

PASADENA HUMANE SOCIETY AND S.P.C.A.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2014 and 2013

PASADENA HUMANE SOCIETY AND S.P.C.A.

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INDEPENDENT AUDITORS' REPORT

To the Pasadena Humane Society and S.P.C.A.

We have audited the accompanying financial statements of Pasadena Humane Society and S.P.C.A. (a nonprofit organization) (the "Society"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, changes in net assets, cash flows and functional expenses, the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pasadena Humane Society and S.P.C.A. as of December 31, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the accompanying table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pasadena, California
August 20, 2015

PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 and 2013

ASSETS	2014	2013
	<u> </u>	<u> </u>
Current Assets		
Cash and cash equivalents	\$ 4,136,803	\$ 1,394,700
Accounts receivable	36,297	35,901
Accrued interest receivable	-	1,904
Contributions receivable, net	1,135,738	1,662,453
Inventory	64,396	48,412
Inventory - SNIP Supplies	-	54,490
Prepaid expenses and other current assets	32,971	23,556
	<u>5,406,205</u>	<u>3,221,416</u>
Other Assets		
Investments	7,986,924	9,400,225
Other asset	98,546	-
Property and equipment, net	24,847,323	23,483,317
	<u>32,932,793</u>	<u>32,883,542</u>
Total Assets	<u>\$ 38,338,998</u>	<u>\$ 36,104,958</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 263,214	\$ 1,279,522
Accrued expenses	561,755	383,833
Note payable, current	253,134	-
Capital lease, current	32,100	20,545
	<u>1,110,203</u>	<u>1,683,900</u>
Long-term Liabilities		
Note payable, net of current portion	7,105,389	6,000,000
Capital lease, net of current portion	75,317	107,417
	<u>7,180,706</u>	<u>6,107,417</u>
Total Liabilities	<u>8,290,909</u>	<u>7,791,317</u>
Net Assets		
Unrestricted: Operating Fund	16,239,873	1,373,229
Board Designated: Investment Fund	9,578,787	9,753,311
Board Designated: Capital Campaign Fund	1,617,857	17,006,778
Board Designated: Neely Fund	100,000	-
	<u>27,536,517</u>	<u>28,133,318</u>
Temporarily Restricted	2,511,572	180,323
	<u>30,048,089</u>	<u>28,313,641</u>
Total Liabilities and Net Assets	<u>\$ 38,338,998</u>	<u>\$ 36,104,958</u>

See accompanying notes to financial statements.

**PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Change in unrestricted net assets		
Support and revenue		
Adoption fees	\$ 70,268	\$ 64,417
Behavior department	86,028	36,319
Boarding fees	127,913	106,343
Cat fund	-	775
Inoculation fees	34,890	29,680
Events	734,553	685,204
License and registration fees	388,761	259,588
Rabies clinic	84,034	27,472
Spay / neuter fees	359,069	147,461
Other fees	131,999	122,641
Contract income	2,263,255	2,144,720
Contributions and bequests	3,301,516	3,658,866
Store sales, net of discounts and cost of goods sold	95,961	52,642
Interest and dividends	266,467	256,696
(Loss)/Gain on sale of fixed assets	6,711	(192)
Day care income	8,130	-
Humane education program	-	14,604
Other	92,104	49,546
Gifts-in-kind	35,742	30,061
Gain on sale of investments	492,359	659,800
Unrealized gain(loss) on investments	(359,787)	338,023
Net assets released from restriction, satisfaction of program restrictions	93,429	148,493
Total unrestricted support and revenue	<u>8,313,402</u>	<u>8,833,159</u>
Expenses		
Program	6,538,184	5,056,265
Management and general	1,446,117	977,157
Fund raising	991,739	1,066,250
Total expenses	<u>8,976,040</u>	<u>7,099,672</u>
Change in unrestricted net assets	<u>(662,638)</u>	<u>1,733,487</u>
Change in temporarily restricted net assets		
Support and revenue:		
Contributions and bequests	2,485,999	114,113
Interest and dividends	4,516	255
Net assets released from restrictions	(93,429)	(148,493)
Change in temporarily restricted net assets	<u>2,397,086</u>	<u>(34,125)</u>
Increase in Net Assets	<u>1,734,448</u>	<u>1,699,362</u>
Net Assets, Beginning of Year	<u>28,313,641</u>	<u>26,614,279</u>
Net Assets, End of Year	<u>\$ 30,048,089</u>	<u>\$ 28,313,641</u>

See accompanying notes to financial statements.

**PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Balance, January 1, 2013	\$ 17,560,979	\$ 9,053,300	\$ 26,614,279
Change in net assets	1,733,487	(34,125)	1,699,362
Transfer of net assets	<u>8,838,852</u>	<u>(8,838,852)</u>	<u>-</u>
Balance, December 31, 2013	\$ 28,133,318	\$ 180,323	\$ 28,313,641
Change in net assets	(662,638)	2,397,086	1,734,448
Transfer of net assets	<u>65,837</u>	<u>(65,837)</u>	<u>-</u>
Balance, December 31, 2014	<u><u>\$ 27,536,517</u></u>	<u><u>\$ 2,511,572</u></u>	<u><u>\$ 30,048,089</u></u>

See accompanying notes to financial statements.

PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash Flows From Operating Activities		
Increase in net assets	\$ 1,734,448	\$ 1,699,362
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	752,264	267,874
(Gain)/loss on disposal of assets	(6,711)	192
Discount on contributions receivable	(14,091)	-
Gain on sale of investments	(492,359)	(659,800)
Unrealized (gain)/loss on investments	359,787	(338,023)
Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities		
Accounts receivable	(396)	17,574
Accrued interest receivable	1,904	-
Contributions receivable	540,806	1,272,010
Inventory	(15,984)	(8,756)
Inventory - SNIP Supplies	54,490	(54,490)
Prepaid expenses and other current assets	(9,415)	(4,929)
Other assets	(98,546)	-
Accounts payable	(1,016,308)	(577,182)
Accrued expenses	177,922	(64,818)
Total Adjustments	233,363	(150,348)
Cash Provided by Operating Activities	1,967,811	1,549,014
Cash Flows From Investing Activities		
Proceeds from sale of property and equipment	6,711	-
Purchases of property and equipment	(2,116,270)	(9,281,967)
Net proceeds on sale of investments	1,545,873	1,913,230
Cash Used in Investing Activities	(563,686)	(7,368,737)
Cash Flows From Financing Activities		
Net borrowings on note payable	1,358,523	3,500,000
Payments of capital lease obligation	(20,545)	(1,982)
Cash Provided by Financing Activities	1,337,978	3,498,018
Increase (Decrease) in cash and cash equivalents	2,742,103	(2,321,705)
Cash and Cash Equivalents, Beginning of Year	1,394,700	3,716,405
Cash and Cash Equivalents, End of Year	\$ 4,136,803	\$ 1,394,700
Supplemental disclosure of cash flows information:		
Cash paid for interest	\$ 132,994	\$ 54,837
Supplemental disclosure of non-cash investing and financing activity:		
Property and equipment acquired with debts	\$ -	\$ 1,084,341

See accompanying notes to financial statements.

**PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENT OF FUNCTIONAL EXPENSES - UNRESTRICTED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Operating Fund				
Salaries	\$ 3,295,799	\$ 459,663	\$ 210,605	\$ 3,966,067
Payroll taxes	286,987	32,541	18,328	337,856
Pension contribution	34,504	4,812	2,205	41,521
Personnel expense	22,132	3,087	1,414	26,633
Accounting	-	83,038	-	83,038
Adoption	36,531	-	-	36,531
Animal control	12,389	-	-	12,389
Bank charges	-	2,582	-	2,582
Behavior department	3,959	-	-	3,959
Cat department	441	-	-	441
Computer	48,973	17,490	3,498	69,961
Credit card fees	-	45,916	-	45,916
Depreciation and amortization	526,585	188,066	37,613	752,264
Development	-	-	21,810	21,810
Disposal service	6,229	-	-	6,229
Employee enrichment	-	16,370	149	16,519
Events	-	-	148,991	148,991
Gifts-in-kind	1,394	-	34,348	35,742
Health staff	21	-	-	21
Humane education	4,250	-	-	4,250
Insurance - general	104,153	21,401	17,121	142,675
Insurance - group medical	493,685	101,442	81,154	676,281
Insurance - workers' compensation	126,984	26,093	20,874	173,951
Interest expense	-	193,320	-	193,320
Kennel food	15,324	-	-	15,324
Kennel supplies	132,621	-	-	132,621
Lease expenses	-	12,392	-	12,392
Legal fees	-	45,268	-	45,268
Licensing	11,945	-	-	11,945
Maintenance and repairs	149,070	-	-	149,070
Marketing	55,620	-	-	55,620
Meetings, dues and staff training	12,082	18,353	4,995	35,430
Membership	1,958	4,179	1,365	7,502
Miscellaneous	12,742	5,464	2,648	20,854
Mobile adoptions	2,218	-	-	2,218
Office	52,454	6,557	6,557	65,568
Parking lot rent	-	29,679	-	29,679
Postage	51,634	-	56,387	108,021
Printing	138,905	-	92,603	231,508
Public relations	43,333	-	-	43,333
Rabies clinic	177	-	-	177
SNIP veterinary	155,820	-	-	155,820
Subscriptions	619	-	-	619
Taxes - property	57,474	8,016	3,672	69,162
Taxes - sales and other	4,244	-	-	4,244
Telephone	42,089	5,870	2,690	50,649
Temporary services	-	4,429	39,862	44,291
Truck operations and maintenance	119,344	13,260	-	132,604
Uniforms	41,005	-	-	41,005
Utilities	144,881	20,207	9,257	174,345
Veterinary services	74,349	-	-	74,349
Veterinary supplies	194,726	-	-	194,726
Volunteer services	14,917	-	-	14,917
Wildlife	3,617	-	-	3,617
Total Operating Fund Expenses	\$ 6,538,184	\$ 1,369,495	\$ 818,146	\$ 8,725,825

See independent auditors' report.

