	(4)
Prepaid insurance and other expenses	10,242	-	-	10,242	(5,785)
Loan reserves	(3,217)	-	-	(3,217)	(13,280)
(Decrease) increase in liabilities:					
Cash overdraft	(1,191)	-	-	(1,191)	1,197
Accounts payable and accrued expenses	(133)	-	-	(133)	(28,335)
Accrued payroll and related liabilities	(370)	-	-	(370)	771
Refundable advances	1,650	-	-	1,650	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>16,522</u>	<u>(8,678)</u>	<u>-</u>	<u>7,844</u>	<u>(123,421)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property	(540)	-	-	(540)	(33,950)
Proceeds from sale of investments	2,295,358	-	-	2,295,358	2,955,036
Purchases of investments, net	(2,241,787)	-	-	(2,241,787)	(2,793,066)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>53,031</u>	<u>-</u>	<u>-</u>	<u>53,031</u>	<u>128,020</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of long term debt	(48,430)	-	-	(48,430)	(41,822)
Restricted contributions	7,821	-	-	7,821	6,450
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(40,609)</u>	<u>-</u>	<u>-</u>	<u>(40,609)</u>	<u>(35,372)</u>
<b>NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	<u>28,944</u>	<u>(8,678)</u>	<u>-</u>	<u>20,266</u>	<u>(30,773)</u>
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<u>-</u>	<u>67,834</u>	<u>32,133</u>	<u>99,967</u>	<u>130,740</u>
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<u>\$ 28,944</u>	<u>\$ 59,156</u>	<u>\$ 32,133</u>	<u>\$ 120,233</u>	<u>\$ 99,967</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>					
Cash paid during the year for interest	<u>\$ 65,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,154</u>	<u>\$ 66,178</u>
<b>NONCASH FINANCING AND INVESTING ACTIVITIES</b>					
Acquisition of a vehicle financed with a note payable	<u>\$ 22,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

**NEW HAMPSHIRE HUMANE SOCIETY**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015 WITH SUMMARIZED  
COMPARATIVE INFORMATION FOR 2014**

	DECEMBER 31, 2015					2014 <u>TOTAL</u>
	<u>SHELTER OPERATIONS</u>	<u>MEDICAL OPERATIONS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>	
Salaries and wages	\$ 212,312	\$ 90,048	\$ 54,375	\$ 75,129	\$ 431,864	\$ 424,592
Payroll taxes	18,480	7,256	2,732	6,186	34,654	37,034
Employee benefits	8,236	5,475	5,456	9,795	28,962	34,870
Total personnel costs	239,028	102,779	62,563	91,110	495,480	496,496
Advertising and promotion	150,281	338	-	25	150,644	139,120
Animal care	35,178	61,153	-	-	96,331	39,545
Professional fees	24,974	1,734	46,567	13,144	86,419	56,074
Depreciation	49,673	12,419	8,279	12,419	82,790	83,480
Utilities	44,692	10,053	7,551	10,313	72,609	89,607
Interest	39,429	9,647	6,431	9,647	65,154	66,178
Special events	-	-	-	58,625	58,625	74,057
Repairs and maintenance	26,398	2,592	598	897	30,485	27,431
Vehicle expenses	26,778	-	-	-	26,778	6,873
Insurance	8,443	3,277	6,647	3,730	22,097	14,113
Supplies and materials	12,293	645	-	2,392	15,330	20,825
Office expense	4,923	61	714	1,357	7,055	7,761
Bank and credit card charges	4,284	-	-	-	4,284	4,689
Dues and subscriptions	1,165	731	-	-	1,896	2,220
Uniforms	198	-	-	-	198	750
Training and conventions	131	-	40	-	171	1,875
Other	503	244	364	974	2,085	2,453
Total functional expenses	<u>\$ 668,371</u>	<u>\$ 205,673</u>	<u>\$ 139,754</u>	<u>\$ 204,633</u>	<u>\$ 1,218,431</u>	<u>\$ 1,133,547</u>

See Notes to Financial Statements



**NEW HAMPSHIRE HUMANE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

New Hampshire Humane Society is a New Hampshire nonprofit corporation formed to provide care for and prevention of cruelty to animals including population control through spaying and neutering programs. The Society operates from a facility located in Laconia, New Hampshire and serves the greater Carroll and Belknap County areas.

**Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Presentation**

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. The classes of net assets are determined by the presence or absence of donor restrictions.

Unrestricted: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted: Net assets whose use is limited by donor imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the Society.

Permanently Restricted: Reflects the historical cost of gifts (and in certain circumstances, the earnings from those gifts), subject to donor – imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

As of December 31, 2015 and 2014, the Society had unrestricted, temporarily restricted and permanently restricted net assets.

**Cash and Equivalents**

Cash and equivalents include short term, highly liquid investments with a maturity date of less than three months.

### **Contributions**

All contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restrictions. However, if a restriction is fulfilled in the period in which the contribution is received, the Society reports the support as unrestricted.

