

**Humane Society of Boulder Valley, Inc.**

**Financial Statements**

**December 31, 2025**

**(With Independent Auditor's Report Thereon)**



## **Independent Auditor's Report**

### **Board of Directors**

**Humane Society of Boulder Valley, Inc.**

### **Opinion**

We have audited the accompanying financial statements of the Humane Society of Boulder Valley, Inc. (the Society), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2025, 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 (GAAP).

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Board of Directors  
Humane Society of Boulder Valley, Inc.**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Kundinger, Corder & Montoya, P.C.*

July 15, 2026

**Humane Society of Boulder Valley, Inc.**  
**Statement of Financial Position**  
**December 31, 2025**

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**Assets**

|                                                   |                      |
|---------------------------------------------------|----------------------|
| Cash and cash equivalents                         | \$ 1,459,270         |
| Accounts receivable, net                          | 152,570              |
| Grants and contributions receivable, net (note 3) | 2,093,941            |
| Inventory                                         | 4,363                |
| Prepays and other assets                          | 58,456               |
| Investments (notes 4 and 6)                       | 6,583,634            |
| Charitable lead trusts (notes 5 and 6)            | 2,891,211            |
| Beneficial interest in trust (notes 5 and 6)      | 255,318              |
| Property and equipment, net (note 7)              | <u>6,575,919</u>     |
| Total assets                                      | <u>\$ 20,074,682</u> |

**Liabilities and Net Assets**

|                                                    |                      |
|----------------------------------------------------|----------------------|
| Accounts payable                                   | \$ 115,387           |
| Accrued expenses                                   | <u>383,040</u>       |
| Total liabilities                                  | <u>498,427</u>       |
| Net assets without donor restrictions              |                      |
| Operating                                          | 6,792,497            |
| Net assets in property and equipment               | 6,575,919            |
| Designated (note 8)                                | <u>1,053,884</u>     |
| Total net assets without donor restrictions        | 14,422,300           |
| Net assets with donor restrictions (notes 8 and 9) | <u>5,153,955</u>     |
| Total net assets                                   | 19,576,255           |
| Commitments (notes 11 and 12)                      |                      |
| Total liabilities and net assets                   | <u>\$ 20,074,682</u> |

The accompanying notes are an integral part of the financial statements.

**Humane Society of Boulder Valley, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2025**

|                                                | Without<br>donor<br>restrictions | With<br>donor<br>restrictions | Total      |
|------------------------------------------------|----------------------------------|-------------------------------|------------|
| <b>Revenue and support</b>                     |                                  |                               |            |
| Program revenue                                |                                  |                               |            |
| Veterinary clinic                              | \$ 2,562,152                     | —                             | 2,562,152  |
| Shelter operations                             | 1,213,242                        | —                             | 1,213,242  |
| Training center                                | 350,677                          | —                             | 350,677    |
| Total program revenue                          | 4,126,071                        | —                             | 4,126,071  |
| Grants and contributions                       | 2,758,289                        | 148,676                       | 2,906,965  |
| Revenue from COVID relief programs (note 10)   | 525,817                          | —                             | 525,817    |
| Special event revenue                          | 522,121                          | —                             | 522,121    |
| Less special event expenses                    | (92,754)                         | —                             | (92,754)   |
| In-kind contributions (note 1(j))              | 101,815                          | —                             | 101,815    |
| Investment return, net (note 4)                | 810,992                          | 25,080                        | 836,072    |
| Change in value of trusts (note 5)             | 122,773                          | 212,605                       | 335,378    |
| Other income                                   | 83,456                           | —                             | 83,456     |
| Retail sales                                   | 38,162                           | —                             | 38,162     |
| Less costs of goods sold                       | (23,757)                         | —                             | (23,757)   |
| Net assets released from restrictions (note 8) | 610,802                          | (610,802)                     | —          |
| Total revenue and support                      | 9,583,787                        | (224,441)                     | 9,359,346  |
| <b>Expenses</b>                                |                                  |                               |            |
| Program services                               |                                  |                               |            |
| Veterinary clinic                              | 3,394,437                        | —                             | 3,394,437  |
| Shelter, behavior, and training                | 3,390,647                        | —                             | 3,390,647  |
| Community outreach                             | 250,330                          | —                             | 250,330    |
| Total program services                         | 7,035,414                        | —                             | 7,035,414  |
| Supporting services                            |                                  |                               |            |
| General and administrative                     | 777,588                          | —                             | 777,588    |
| Fund raising                                   | 722,564                          | —                             | 722,564    |
| Total supporting services                      | 1,500,152                        | —                             | 1,500,152  |
| Total expenses                                 | 8,535,566                        | —                             | 8,535,566  |
| <b>Change in net assets</b>                    | 1,048,221                        | (224,441)                     | 823,780    |
| <b>Net assets, beginning of year</b>           | 13,374,079                       | 5,378,396                     | 18,752,475 |
| <b>Net assets, end of year</b>                 | \$ 14,422,300                    | 5,153,955                     | 19,576,255 |

The accompanying notes are an integral part of the financial statements.