**PASADENA HUMANE SOCIETY AND S.P.C.A.
UNRESTRICTED NET ASSETS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program	Management and General	Fund Raising	Total
Balance forward	\$ 6,538,184	\$ 1,369,495	\$ 818,146	\$ 8,725,825
Investment Fund				
Investment advisory and trustee fees	-	69,465	-	69,465
Miscellaneous	-	7,157	-	7,157
Total Investment Fund	-	76,622	-	76,622
Capital Campaign Fund				
Miscellaneous	-	-	173,593	173,593
Total Capital Campaign Fund Expenses	-	-	173,593	173,593
Total Expenses	\$ 6,538,184	\$ 1,446,117	\$ 991,739	\$ 8,976,040

See independent auditors' report.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Pasadena Humane Society and S.P.C.A. (the “Society”) is a California nonprofit corporation. The Society promotes the humane treatment of all animals, enforces California and local laws for the prevention of cruelty to animals, and seeks to instill a humane public attitude toward animals. The Society provides services to the Southern California communities of Arcadia, Glendale, La Canada, Pasadena, San Marino, Sierra Madre and South Pasadena, Monrovia and Bradbury.

Basis of Accounting

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

These financial statements have been approved by management and are available for issuance on August 20, 2015, and have been evaluated through this date.

Use of 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents, for purposes of reporting cash flows, consists primarily of cash on hand, cash held in checking accounts, and money market accounts held by the custodian of the investment accounts. The Society places its cash in high-quality financial institutions. At times, cash balances were in excess of federally insured limits. The Society believes no significant concentration of credit risk exists with respect to these cash balances.

Concentrations of Credit and Market Risk

The Society, at times, maintains cash balances in excess of the insured amount under the Federal Deposit Insurance Corporation (“FDIC”) of \$250,000. The Securities Investor Protection Corporation (“SIPC”) protects investor against broker-dealer failure up to \$500,000, including a \$250,000 limit for cash. The Society does not believe that it is exposed to any significant credit risk.

Contributions Receivable

Contributions receivable include unconditional promises to give and are recorded at their gross amount less a present value discount at an interest rate of 1.75% per annum. On a periodic basis, management evaluates its contributions receivable and establishes an allowance for doubtful accounts, if necessary, based on a history of past write-offs, collections and credit conditions. Contributions receivable are written-off as uncollectible once the Society has exhausted its collection efforts. The Society considers all contributions receivable to be collectible at December 31, 2014 and 2013 and no allowance for doubtful accounts is deemed necessary.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Society's primary source of revenue is from donor contributions and bequests, which are recorded as revenue upon receipt of cash or unconditional pledges. Contributions and bequests are considered available for unrestricted use unless specifically restricted by the donor. Another source of revenue is contracts with local cities and counties to provide various animal control services. The Society also generates revenue by providing services to pet owners including adoption, spay and neutering, vaccinations and microchipping, behavior classes, boarding and a pet supply store.

Inventory

Inventory consists of animal food and supplies which are held for sale and is accounted for at cost, valued at the most recent purchase price for each item of inventory.

Property and Equipment

Property and equipment are recorded at cost. Major renewals and improvements are capitalized, while replacements, maintenance and repairs, which do not improve or extend the life significantly, are expensed currently. Depreciation and amortization is recorded using the straight-line method over the following useful lives:

	<u>Useful Life</u>
Building and improvements	39 Years
Furniture and fixtures	7 Years
Vehicles	5 Years
Equipment	5-7 Years

In-kind Contributions and Donated Services

Donated services, goods and facilities are recognized as contributions if the services, goods and facilities (a) create or enhance nonfinancial assets, or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by the Society. During the years ended December 31, 2014 and 2013, the Society did not receive any services, goods and facilities that satisfied both conditions and, as a result, no donated services, goods and facilities are recognized as revenue in the accompanying statements of activities.

Gift cards

The Society engages in the sale and free distribution of gift cards to customers and patrons of the Society's pet store and facilities. The Society's gift cards are not subjected to administrative fees, gift cards sold do not expire, but gift cards distributed as gifts, incentives, or rewards may expire. When distributed, the Society recognizes a liability for the gift card and recognizes revenue from the redemption of the gift card. The Society tracks each gift card by assigning a serial number to each card. The Society recognized gift card liability of \$2,295 and \$9,504 for the years ended December 31, 2014 and 2013, respectively.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

In accordance with GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Society uses various valuation approaches. In accordance with GAAP, a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Society. Unobservable inputs reflect the Society’s assumptions about the inputs from market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in active market, valuation of these securities does not entail a significant degree of judgement.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security and is affected by a wide variety of factors including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement. Those estimates values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. According the degree of judgement exercised by the Society in determining the fair value is greater for securities categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Society’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Society uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The Society values investments in securities that are freely tradeable and are listed on national securities exchange at their last sales price as of the last business day of the year.

The Society holds two parcels of land in remote areas of California; these are carried on the books at nominal values.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (continued)

The Society has elected to establish a conservative investment strategy that is risk-averse and focuses on income and growth.

Classes of Net Assets

Separate net asset accounts are maintained to ensure that limitations or restrictions placed on contributions, endowments and gifts are used for their intended purpose. The Society uses the following classes of net assets:

Unrestricted net assets:

Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets:

Temporarily restricted net assets are subject to donor-imposed stipulations that will be met by actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets which have their restriction met in the same year are reported as unrestricted in the statement of activities.