Donated marketable securities and other non cash donations are recorded as contributions at their estimated fair value at the date of the donation.

### **Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) 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.

### **Functional Allocation of Expenses**

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

### **Property and Depreciation**

Property is recorded at cost if purchased and at fair value at date of donation, if donated. Depreciation is computed using the straight line method over the estimated useful lives of the related assets as follows:

Land improvements	20 years
Buildings and improvements	10 - 40 years
Furniture, equipment and vehicle	5 - 15 years

Costs for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related accumulated depreciation, and any gain or loss is recognized.

Depreciation expense for the years ended December 31, 2015 and 2014, amounted to \$82,790 and \$83,480, respectively.

### **Income Taxes**

The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined the Society to be other than a private foundation.

FASB ASC Topic No. 740, *Accounting for Income Taxes*, established a minimum threshold for recognizing, and a system of measuring, the benefits of tax return positions in financial statements. The Society's tax filings are subject to audit by various taxing authorities. The Society's open audit periods are 2012 through 2014. The Society believes that it has appropriate support for any tax positions taken, and as such, does

not have any uncertain income tax positions that are material to the financial statements.

### **Advertising**

The Society expenses advertising costs as incurred.

### **Inventories**

Inventories are stated at lower of cost or market determined by the first-in, first-out method and consist of medical supplies and various pet supplies.

### **Investments**

Investments in equity securities with readily determinable fair values, and all investments in debt securities are recorded at fair value. The fair value of the debt and marketable securities are based on quoted market prices.

Investment income is considered a change in unrestricted net assets, unless restricted by a donor's explicit stipulation or law. Unrealized gains and losses are included in the net asset balances.

The Society's investments are subject to various risks, such as interest rate, credit and overall market volatility. As such, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported on the Statement of Financial Position and Statement of Activities.

### **Accrued Earned Time**

The Society has accrued a liability for future compensated leave time that its employees have earned and which is vested with the employee.

### **Refundable Advances**

Funds received in advance are recorded as refundable advances and recognized as revenue in the period in which the related service or expenses are incurred.

### **Comparative Financial 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

### **Subsequent Events**

Events occurring after the statement of financial position sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through June 24, 2016, the date when the financial statements were available to be issued.

## 2. INVESTMENTS

The Society's investments are presented in the financial statements in the aggregate at fair value and consisted of the following as of December 31, 2015 and 2014:

	<u>2015</u>		<u>2014</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Corporate Bonds and Notes	\$ 69,003	\$ 65,492	\$ 89,038	\$ 81,537
Equity Securities	1,254,578	1,148,457	1,109,806	949,204
Equity Mutual Funds	1,140,891	1,224,422	1,419,046	1,428,657
Exchange Traded Funds	302,281	312,424	395,341	382,845
Accrued Interest	<u>1,246</u>	<u>1,246</u>	<u>1,902</u>	<u>1,902</u>
	<u>\$ 2,767,999</u>	<u>\$ 2,752,041</u>	<u>\$ 3,015,133</u>	<u>\$ 2,844,145</u>

### Components of Investment Return:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 131,176	\$ 102,915
Unrealized losses on investments	(164,919)	(38,760)
Realized (losses) gains on investments	<u>(29,252)</u>	<u>104,071</u>
	<u>\$ (62,995)</u>	<u>\$ 168,226</u>

## 3. FAIR VALUE MEASUREMENTS

*FASB ASC Topic No. 820-10* provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework in generally accepted accounting principles for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with *FASB ASC 820-10*, the Society may use valuation techniques consistent with market, income and cost approaches to measure fair value. As a basis for considering market participant assumptions in fair value measurements, *ASC Topic 820* establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of the fair value hierarchy under *ASC Topic 820* are described as follows:

**Level 1** - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

**Level 2** - Inputs to the valuation methodology are other than quoted market prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

**Level 3** - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The table below segregates all financial assets and liabilities as of December 31, 2015 and 2014 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

	<b>Quoted Prices In Active Markets for Identical Assets (Level One)</b>	<b>Significant Other Observable Inputs (Level Two)</b>	<b>Significant Unobservable Inputs (Level Three)</b>	<b>Total 12/31/2015</b>
<b>Equities:</b>				
Consumer Discretionary	\$ 125,690	\$ -	\$ -	\$ 125,690
Consumer Staples	118,090	-	-	118,090
Energy	46,101	-	-	46,101
Financials	113,155	-	-	113,155
Health Care	154,868	-	-	154,868
Industrials	327,218	-	-	327,218
Information Technology	244,389	-	-	244,389
Materials	40,443	-	-	40,443
Telecommunications	52,145	-	-	52,145
Utilities	32,479	-	-	32,479
Exchange Traded Funds	302,281	-	-	302,281
<b>Mutual Funds:</b>	1,140,891	-	-	1,140,891
<b>Accrued Interest:</b>	1,246	-	-	1,246
<b>Corporate Bonds and Notes:</b>				
BAA credit rated	-	69,003	-	69,003
	<u>\$ 2,698,996</u>	<u>\$ 69,003</u>	<u>\$ -</u>	<u>\$ 2,767,999</u>