**Humane Society of Boulder Valley, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2025**

|                                     | Program services     |                                       |                       |                              | Supporting services                |                 |                                 |           |
|-------------------------------------|----------------------|---------------------------------------|-----------------------|------------------------------|------------------------------------|-----------------|---------------------------------|-----------|
|                                     | Veterinary<br>clinic | Shelter,<br>behavior,<br>and training | Community<br>outreach | Total<br>program<br>services | General<br>and admin-<br>istrative | Fund<br>raising | Total<br>supporting<br>services | Total     |
| Salaries and wages                  | \$ 2,000,836         | 2,119,939                             | 187,412               | 4,308,187                    | 412,692                            | 444,605         | 857,297                         | 5,165,484 |
| Employee benefits                   | 248,866              | 266,751                               | 17,542                | 533,159                      | 50,935                             | 42,808          | 93,743                          | 626,902   |
| Payroll taxes                       | 146,035              | 151,450                               | 13,628                | 311,113                      | 29,497                             | 32,305          | 61,802                          | 372,915   |
| Veterinary expenses                 | 595,403              | 19,682                                | —                     | 615,085                      | —                                  | —               | —                               | 615,085   |
| Depreciation and amortization       | 107,910              | 162,691                               | —                     | 270,601                      | 14,772                             | 9,464           | 24,236                          | 294,837   |
| Repairs and maintenance             | 45,869               | 99,889                                | —                     | 145,758                      | 85,248                             | 15,058          | 100,306                         | 246,064   |
| Office expenses                     | 8,680                | 121,100                               | 1,132                 | 130,912                      | 5,524                              | 82,914          | 88,438                          | 219,350   |
| Professional fees                   | 21,318               | 71,428                                | 30,436                | 123,182                      | 67,419                             | 9,131           | 76,550                          | 199,732   |
| Miscellaneous                       | 8,548                | 105,179                               | —                     | 113,727                      | 14,292                             | 18,821          | 33,113                          | 146,840   |
| Credit card fees                    | 69,641               | 40,009                                | —                     | 109,650                      | —                                  | 24,066          | 24,066                          | 133,716   |
| Utilities                           | 22,808               | 82,830                                | —                     | 105,638                      | 14,405                             | —               | 14,405                          | 120,043   |
| Technology                          | 37,258               | 48,643                                | —                     | 85,901                       | 7,245                              | 10,350          | 17,595                          | 103,496   |
| Insurance                           | 28,937               | 56,284                                | —                     | 85,221                       | 5,669                              | 6,205           | 11,874                          | 97,095    |
| Dues and subscriptions              | 24,666               | 1,667                                 | 180                   | 26,513                       | 51,805                             | 18,635          | 70,440                          | 96,953    |
| Special event direct expenses       | —                    | —                                     | —                     | —                            | —                                  | 92,754          | 92,754                          | 92,754    |
| Staff recruiting and development    | 5,381                | 33,994                                | —                     | 39,375                       | 8,207                              | 6,477           | 14,684                          | 54,059    |
| Travel and transportation           | 10,281               | 9,111                                 | —                     | 19,392                       | 9,878                              | 1,725           | 11,603                          | 30,995    |
| Cost of goods sold                  | 23,212               | 545                                   | —                     | 23,757                       | —                                  | —               | —                               | 23,757    |
| Grants and scholarships             | 12,000               | —                                     | —                     | 12,000                       | —                                  | —               | —                               | 12,000    |
| Total functional expenses           | 3,417,649            | 3,391,192                             | 250,330               | 7,059,171                    | 777,588                            | 815,318         | 1,592,906                       | 8,652,077 |
| Less expenses included with revenue |                      |                                       |                       |                              |                                    |                 |                                 |           |
| Cost of direct benefits to donors   | —                    | —                                     | —                     | —                            | —                                  | (92,754)        | (92,754)                        | (92,754)  |
| Cost of goods sold                  | (23,212)             | (545)                                 | —                     | (23,757)                     | —                                  | —               | —                               | (23,757)  |
| Total expenses                      | \$ 3,394,437         | 3,390,647                             | 250,330               | 7,035,414                    | 777,588                            | 722,564         | 1,500,152                       | 8,535,566 |

The accompanying notes are an integral part of the financial statements.