Federal and State Income Taxes

The Society is incorporated as a not-for-profit corporation under laws of the State of California and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and is not subject to federal income taxes except for income from unrelated business activities.

Accounting principles generally accepted in the United States of America require that the board of Directors evaluate tax positions taken by the Society and 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 the Internal Revenue Service and the California Franchise Tax Board.

The Board of Directors of the Society has analyzed the tax positions taken by the Society and has concluded that, as of December 31, 2014, the tax positions in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. If there were interest and penalties associated with any uncertain tax positions the Society would record them as tax expense. The Society is subject to routine audits by taxing organizations, however, there are currently no audits for any tax period in progress. The Board of the Directors of the Society believes it is no longer subject to tax examinations for years prior to December 31, 2011.

Description of Funds

Unrestricted net assets includes: (i) the Operating Fund, which is used to record all activity relating to the operations of the Society, other than those separately designated by the Board or subject to temporary or permanent restrictions, (ii) the Investment Fund, which was established to hold the investments of the Society, as designated by the Board. The Society hires outside independent advisors to manage the underlying investments, (iii) board designated funds to be used for the construction project at 309 Raymond Avenue that are included in the Capital Campaign Fund and, (iv) net assets released from restriction through the satisfaction of program restrictions or the passage of time. When necessary, funds are transferred to the Operating Fund to maintain the programs of the Society.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Funds (continued)

Temporarily restricted net assets include:

- The Falk Foundation established in 1993 to assist in the funding of adoption counselors. A monthly contribution is received from the Elizabeth M. Falk Foundation.
- The Harris Trust Fund, established in 1990 by the Olga B. Harris Trust to assist in the funding of dog related veterinary services and the care of homeless dogs, to the extent that the funds exceed the veterinary expenses.
- The Glide Wildlife Fund, established by a grant given to the Society by the Thornton S. Glide and Katrina D. Glide Foundation in 1998 to assist in funding wildlife programs.
- The G Fund, established by an anonymous donor to fund specific projects designated by the donor.
- The POOCH Fund, established to fund a local animal park.
- The HART Fund, established to raise funds to reduce euthanization of animals. The funds are used for transportation and outside veterinary costs needed to aid the Society in transporting the animals to alternate shelters or rescues that will increase the opportunity for the animals to be adopted.
- The Neely Fund, established to fund a cattery construction project.

Reclassification

Certain prior year amounts have been reclassified to conform to the current years' presentation.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Petty Cash	\$ 2,113	\$ 1,913
Operating	554,178	302,865
Credit Cards	86,287	50,912
Subtotal	<u>642,578</u>	<u>355,690</u>
Falk Foundation Fund	78,595	66,475
Harris Trust Fund	78,078	23,051
Neely Fund	1,223,379	-
Capital Campaign Fund	624,591	571,085
Investment Fund	1,489,582	378,399
Total Cash and Cash Equivalents	<u>\$ 4,136,803</u>	<u>\$ 1,394,700</u>

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents listed above totaling \$645,078 and \$355,690 as of December 31, 2014 and 2013, respectively, are allocated among the various funds listed below:

	<u>2014</u>	<u>2013</u>
Operating Fund	545,830	257,655
Glide Wildlife Fund	29,174	29,174
The G Fund	108,237	108,237
Pooch Fund	(800)	487
HART Fund	(39,863)	(39,863)
	<u>\$ 642,578</u>	<u>\$ 355,690</u>

Cash and cash equivalents included in temporarily restricted funds consisted of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Falk Foundation Fund	78,595	66,475
Harris Trust Fund	78,078	23,051
Glide Wildlife Fund	29,174	29,174
The G Fund	108,237	108,237
Pooch Fund	(800)	487
HART Fund	(39,863)	(39,863)
Neely Fund	1,123,379	-
	<u>\$ 1,376,800</u>	<u>\$ 187,561</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Capital Campaign Fund	\$ 985,149	\$ 1,693,955
Neely Fund	168,000	-
	1,153,149	1,693,955
Less: Discount	(17,411)	(31,502)
Total Contribution Receivable, net	<u>\$ 1,135,738</u>	<u>\$ 1,662,453</u>

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CONTRIBUTIONS RECEIVABLE (Continued)

Future contributions receivable consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Amounts due in less than one year	668,448	411,309
Amounts due in one to five years	484,701	1,222,126
Amounts due in five to ten years	-	60,520
	<u>\$ 1,153,149</u>	<u>\$ 1,693,955</u>

NOTE 4 – INVESTMENTS

The Society's investments in equity and marketable debt securities with readily redeemable fair values are reported at their fair values based on quoted prices in active markets (Level 1 measurements).

The following is a summary of investments at December 31, 2014:

	<u>Adjusted Cost</u>	<u>Fair Value</u>
U.S. Obligations	\$ -	\$ -
Equities	3,160,094	4,210,268
Mutual Funds	3,906,194	3,776,654
	<u>\$ 7,066,288</u>	<u>\$ 7,986,922</u>

The following is a summary of investments at December 31, 2013:

	<u>Adjusted Cost</u>	<u>Fair Value</u>
U.S. Obligations	\$ 621,345	\$ 582,352
Equities	3,076,903	4,410,081
Mutual Funds	4,421,557	4,407,792
	<u>\$ 8,119,805</u>	<u>\$ 9,400,225</u>

The Society owns two parcels of undeveloped land of undetermined sizes which are carried on the books at a nominal value of \$1 per parcel for a total of \$2 for the years ended December 31, 2014 and 2013. Management has not established the fair value of the parcels.