	<b>Quoted Prices In Active Markets for Identical Assets (Level One)</b>	<b>Significant Other Observable Inputs (Level Two)</b>	<b>Significant Unobservable Inputs (Level Three)</b>	<b>Total 12/31/2014</b>
<b>Equities:</b>				
Consumer Discretionary	\$ 139,589	\$ -	\$ -	\$ 139,589
Consumer Staples	156,044	-	-	156,044
Energy	95,078	-	-	95,078
Financials	147,932	-	-	147,932
Health Care	118,465	-	-	118,465
Industrials	179,334	-	-	179,334
Information Technology	166,804	-	-	166,804
Materials	19,879	-	-	19,879
Telecommunications	52,312	-	-	52,312
Utilities	34,369	-	-	34,369
Exchange Traded Funds	395,341	-	-	395,341

<b>Mutual Funds:</b>	1,419,046	-	-	1,419,046
<b>Accrued Interest:</b>	1,902	-	-	1,902
<b>Corporate Bonds and Notes:</b>				
BAA credit rated	<u>-</u>	<u>89,038</u>	<u>-</u>	<u>89,038</u>
	<u>\$ 2,926,095</u>	<u>\$ 89,038</u>	<u>\$ -</u>	<u>\$ 3,015,133</u>

**4. LOAN RESERVES**

In connection with the USDA-Rural Development loan, the Society is obligated to deposit certain amounts into a reserve account to assure that the loan installments will be paid on time, for emergency maintenance, for extensions to the facilities and for the replacement of short-lived assets. The balance in the reserve account as of December 31, 2015 and 2014, was \$106,877 and \$103,660, respectively.

**5. NOTES PAYABLE**

The notes payable at December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
4.375% note payable to the United States of America, through USDA-Rural Development. The note is due in monthly installments for interest and principal of \$9,000 through June of 2036. The note is collateralized by a first mortgage on the real estate, fixtures, machinery, appliances and equipment of the Society along with assignment and pledge of Society revenues, accounts and other tangibles.	\$ 1,446,220	\$ 1,489,908
4.527% note payable to a bank in monthly installments for principal and interest of \$520 through January of 2019. The obligation is secured by a company vehicle.	<u>17,988</u> 1,464,208	<u>-</u> 1,489,908
Less current portion due within one year	<u>(50,250)</u>	<u>(43,232)</u>
Long Term Debt	<u>\$ 1,413,958</u>	<u>\$ 1,446,676</u>

The scheduled maturities of long term debt at December 31, 2015 were as follows:

<u>Year Ending December 31</u>	<u>Amount Due</u>
2016	\$ 50,520
2017	52,963
2018	55,337
2019	52,070
2020	53,618
Thereafter	<u>1,199,700</u>
	<u>\$ 1,464,208</u>

**6. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following unexpended, purpose and time restricted donations as of December 31, 2015 and 2014:

<u>Time or Purpose Restrictions</u>	<u>2015</u>	<u>2014</u>
Dodge Law Fund	\$ 13,325	\$ 13,325
Spay & Neuter Fund	9,682	6,511
Willow Fund	<u>36,149</u>	<u>47,998</u>
Total	<u>\$ 59,156</u>	<u>\$ 67,834</u>

**7. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consisted of the following funds at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Pet Visitation	\$ 3,148	\$ 3,148
General Purpose	7,523	7,523
Spaying – Canine	16,214	16,214
Doherty Fund	<u>5,248</u>	<u>5,248</u>
Total	<u>\$ 32,133</u>	<u>\$ 32,133</u>

**8. DONATED SERVICES**

Many individuals volunteer time to the Society. The value of these contributed services is not recorded nor recognized by the Society since the services do not meet the criteria in FASB ASC Topic 958-605 for recognition of such services. It was also deemed not practical to disclose the fair value of contributed services since a clearly measurable basis for the amount to be disclosed could not be determined.

**9. IN-KIND DONATIONS AND EXPENSES**

The Society receives contributed advertising from two local radio stations that is required to be recorded in accordance with FASB Accounting Standards Codification. The estimated fair value of this advertising was determined to be \$139,951 and \$130,402 for the years ended December 31, 2015 and 2014, respectively.

The Society also receives contributed goods that are required to be recorded in accordance with FASB Accounting Standards Codification. The estimated fair value of these goods was determined to be \$27,892 and \$47,005 for the years ended December 31, 2015 and 2014, respectively.

**10. CONCENTRATIONS**

Financial instruments that potentially subject the Society to concentrations of credit risk consist of temporary cash investments and investments. The Society places its temporary cash investments with a single financial institution. The investment portfolio consists of diversified investments, which are subject to market risk, but are not subject to concentrations in any sector.

The Society maintains their main cash account with one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, there were no uninsured cash balances.

**11. RECLASSIFICATIONS**

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These classifications had no effect on the previously reported results of operations or retained earnings.