**Humane Society of Boulder Valley, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2025**

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|                                                                                        |                            |
|----------------------------------------------------------------------------------------|----------------------------|
| <b>Cash flows from operating activities</b>                                            |                            |
| Change in net assets                                                                   | \$ 823,780                 |
| Adjustments to reconcile change in net assets to net cash used in operating activities |                            |
| Depreciation and amortization                                                          | 294,837                    |
| Loss on disposal of property and equipment                                             | 5,129                      |
| Provision for credit losses                                                            | 4,299                      |
| Net realized and unrealized gains on investments                                       | (646,571)                  |
| Donated marketable securities                                                          | (674,134)                  |
| Investment return on endowment assets                                                  | (160,288)                  |
| Change in value and distributions from trust assets                                    | (212,605)                  |
| Change in operating assets and liabilities                                             |                            |
| Accounts receivable                                                                    | (44,981)                   |
| Grants and contributions receivable                                                    | (203,358)                  |
| Inventory                                                                              | 194                        |
| Prepays and other assets                                                               | 14,936                     |
| Accounts payable                                                                       | (7,586)                    |
| Accrued expenses                                                                       | (187,124)                  |
| Net cash used in operating activities                                                  | <u>(993,472)</u>           |
| <b>Cash flows from investing activities</b>                                            |                            |
| Purchases of investments and reinvested dividends and interest                         | (229,100)                  |
| Proceeds from sales of investments and distributions                                   | 746,080                    |
| Purchases of property and equipment                                                    | (13,353)                   |
| Net cash provided by investing activities                                              | <u>503,627</u>             |
| <b>Cash flows from financing activities</b>                                            |                            |
| Investment return on endowment assets                                                  | 160,288                    |
| Contributions restricted for campaign expenditures                                     | 498,300                    |
| Net cash provided by financing activities                                              | <u>658,588</u>             |
| <b>Net increase in cash and cash equivalents</b>                                       | 168,743                    |
| <b>Cash and cash equivalents at beginning of year</b>                                  | <u>1,290,527</u>           |
| <b>Cash and cash equivalents at end of year</b>                                        | <u><u>\$ 1,459,270</u></u> |

The accompanying notes are an integral part of the financial statements.

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements**  
**December 31, 2025**

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**(1) Summary of Significant Accounting Policies**

**(a) Organization**

The Humane Society of Boulder Valley, Inc. (the Society) serves Boulder, Colorado, and the surrounding areas. Its mission is to protect and enhance the lives of companion animals by promoting healthy relationships between pets and people. The Society is an open admission, socially conscious shelter. The Society provides safety net services, comprehensive adoption matching for families and homeless pets, follow-up support, and education for adopters. The Society's training and behavior team offers personal consultations, training classes, and workshops to educate and counsel pet guardians to support keeping animals in their homes. Behavior and health staff evaluate animals to assess and meet the animals' medical and behavioral needs in the shelter.

***Description of Program Services***

Veterinary Clinic

This program provides medical care and spay/neuter surgeries for shelter animals and general veterinary care to the public. The Society provides subsidized veterinary care to the public on an income-based discount program and non-income-based subsidies for urgent medical care when guardians cannot afford emergency veterinary care.

In 2025, the veterinary clinic performed 2,643 spay and neuter surgeries and saw 8,731 appointments, including 2,373 lower income clients receiving a share program discount.

Shelter, Behavior, and Training

The Society's shelter and operations program strives to cultivate a humane community for animals and people through innovation, collaboration, and the delivery of comprehensive resources, support, and knowledge. This program provides shelter and care for homeless animals, adoption services, lost and found pet services, guardian requested euthanasia for elderly or sick pets, behavior modification for shelter animals, pet training to the public, and coordination of volunteers.

In 2025, the shelter had 4,022 incoming companion animals, including 161 guardian requested euthanasia. The Society adopted 3,641 pets to new homes, and 686 pets were reclaimed by their guardians. 234 shelter animals were euthanized due to severe injury, illness, or behavior issues. The training and behavior department served clients by providing training classes, private consultations, and puppy drop-off training. The department rehabilitated 736 dogs and cats through its behavior modification program.