The following is a summary of return on investments at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and Dividends	\$ 266,467	\$ 256,328
Net Realized Gains	492,359	659,800
Unrealized Gains (Losses)	(359,787)	338,023
Miscellaneous Income	16,500	10,380
	<u>\$ 415,539</u>	<u>\$ 1,264,531</u>

Investment fees expense was \$69,465 and \$88,314 for the years ended December 31, 2014 and 2013, respectively.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – FAIR VALUE MEASUREMENTS

The Society's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with GAAP. See Note 1 for a discussion of the Society's policies.

The following table presents information about the Society's assets measured at fair value as of December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in money market at fair value (included in cash and cash equivalents)	\$ 1,489,582	\$ -	\$ -	\$ 1,489,582
Investments in equities at fair value (included in investments)	4,210,268	-	-	4,210,268
Investments in mutual funds at fair value (included in investments)	3,776,654	-	-	3,776,654
Investments in land at fair value (included in investments)	-	-	2	2
	<u>\$ 9,476,504</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 9,476,506</u>

The following table presents information about the Society's assets measured at fair value as of December 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in money market at fair value (included in cash and cash equivalents)	\$ 378,399	\$ -	\$ -	\$ 378,399
Investments in fixed income at fair value (included in investments)	582,352	-	-	582,352
Investments in equities at fair value (included in investments)	4,410,081	-	-	4,410,081
Investments in mutual funds at fair value (included in investments)	4,407,790	-	-	4,407,790
Investments in land at fair value (included in investments)	-	-	2	2
	<u>\$ 9,778,622</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 9,778,624</u>

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2014:

	Operating Fund	Falk Foundation Fund	Neely Fund	Total
Land	\$ 3,487,138	\$ -	\$ -	\$ 3,487,138
Buildings	22,113,062	-	-	22,113,062
Furniture and Fixtures	747,536	-	-	747,536
Equipment	1,240,918	35,969	-	1,276,887
Vehicles	726,275	-	-	726,275
Building Improvements	405,706	-	-	405,706
Construction in Process	34,218	-	1,179,154	1,213,372
	<u>28,754,853</u>	<u>35,969</u>	<u>1,179,154</u>	<u>29,969,976</u>
Less: Accumulated Depreciation and Amortization	5,086,684	35,969	-	5,122,653
	<u>\$ 23,668,169</u>	<u>\$ -</u>	<u>\$ 1,179,154</u>	<u>\$ 24,847,323</u>

Property and equipment consist of the following at December 31, 2013:

	Operating Fund	Falk Foundation Fund	Capital Campaign Fund	Total
Land	\$ 3,487,138	\$ -	\$ -	\$ 3,487,138
Buildings	6,748,455	-	-	6,748,455
Furniture and Fixtures	342,463	-	-	342,463
Equipment	586,476	35,969	-	622,445
Vehicles	627,451	-	-	627,451
Building Improvements	-	-	-	-
Construction in Process	410,740	-	15,624,014	16,034,754
	<u>12,202,723</u>	<u>35,969</u>	<u>15,624,014</u>	<u>27,862,706</u>
Less: Accumulated Depreciation and Amortization	4,343,420	35,969	-	4,379,389
	<u>\$ 7,859,303</u>	<u>\$ -</u>	<u>\$ 15,624,014</u>	<u>\$ 23,483,317</u>

Construction in progress represents costs incurred for the development of real estate at and 361 South Raymond Avenue, Pasadena, California and 76 East Del Mar Boulevard, Pasadena, California for the years ended December 31, 2014 and 2013, respectively. Those costs include a traffic study, architect fees and construction costs. As part of the construction in progress, the Society has capitalized \$0 and \$54,837 in interest for the years ended December 31, 2014 and 2013, respectively.

Depreciation and amortization expense was \$752,264 and \$267,874 for the years ended December 31, 2014 and 2013, respectively.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN

The Society maintains a noncontributory defined benefit pension plan (the “Plan”) under Section 403(b) of the Internal Revenue Code covering all eligible employees. Employees become eligible at the attainment of age 21 and the completion of one year of service, and enter the plan on January 1 or July 1 coincident with and/or following their completion of the eligibility requirements. Normal retirement age is the participant’s 65th birthday or the 5th anniversary from the participant’s entry date, if later.

The annual pension benefit is 1.00% of average compensation plus 0.65% of average compensation in excess of covered compensation, the resulting sum of which is multiplied by total years of participation, not to exceed 35 years.

The form of pension payment is a straight life annuity for single employees and a reduced joint and 100% survivor annuity for married employees. Optional forms include single sum and installment payments.

There is no provision for early retirement.

The late retirement benefit calculation is the actuarial equivalent of normal retirement pension or normal retirement pension calculated based on average compensation and service as of late retirement date, if greater.

The severance benefit is the accrued pension times vested percentage. The vested percentage varies according to years of service. A pre-retirement death benefit is available to both active and former participants.