Volunteers contributed 46,445 hours of caring for homeless animals, the equivalent of twenty-two full-time employees. The Society's safety net services provide free pet boarding for victims of disaster or domestic violence, or when hospitalized or un-homed, as well as free pet food and discounted veterinary care and behavior and training services.

Community Outreach

This program provides education to the community on various companion animal related topics through the Society's website, newsletter, and outreach at community events.

**(b) Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(c) Financial Statement Presentation**

The Society is required to present information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Society. These net assets may be used at the discretion of the Society's management and the board of directors include board designated funds subject to the investment spending policy.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**(d) Cash and Cash Equivalents**

The Society considers all highly liquid investments with original maturities of three months or less, and which are not held as part of the investment portfolio, to be cash equivalents.

**(e) Concentrations**

Financial instruments that potentially subject the Society to concentrations of credit risk consist of cash and cash equivalents, contributions receivable, and investments. The Society places its cash and cash equivalents with creditworthy, high quality, financial institutions. During the year ended December 31, 2025, the Society had no uninsured cash balances.

Grants and contributions receivable include a significant concentration of one donor comprising approximately 76% of the total grants and contributions receivable. Credit risk with respect to remaining grants and contributions receivable is generally diversified due to the number of contributors and the creditworthiness of the organizations and individuals that make grants and contributions to the Society.

The Society has significant investments and is, therefore, subject to concentrations of credit risk. Investments are made by investment advisors engaged by the Society and are monitored by a committee of its board of directors, management, and volunteers. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Society.

**(f) Investments**

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position. Fair value is determined as more fully described in note 1(g). Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable. Investment return consists of the Society's distributive share of any interest, dividends, and capital gains and losses generated from sales of investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities.

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(g) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Generally accepted accounting principles (GAAP) establish a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Assets are grouped at fair value in three levels based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1     Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2     Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
- Level 3     Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not an indication of risk or liquidity.

Investments in cash and cash equivalents, equities, mutual funds, exchange traded funds, fixed income funds, real estate investment trusts (REITs), and alternative investments with readily determinable fair values are reported at fair value based on quoted prices in active markets. These investments fluctuate in value in response to many factors such as the activities and financial condition of individual companies, business and industry market conditions and the general economic environment. Fair values for certain fixed income funds and REITs are based upon quoted market data for similar assets in markets that are not active. The donated interest in time share is reported at fair market value at the date of the donation.

Fair value of the charitable lead trusts and the beneficial interest in the perpetual trust has been valued using a market approach. The fair value is determined by calculating the Society's proportionate share of the fair value of the assets contributed to the trusts as determined by the trustee. The Society owns 100% of the shares of the charitable lead trusts.

**(h) Property and Equipment**

Property and equipment is recorded at cost at the date of purchase or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to forty years. Software is amortized ratably over the estimated useful life. The Society's policy is to capitalize all expenditures for property and equipment in excess of \$1,500 and with an estimated useful life greater than one year, and to expense normal repairs and maintenance as incurred. When assets are sold, retired, or otherwise disposed of, the applicable costs are removed from the accounts, and any resulting gain or loss is recognized.

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(i) Revenue Recognition**

Program Revenue

Veterinary clinic revenue is recognized as services are performed. For shelter operations, the Society recognizes revenue from adoption fees when the animal is transferred to the new home. Surrender and impound fees are recognized as services are performed. Pet training revenue is recognized as payment is received.

Accounts receivable, totaling \$152,570 at December 31, 2025, represent fees earned for program services provided. The Society uses the allowance for credit losses method to determine uncollectible amounts. In determining the collectability of receivables, management considers contract terms, past collection experience, and performs an analysis of current conditions, subsequent collections, and reasonable and supportable forecasts about collectability. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. The allowance for credit losses on accounts receivable balances was \$16,000 for the year ended December 31, 2025. All accounts receivable are expected to be collected within one year. The provision for credit losses for the year ended December 31, 2025 totaled \$4,299.

Grants and Contributions

Grants and contributions are recognized when cash, securities or other assets, and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend are substantially met. Should the Society substantially meet the conditions in the same period that the contribution was received, and barring any further donor restrictions, the Society has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as refundable advances in the statement of financial position. At December 31, 2025, there were no conditional contributions from organizations or individuals.

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Grants and contributions, including grants and contributions receivable, which are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the 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 reported in the statement of activities as net assets released from restrictions.

Grants and contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. The Society uses the allowance method to determine uncollectible grants and contributions receivable. In determining the collectability of receivables, management considers past collection experience, performs an assessment of economic conditions, and performs an analysis of subsequent collections. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. The allowance for doubtful accounts on grant and contribution balances was \$5,000 at ended December 31, 2025. No amounts were written off against bad debt during the year ended December 31, 2025.

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(i) Revenue Recognition, Continued**

Special Event Revenue

Special events are comprised of revenue from an exchange transaction equal to the cost of direct benefits to donors and grant and contribution revenue for amounts received in excess of direct costs. Grant and contribution revenue is recognized following revenue recognition policies discussed above and exchange transaction revenue is recognized the day the event takes place. Cash received but not yet earned is reported as deferred revenue. Sponsorships are recognized as a contribution as the Society does not provide any material benefits to the sponsors.

Other Income and Retail Sales

Other income is recognized in the period earned. Retail sales are recognized at the time of sale.

**(j) In-kind Contributions**

Contributed non-financial assets include donated goods and services. Donated goods are recorded as contributions and expenses at fair value on the date of donation. Donations received for animal supplies are valued using the U.S. wholesale prices (principal market) of identical items. Donated professional services are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation based upon information provided by third parties, such as the standard hourly rate charged by the professional. Donated professional services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by the people with those skills, and would otherwise be purchased by the Society. All other donations are valued at their estimated fair value based on current rates for similar goods and services. All contributed nonfinancial assets are utilized by the Society and the Society does not sell donated gifts-in-kind. All gifts-in-kind received during the year ended December 31, 2025 were without donor restrictions. Contributed goods utilized for the shelter, behavior, and training program services totaled \$92,419 during 2025. Donated professional services utilized for general and administrative services totaled \$9,396 during 2025. All in-kind expenses were included with miscellaneous expenses in the statement of functional expenses.

A number of individuals volunteer their time and perform a variety of tasks that assist the Society in its programs and general operations. However, the value of this contributed time is not reflected in the accompanying financial statements as it does not meet the criteria of recognition under GAAP.

**(k) Functional Allocation of Expenses**

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. The Society incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. Certain categories of expenses are attributable to more than one program or supporting service and are allocated on a reasonable basis that is consistently applied. The significant expenses allocated include contract services, insurance, depreciation and amortization, and utilities, which are allocated based on the number of full-time employees in each department. Salaries and benefits are allocated based on time and effort estimates.

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(l) 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 disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**(m) Income Tax Status**

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Society qualifies for the charitable contribution deduction. Income from activities not directly related to the Society's tax-exempt purpose is subject to taxation as unrelated business income. The Veterinary Clinic program revenue is considered unrelated business income. Since related expenses exceeded the income, no provision for income taxes has been accrued.

Management is required to evaluate tax positions taken by the Society, and to recognize a tax liability (or asset) if the Society has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Society believes it has appropriate support for any tax positions taken and that none would require recognition of a liability or disclosure in the financial statements. The Society is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. The three previous tax years remain subject to examination by the IRS.

**(n) Subsequent Events**

The Society has evaluated all subsequent events through July 15, 2026, which is the date the financial statements were available to be issued.

**(2) Availability and Liquidity of Financial Assets**

The following table reflects the Society's financial assets that are available for general expenditure within one year as of December 31, 2025:

|                                                                                                |                     |
|------------------------------------------------------------------------------------------------|---------------------|
| Financial assets at year-end                                                                   |                     |
| Cash and cash equivalents                                                                      | \$ 1,459,270        |
| Accounts receivable, net                                                                       | 152,570             |
| Grants and contributions receivable, net                                                       | 2,093,941           |
| Investments                                                                                    | <u>6,583,634</u>    |
| Total financial assets at year-end                                                             | 10,289,415          |
| Less grants and contributions receivable not expected to be collected within one year (note 3) | (1,217,051)         |
| Less investment in timeshare                                                                   | (3,000)             |
| Less operating endowment                                                                       | (206,651)           |
| Less unavailable to management without board approval                                          | <u>(1,053,884)</u>  |
| Financial assets available to meet general and specific expenditures within one year           | \$ <u>7,808,829</u> |

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

**(2) Availability and Liquidity of Financial Assets, Continued**

As part of its liquidity management, the Society has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Society's goal is generally to maintain financial asset to meet at least four months of operating expenses. The Society is substantially supported by grants and contributions; program services such as adoptions, lost and found services, pet training, behavior consultations, and veterinary clinic fees. To help manage liquidity, the Society has a margin loan available totaling approximately \$3,300,000 to be drawn upon as needed to manage cash flows (see note 12). No amounts were drawn on the margin loan during 2025. As part of its liquidity plan, other cash holdings and investments are deposited in accounts which preserve capital and provide growth. As discussed in note 9, the Society can elect to receive an annual distribution from its endowment that is available to the Society for its unrestricted use.