There were 63 and 56 employees in the plan as of January 1, 2014 and January 1, 2013, respectively.

The pension benefit obligation is calculated as part of an actuarial valuation performed as of January 1, 2014 and 2013. The actuarial assumptions for both 2014 and 2013 included an interest rate of 7.50% per annum, a retirement age of 65, and an anticipated earnings progression of 0.00% per annum. The actuary uses the interest rates prescribed by the Pension Protection Act of 2006, and the Moving Ahead for Progress in the 21st Century Act, as published by the Internal Revenue Service.

	<u>2014</u>	<u>2013</u>
Assets	<u>\$2,137,844</u>	<u>\$1,724,008</u>
Unfunded vested benefits	<u>\$577,203</u>	<u>\$555,652</u>
Target Normal cost as of beginning of year	<u>\$121,955</u>	<u>\$124,842</u>
Present value of accrued benefits (based on greater of plan rates or IRC 417(e) mortality and interest rates, limited by IRC 415(b) maximum rates)	<u>\$2,040,701</u>	<u>\$1,840,899</u>
Minimum required contribution for the plan year	<u>\$26,119</u>	<u>\$177,884</u>
Maximum contribution for the year	<u>\$532,993</u>	<u>\$1,029,643</u>

The Plan’s assets are held in trust at a financial institution and consist of U.S. Government bonds, corporate stocks and a money fund account.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (continued)

During 2014 and 2013, the Society paid \$168,236 and \$ \$177,884 to the Plan, respectively. The Society recognized an unfunded liability in the amount of \$42,059 and \$104,086 at December 31, 2014 and 2013, respectively, included in accrued expenses on the accompanying statements of financial position. The Society is not required to make quarterly contribution payments in 2015.

As of January 1, 2014, the summary of plan benefits is as follows:

Lump-sum value of funding target accrued benefits	<u>\$2,040,701</u>
Lump-sum value of Pension Benefit Guaranty Corporation accrued benefits	<u>\$2,532,492</u>

The Plan paid benefits of \$322,034 and \$77,920 for the years ending December 31, 2014 and 2013, respectively, to participants that withdrew from the Plan.

The actuary calculated the estimated future benefit payments as of December 31, 2014 based on expected future service. Estimated future benefits are expected to be paid as follows:

Years Ending December 31,	
2015	\$929,767
2016	267,036
2017	146,517
2018	17,280
2019	205,423
Thereafter	<u>765,786</u>
	<u>\$ 2,331,809</u>

NOTE 8 – NOTE PAYABLE

During 2004, the Society signed an agreement with Community Bank (the “Bank”) to establish a Variable Interest Revolving Line of Credit (the “Line of Credit”) in the amount of \$2,500,000 to purchase real estate for future development. During 2012, the Society renegotiated the Line of Credit to increase the amount to \$5,000,000, with a maturity date of October 1, 2013.

During October 2013, the Society exercised the option to extend the Line of Credit and the Bank amended the terms of the agreement. The amended agreement increased the Line of Credit to \$8,000,000, with a maturity date of August 1, 2019 and is collateralized by the real property and related fixtures located at 76 East Del Mar Boulevard and 361 South Raymond Avenue, Pasadena, California . During the period November 1, 2013 through July 31, 2014, the Society was to make interest only payments at a rate of not less than 1.75%. Beginning August 1, 2014 the Line of Credit was converted to a Promissory Note (the “Note”) bearing interest at a rate of 3.33% per annum with a maturity date of August 1, 2019.

The Society has a balance due of \$7,358,523 and \$6,000,000 for the year ended December 31, 2014 and 2013, respectively. Interest expense was \$181,765 and \$54,837 for the years ending December 31, 2014 and 2013, respectively.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NOTE PAYABLE (continued)

Future minimum payments are as follows:

Years Ending December 31,	
2015	\$253,134
2016	200,033
2017	207,563
2018	214,680
2019	6,483,113
	<u>\$ 7,358,523</u>

NOTE 9 – CAPITAL LEASES

The Society leases certain equipment pursuant to non-cancelable capital leases, expiring at various dates through March 2019.

Capital leases consist of the following at December 31, 2014 and 2013, respectively:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 130,433	\$ 130,433
Less: Accumulated Amortization	<u>21,715</u>	<u>2,589</u>
	<u>\$ 108,718</u>	<u>\$ 127,844</u>

The following is a schedule of future minimum payments under capital lease together with the present value of net minimum lease payments as of December 31, 2014:

Years Ending December 31,	
2015	\$ 32,100
2016	32,100
2017	29,988
2018	29,988
2019	7,497
Total Minimum Lease Payments	<u>131,673</u>
Less: Amount Representing Interest	<u>24,256</u>
	107,417
Less: Current Portion	<u>32,100</u>
	<u>\$ 75,317</u>

Interest expense was \$11,555 and \$130 for the years ending December 31, 2014 and 2013, respectively.

PASADENA HUMANE SOCIETY AND S.P.C.A.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Major Contract Commitment

During the year ended December 31, 2014, the Society entered into a cost plus construction contract in the amount of approximately \$2,494,000, in connection with the construction project of the Neely Cat Center at 361 S. Raymond Avenue, Pasadena, California.