The Society has established endowment funds under which the income earned on the funds can be distributed for operations at its own discretion. The Society considers net assets with donor restrictions expected to be met within one year to be available for general expenditures. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Society must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general or specific expenditure within one year.

The Society's board of directors has designated a portion of net assets without donor restrictions for specific purposes (see note 8). Although the Society does not intend to spend from the board designated funds within the next year, the funds could be made available for current operations, with board approval, if needed. The Society considers donor restricted contributions for on-going programs to be available for expenditure, provided they are available for expenditure within the next twelve months.

**(3) Grants and Contributions Receivable**

During the year ended December 31, 2024, the Society launched a capital campaign to address financial stability (the sustaining fund). Contributions totaling \$500,000 were raised towards the campaign during the year ended December 31, 2025. Pledges expected to be collected beyond one year are recorded at the present value of expected future cash flows using a discount rate of 7.5%. Management considers all campaign contributions receivable to be fully collectible as of December 31, 2025.

Amounts due in more than one year and not related to the sustaining fund have not been discounted to net present value as it was determined by management that this did not have a material impact on the financial statements.

Grants and contributions receivable are for the following purposes as of December 31, 2025:

|                                             | Due within<br><u>one year</u> | Due in two<br><u>to five years</u> | Due in six<br><u>to ten years</u> | <u>Total</u>     |
|---------------------------------------------|-------------------------------|------------------------------------|-----------------------------------|------------------|
| Sustaining fund                             | \$ 500,000                    | 1,501,700                          | —                                 | 2,001,700        |
| Operations                                  | 407,977                       | 45,921                             | 13,015                            | 466,913          |
| Special events                              | 22,480                        | —                                  | —                                 | 22,480           |
| Capital campaign                            | <u>16,650</u>                 | <u>—</u>                           | <u>—</u>                          | <u>16,650</u>    |
| Total receivables                           | 947,107                       | 1,547,621                          | 13,015                            | 2,507,743        |
| Less unamortized discount                   | (65,217)                      | (343,585)                          | —                                 | (408,802)        |
| Less allowance for<br>uncollectible pledges | <u>(5,000)</u>                | <u>—</u>                           | <u>—</u>                          | <u>(5,000)</u>   |
| Net receivables                             | <u>\$ 876,890</u>             | <u>1,204,036</u>                   | <u>13,015</u>                     | <u>2,093,941</u> |

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(4) Investments**

Investments are stated at their fair values and consist of the following at December 31, 2025:

|                           |                     |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 309,874          |
| Equities                  | 571,870             |
| Mutual funds              | 1,143,002           |
| Exchange traded funds     | 4,533,049           |
| Fixed income              | 10,029              |
| REITs                     | 7,951               |
| Alternative investments   | 4,859               |
| Interest in time share    | <u>3,000</u>        |
| Total investments         | <u>\$ 6,583,634</u> |

Investment return consists of the following for the years ended December 31, 2025:

|                                                  |                   |
|--------------------------------------------------|-------------------|
| Interest and dividend income                     |                   |
| Operations                                       | \$ 188,779        |
| Endowment fund                                   | <u>25,080</u>     |
| Total investment income                          | 213,859           |
| Net realized and unrealized gains on investments | 646,571           |
| Less investment fees                             | <u>(24,358)</u>   |
| Net investment return                            | <u>\$ 836,072</u> |

**(5) Trusts**

The Society is both an income (lead) and remainder beneficiary of three charitable trusts administered by third parties. Under the terms of these agreements, the Society receives income payments over the lives of other income beneficiaries. Upon the death of the final individual income beneficiary, the Society will receive a portion of the remainder. The value of the trusts are recorded using the valuation provided by the third parties as the Society is a 100% beneficiary of the trusts. At December 31, 2025, the value of the lead trusts is \$2,891,211. The value of the trusts changed by \$327,284 during the year ended December 31, 2025 and the Society received income distributions totaling \$128,749.

The Society is also a beneficiary of one perpetual trust administered by a third-party trustee. A perpetual trust is an arrangement in which a donor establishes and funds a trust which grants the not-for-profit organization the irrevocable right to receive income earned on the trust assets in perpetuity, but never receive the assets held by the trust. The Society's total interest in the trust is shown in the statement of financial position at December 31, 2025, as a beneficial interest in the perpetual trust of \$255,318. The Society records the change in the value of the assets of the perpetual trust throughout the year. During the year ended December 31, 2025, the change in the value of trust was \$8,094. The Society received income distributions totaling \$12,062 from the trust during the year ended December 31, 2025.