The contract amount was revised with change orders and the final construction contract amount was \$2,370,763. At December 31, 2014 the balance outstanding on the contract was \$1,553,278.

Litigation

The Society is involved in claims and litigation incidental to its business and management believes that any liability may potentially result upon resolution of such matters will not have a material impact on the financial position of the Society.

NOTE 11 – SUBSEQUENT EVENT

During August 2015 it was discovered that the Bank was not charging the correct amount of interest each month according to the Note. The original note increased the interest from 1.75% to 3.33% per annum effective August 1, 2014 through June 30, 2015, however the Bank never adjusted the interest to the higher rate and was charging interest at 1.75% throughout the year and into 2015. The amount of additional interest expense that should have been charged during the period of August 1, 2014 through June 30, 2015 was \$117,663. The Society and the Bank reached a settlement whereby the bank would forgive \$17,663 of the interest expense and prepared a note payable for \$100,000 of unpaid interest expense to be payable in 24 equal installments beginning August 1, 2015 bearing no additional interest. In addition, the Bank revised the original Note to state the interest rate at 1.75% per annum through June 30, 2015 and bear interest at a rate of 3.33% per annum beginning July 1, 2015 through the maturity date of August 1, 2019.

PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENT OF FINANCIAL POSITION
UNRESTRICTED NET ASSETS
DECEMBER 31, 2014

	<u>Operating Fund</u>	<u>Investment Fund</u>	<u>Capital Campaign Fund</u>	<u>Neely Fund</u>	<u>Total</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 545,830	\$ 1,489,582	\$ 624,591	\$ 100,000	\$ 2,760,003
Accounts receivable	145,250	-	-	-	145,250
Due from Capital Campaign Fund	50,577	21,211	-	-	71,788
Due from Investment Fund	7,626	-	41,718	-	49,344
Due from Operating Fund	-	10,833	91,613	-	102,446
Due from temporarily restricted funds	3,310	119,581	-	-	122,891
Contributions receivable, net	-	-	970,678	-	970,678
Inventory	64,396	-	-	-	64,396
Prepaid expenses and other current assets	32,971	-	-	-	32,971
Total Current Assets	<u>849,960</u>	<u>1,641,207</u>	<u>1,728,600</u>	<u>100,000</u>	<u>4,319,767</u>
Other Assets					
Investments	-	7,986,924	-	-	7,986,924
Other asset	98,546	-	-	-	98,546
Property and equipment, net	23,668,169	-	-	-	23,668,169
Total Other Assets	<u>23,766,715</u>	<u>7,986,924</u>	<u>-</u>	<u>-</u>	<u>31,753,639</u>
Total Assets	<u>\$ 24,616,675</u>	<u>\$ 9,628,131</u>	<u>\$ 1,728,600</u>	<u>\$ 100,000</u>	<u>\$ 36,073,406</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 184,124	\$ -	\$ 38,955	\$ -	\$ 223,079
Accrued expenses	561,755	-	-	-	561,755
Due to Investment Fund	10,833	-	21,211	-	32,044
Due to Operating Fund	-	7,626	50,577	-	58,203
Due to Capital Campaign Fund	91,613	41,718	-	-	133,331
Due to temporarily restricted funds	62,537	-	-	-	62,537
Note payable, current	253,134	-	-	-	253,134
Capital lease, current	32,100	-	-	-	32,100
Total Current Liabilities	<u>1,196,096</u>	<u>49,344</u>	<u>110,743</u>	<u>-</u>	<u>1,356,183</u>
Long-term Liabilities					
Note payable, net of current portion	7,105,389	-	-	-	7,105,389
Capital lease, net of current portion	75,317	-	-	-	75,317
Total Long-term Liabilities	<u>7,180,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,180,706</u>
Total Liabilities	<u>8,376,802</u>	<u>49,344</u>	<u>110,743</u>	<u>-</u>	<u>8,536,889</u>
Net Assets					
Unrestricted					
Operating	16,239,873	-	-	-	16,239,873
Investment Fund - Board Designated	-	9,578,787	-	-	9,578,787
Capital Campaign Fund	-	-	1,617,857	-	1,617,857
Neely Fund	-	-	-	100,000	100,000
Total Unrestricted Net Assets	<u>16,239,873</u>	<u>9,578,787</u>	<u>1,617,857</u>	<u>100,000</u>	<u>27,536,517</u>
Total Liabilities and Net Assets	<u>\$ 24,616,675</u>	<u>\$ 9,628,131</u>	<u>\$ 1,728,600</u>	<u>\$ 100,000</u>	<u>\$ 36,073,406</u>

See independent auditors' report.

**PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENT OF FUND ACTIVITIES
UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Operating Fund</u>	<u>Investment Fund</u>	<u>Campaign Fund</u>	<u>Neely Fund</u>	<u>Total</u>
Support and Revenue					
Adoption fees	\$ 70,268	\$ -	\$ -	\$ -	\$ 70,268
Behavior department	86,028	-	-	-	86,028
Boarding fees	127,913	-	-	-	127,913
Inoculation fees	34,890	-	-	-	34,890
Events	734,553	-	-	-	734,553
License and registration fees	388,761	-	-	-	388,761
Rabies clinic	84,034	-	-	-	84,034
Spay / neuter fees	359,069	-	-	-	359,069
Other fees	131,999	-	-	-	131,999
Contract income	2,263,255	-	-	-	2,263,255
Contributions and bequests	2,772,554	381,513	47,449	100,000	3,301,516
Store sales, net of discounts and cost of goods sold	95,961	-	-	-	95,961
Interest and dividends	-	266,467	-	-	266,467
Gain on sale of fixed assets	6,711	-	-	-	6,711
Day care income	8,130	-	-	-	8,130
Other	75,604	16,500	-	-	92,104
Gifts-in-kind	35,742	-	-	-	35,742
Net assets released from restriction	93,429	-	-	-	93,429
Total Support and Revenue	7,368,901	664,480	47,449	100,000	8,180,830
Expenses					
Program	6,538,184	-	-	-	6,538,184
Management and general	1,369,495	76,622	-	-	1,446,117
Fund raising	818,146	-	173,593	-	991,739
Total Expenses	8,725,825	76,622	173,593	-	8,976,040
Excess (deficiency) of support and revenue over expenses	(1,356,924)	587,858	(126,144)	100,000	(795,210)
Interfund transfers	16,223,568	(894,954)	(15,262,777)	-	65,837
Gain on sale of investments	-	492,359	-	-	492,359
Unrealized loss on investments	-	(359,787)	-	-	(359,787)
Decrease in Unrestricted Net Assets	14,866,644	(174,524)	(15,388,921)	100,000	(596,801)
Net Assets, Beginning of Year	1,373,229	9,753,311	17,006,778	-	28,133,318
Net Assets, End of Year	\$ 16,239,873	\$ 9,578,787	\$ 1,617,857	\$ 100,000	\$ 27,536,517

See independent auditors' report.

**PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENTS OF FINANCIAL POSITION
TEMPORARILY RESTRICTED NET ASSETS
DECEMBER 31, 2014**

	Falk Foundation Fund	Harris Trust Fund	Glide Wildlife Fund	The G Fund	Pooch Fund	HART Fund	Neely Fund	Total
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 78,595	\$ 78,078	\$ 29,174	\$ 108,237	\$ (800)	\$ (39,863)	\$ 1,123,379	\$ 1,376,800
Due from unrestricted funds	-	-	-	-	1,129	-	61,408	62,537
Contributions receivable, net	-	-	-	-	-	-	165,060	165,060
Prepaid expenses and other current assets	-	-	-	-	-	-	-	-
Total Current Assets	78,595	78,078	29,174	108,237	329	(39,863)	1,349,847	1,604,397
Property and equipment, net	-	-	-	-	-	-	1,179,154	1,179,154
Total Assets	\$ 78,595	\$ 78,078	\$ 29,174	\$ 108,237	\$ 329	\$ (39,863)	\$ 2,529,001	\$ 2,783,551
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable	\$ 36,000	\$ 75,254	\$ -	\$ -	\$ -	\$ -	\$ 37,834	\$ 149,088
Due to unrestricted funds	-	-	-	-	-	-	122,891	122,891
Total Liabilities	36,000	75,254	-	-	-	-	160,725	271,979
Net Assets								
Temporarily Restricted	42,595	2,824	29,174	108,237	329	(39,863)	2,368,276	2,511,572
Total Liabilities and Net Assets	\$ 78,595	\$ 78,078	\$ 29,174	\$ 108,237	\$ 329	\$ (39,863)	\$ 2,529,001	\$ 2,783,551

See independent auditors' report.

**PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENT OF FUND ACTIVITIES
TEMPORARILY RESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Falk Foundation Fund	Harris Trust Fund	Glide Wildlife Fund	The G Fund	Pooch Fund	HART Fund	Neely Fund	Total
Support and Revenue								
Contributions and bequests	\$ 48,000	\$ 69,995	\$ -	\$ -	\$ 50	\$ -	\$ 2,367,954	\$ 2,485,999
Interest and dividends	120	31	-	-	-	-	4,365	4,516
Net assets released from restriction	-	(83,015)	-	-	(1,337)	-	(9,077)	(93,429)
Total support and revenue in excess (under) net assets released from restriction	48,120	(12,989)	-	-	(1,287)	-	2,363,242	2,397,086
Expenses								
Program	-	-	-	-	-	-	-	-
Management and general	-	-	-	-	-	-	-	-
Fund raising	-	-	-	-	-	-	-	-
Total Expenses	-	-	-	-	-	-	-	-
Excess (Deficiency) of Support and Revenue over Expenses	48,120	(12,989)	-	-	(1,287)	-	2,363,242	2,397,086
Transfer from Unrestricted Net Assets	(72,000)	-	-	-	1,129	-	5,034	(65,837)
Increase (Decrease) in Net Assets	(23,880)	(12,989)	-	-	(158)	-	2,368,276	2,331,249
Net Assets, Beginning of Year	66,475	15,813	29,174	108,237	487	(39,863)	-	180,323
Net Assets, End of Year	\$ 42,595	\$ 2,824	\$ 29,174	\$ 108,237	\$ 329	\$ (39,863)	\$ 2,368,276	\$ 2,511,572

See independent auditors' report.