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

**(6) Fair Value Measurements**

The following table summarizes the fair value hierarchy levels used by the Society for its financial instruments as of December 31, 2025:

|                           | <u>Fair Value</u>   | <u>Level 1</u>   | <u>Level 2</u> | <u>Level 3</u> |
|---------------------------|---------------------|------------------|----------------|----------------|
| Cash and cash equivalents | \$ 309,874          | 309,874          | —              | —              |
| Equities                  | 571,870             | 571,870          | —              | —              |
| Mutual funds              | 1,143,002           | 1,143,002        | —              | —              |
| Exchange traded funds     | 4,533,049           | 4,533,049        | —              | —              |
| Fixed income              | 10,029              | 8,127            | 1,902          | —              |
| REITs                     | 7,951               | 7,901            | 50             | —              |
| Alternative investments   | 4,859               | 4,859            | —              | —              |
| Interest in time share    | <u>3,000</u>        | <u>—</u>         | <u>—</u>       | <u>3,000</u>   |
| Subtotal investments      | 6,583,634           | 6,578,682        | 1,952          | 3,000          |
| Charitable lead trusts    | 2,891,211           | 2,809,357        | 81,854         | —              |
| Perpetual trust           | <u>255,318</u>      | <u>—</u>         | <u>—</u>       | <u>255,318</u> |
| Total                     | <u>\$ 9,730,163</u> | <u>9,388,039</u> | <u>83,806</u>  | <u>258,318</u> |

All level 1 and level 2 assets have been valued using a market approach. There were no changes to valuation techniques during the year. The level 1 trusts are maintained in separate investment accounts on behalf of the Society and are not commingled with other funds by the trustee.

The valuation technique used to measure the fair value of the Level 3 investments for the donated interest in time share is based upon the appraised value as of the date of donation. The Society has not obtained an appraisal on the property, and accordingly, the value has not been adjusted during the year ended December 31, 2025. The perpetual trust is commingled with other funds by the trustee and is therefore valued at level 3. The value of the perpetual trust represents the Society's proportional interest.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

|                              |                   |
|------------------------------|-------------------|
| Balance at December 31, 2024 | \$ 244,248        |
| Change in value of trusts    | 26,132            |
| Distributions                | <u>(12,062)</u>   |
| Balance at December 31, 2025 | <u>\$ 258,318</u> |

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(7) Property and Equipment**

Property and equipment consists of the following at December 31, 2025:

|                               |                     |
|-------------------------------|---------------------|
| Land                          | \$ 24,480           |
| Buildings and improvements    | 10,621,878          |
| Furniture and fixtures        | 258,662             |
| Machinery and equipment       | 552,720             |
| Vehicles                      | 173,052             |
| Software                      | <u>84,003</u>       |
|                               | 11,714,795          |
| Less accumulated depreciation | <u>(5,138,876)</u>  |
|                               | \$ <u>6,575,919</u> |

**(8) Net Assets**

Designated

Board-designated reserves are reported as net assets without donor restrictions in the accompanying financial statements. The board designated Reserve Fund (the Fund) was established in 2024 to ensure the Society's future ability to continue offering essential services to the community and to secure dependable, long-term support for the Society's vital programs and unleash groundbreaking innovation. The Fund is subject to the Society's investment spending policy. Board-designated reserves consist of \$1,053,884 at December 31, 2025. For the year ended December 31, 2025, there were no board designated expenditures.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2025:

|                                                                  |                     |
|------------------------------------------------------------------|---------------------|
| Subject to expenditure for time or purpose restrictions          |                     |
| Future operations                                                | \$ 58,936           |
| Sustaining campaign                                              | 1,592,898           |
| Medical access fund                                              | 77,738              |
| Safety net                                                       | 65,313              |
| Anti-cruelty fund                                                | 5,890               |
| Net assets held by charitable lead and remainder trusts (note 5) | 2,891,211           |
| Beneficial interest in perpetual trust (note 5)                  | 255,318             |
| Operating endowment                                              | <u>206,651</u>      |
| Total net assets with donor restrictions                         | \$ <u>5,153,955</u> |

Net assets with donor restrictions were released from restrictions for the following purposes at December 31, 2025:

|                                                           |                   |
|-----------------------------------------------------------|-------------------|
| Distributions from charitable lead and remainder trusts   | \$ 128,749        |
| Distributions from beneficial interest in perpetual trust | 12,062            |
| Sustaining campaign                                       | 454,415           |
| Appropriation of endowment earnings for expenditure       | 9,226             |
| Medical access fund                                       | <u>1,557</u>      |
| Total purpose restrictions released                       | 606,009           |
| Expiration of time restriction                            | <u>4,793</u>      |
| Total net assets released from donor restrictions         | \$ <u>610,802</u> |

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(9) Endowments**

Endowments consist of the following at December 31, 2025:

|                          |                     |
|--------------------------|---------------------|
| Funds held in trusts     | \$ 2,085,522        |
| Operating endowment fund | <u>206,651</u>      |
| Total endowments         | \$ <u>2,292,173</u> |

Funds held in trusts in perpetuity by designation of the donor for the benefit of the Society are restricted for general operating expenses of the Society. The Society is the trustee on the beneficial interest in trusts and appropriations from the funds are determined in accordance with provisions of each individual trust. The operating endowment fund was established by action of the board of directors to be maintained in perpetuity. The operating endowment fund may include both donor-restricted endowment funds as well as funds designated by the Board to function as endowments. The endowment fund may be established for either specific purposes or general operating use. All endowment funds are subject to the Society's endowment and distribution policies.

The Society follows the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). The Society has interpreted 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 perpetual endowments (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as a perpetual endowment represents amounts available for expenditure upon appropriation by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Society and the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society

Following are the changes in the endowment net assets for the year ended December 31, 2025:

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Endowment net assets at December 31, 2024         | \$ 2,141,110        |
| Investment return                                 |                     |
| Investment income                                 | 25,080              |
| Net appreciation (realized and unrealized)        | <u>226,019</u>      |
| Total investment return                           | 251,099             |
| Appropriation of endowment assets for expenditure | <u>(100,036)</u>    |
| Endowment net assets at December 31, 2025         | \$ <u>2,292,173</u> |

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(9) Endowments, Continued**

Fund with Deficiency

From time to time, the fair value associated with the endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund in perpetual duration. A deficiency of this nature existed at December 31, 2025, as one endowment fund had an original gift value of \$61,839, with a fair value of \$56,939. The deficiency resulted from unfavorable market fluctuations and continued appropriations as allowed under the endowment policy.

Return Objectives and Risk Parameters

The Society has adopted investment policies for endowment assets that attempt to provide a reasonable, predictable, stable and sustainable level of income that supports current needs and provides for growth in assets and income over time. The Society's spending policies reflect donor restrictions on the original gift.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Society relies on a total return 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 to achieve its long-term return objectives within prudent risk constraints.

Distribution Policy and How the Investment Objectives Relate to Distribution Policy

The Society has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior eight quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow at an average of at least the Consumer Price Index annually. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Appropriation may be made in the form of the Society's expenditure budget on an annual basis.

**(10) Revenue from COVID Relief Programs**

In 2022, the Society applied for benefits under the Employee Retention Credit (ERC) program, a refundable payroll tax credit established under U.S. federal legislation to provide assistance to eligible employers that meet specified program requirements. The ERC is based on qualified wages and certain related payroll costs paid during eligible periods. Laws and regulations concerning government relief programs, including the ERC, are complex and subject to varying interpretations. Claims made under these programs may be subject to audit and review by these regulatory authorities. As such, the Society has elected to recognize the ERC funding as contribution revenue when received. During the year ended December 31, 2025, \$454,564 was received, as well as interest income of \$71,253. Total revenue recognized from the ERC program for the year ended December 31, 2025 was \$525,817.

**(11) Retirement Plan**

The Society maintains a 403(b) retirement plan (the Plan) which covers substantially all employees. Eligible employees may begin to participate in the Plan with elective deferral contributions if they work at least 20 hours per week. Participants are eligible to contribute an amount not to exceed limits set by the Internal Revenue Service immediately upon their date of hire. The Plan allows for the Society to make matching contributions to the Plan at its own discretion. During the year ended December 31, 2025, the Society made contributions to the plan totaling \$131,108, included in employee benefits in the statement of functional expenses.

**Humane Society of Boulder Valley, Inc.**  
**Notes to Financial Statements, Continued**

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**(12) Margin Loan**

The Society has an open margin loan available from one of their investment brokers that provides for borrowing up to \$3,335,662 and is secured by existing securities owned by the Society. The loan bears variable interest of 10.075% to 11.825%, which varies by balance. No borrowings were made against the loan during the year ended December 31, 2025.