

COPY

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

**FINANCIAL STATEMENTS
(WITH SUPPLEMENTARY INFORMATION)
AND INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2016 and 2015



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

TABLE OF CONTENTS

Page Number

Independent Auditors' Report	Report
Statements of Financial Position	1
Statements of Activities	2
Statements of Changes in Net Assets	3
Statements of Cash Flows	4
Statement of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 19
Supplementary Information:	
Statement of Financial Position – Fund – Unrestricted Net Assets	20
Statement of Fund Activities – Unrestricted Net Assets	21
Statement of Financial Position – Fund – Temporarily Restricted Net Assets	22
Statement of Fund Activities – Temporarily Restricted Net Assets	23

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, 2016 and 2015, and the related statements of activities, changes in net assets, cash flows and functional expenses, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2016 and 2015, 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 audits were 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 audits 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.

A handwritten signature in black ink that reads "Krost". The letters are cursive and fluid.

Pasadena, California
August 24, 2017

PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current Asset		
Cash and cash equivalents	\$ 2,027,955	\$ 3,850,791
Accounts receivable	177,597	102,712
Note receivable	42,500	-
Contributions receivable, net	289,336	2,614,883
Inventory	76,392	81,638
Prepaid expenses and other current assets	<u>161,836</u>	<u>170,628</u>
Total Current Assets	<u>2,775,616</u>	<u>6,820,652</u>
Other Assets		
Investments	10,255,118	10,664,191
Other assets	10,506	54,460
Property and equipment, net	<u>26,340,223</u>	<u>25,990,181</u>
Total Other Assets	<u>36,605,847</u>	<u>36,708,832</u>
Total Assets	<u><u>\$ 39,381,463</u></u>	<u><u>\$ 43,529,484</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 375,368	\$ 355,930
Accrued expenses	386,032	529,931
Accrued pension	1,164,000	90,827
Note payable, current	435,742	249,227
Capital lease, current	<u>33,962</u>	<u>22,577</u>
Total Current Liabilities	<u>2,395,104</u>	<u>1,248,492</u>
Long-term Liabilities		
Note payable, net of current portion	1,316,576	6,906,733
Capital lease, net of current portion	<u>138,985</u>	<u>62,299</u>
Total Long-term Liabilities	<u>1,455,561</u>	<u>6,969,032</u>
Total Liabilities	<u>3,850,665</u>	<u>8,217,524</u>
Net Assets		
Unrestricted: Operating Fund	24,405,823	18,926,427
Board Designated: Investment Fund	10,529,709	11,117,085
Board Designated: Capital Campaign Fund	289,336	5,048,450
Board Designated: Neely Fund	-	67,709
Board Designated: Steve McNall Heart Fund	<u>10,350</u>	<u>-</u>
Total Unrestricted Net Assets	<u>35,235,218</u>	<u>35,159,671</u>
Temporarily Restricted	<u>295,580</u>	<u>152,289</u>
Total Net Assets	<u>35,530,798</u>	<u>35,311,960</u>
Total Liabilities and Net Assets	<u><u>\$ 39,381,463</u></u>	<u><u>\$ 43,529,484</u></u>

See accompanying notes to financial statements.

PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Change in unrestricted net assets		
Support and revenue		
Adoption fees	\$ 86,463	\$ 126,722
Behavior department	97,314	110,399
Boarding fees	163,282	142,223
Contract income	2,509,143	2,292,528
Contributions and bequests	6,003,729	10,178,886
Day care income	22,020	20,882
Events	720,348	743,595
Gifts-in-kind	45,391	40,858
Humane education program	3,799	4,695
Inoculation fees	38,482	36,445
Interest and dividends	294,389	282,530
License and registration fees	366,147	385,331
Loss on sale of fixed assets	(4,329)	(129,173)
Other	68,658	71,476
Other fees	218,341	135,982
Rabies clinic	148,670	131,218
Rental income	121,499	-
Spay / neuter fees	389,118	437,772
Store sales, net of discounts and cost of goods sold	163,719	164,357
Gain on sale of investments	124,515	353,366
Unrealized gain(loss) on investments	14,566	(546,851)
Net assets released from restriction, satisfaction of program restrictions	91,772	49,642
Total unrestricted support and revenue	<u>11,687,036</u>	<u>15,032,883</u>
Expenses		
Program	8,941,613	7,992,899
Management and general	1,310,937	854,844
Fund raising	1,393,124	1,018,262
Total expenses	<u>11,645,674</u>	<u>9,866,005</u>
Change in unrestricted net assets	<u>41,363</u>	<u>5,166,878</u>
Change in temporarily restricted net assets		
Support and revenue		
Contributions and bequests	269,131	146,488
Interest and dividends	116	147
Net assets released from restrictions	(91,772)	(49,642)
Change in temporarily restricted net assets	<u>177,475</u>	<u>96,993</u>
Increase in Net Assets	<u>218,838</u>	<u>5,263,871</u>
Net Assets, Beginning of Year	<u>35,311,960</u>	<u>30,048,089</u>
Net Assets, End of Year	<u>\$ 35,530,798</u>	<u>\$ 35,311,960</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, 2016 AND 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Balance, January 1, 2015	\$ 27,536,517	\$ 2,511,572	\$ 30,048,089
Change in net assets	5,166,878	96,993	5,263,871
Transfer of net assets	<u>2,456,276</u>	<u>(2,456,276)</u>	<u>-</u>
Balance, December 31, 2015	\$ 35,159,671	\$ 152,289	\$ 35,311,960
Change in net assets	41,363	177,475	218,838
Transfer of net assets	<u>34,184</u>	<u>(34,184)</u>	<u>-</u>
Balance, December 31, 2016	<u>\$ 35,235,218</u>	<u>\$ 295,580</u>	<u>\$ 35,530,798</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, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities		
Increase in net assets	\$ 218,838	\$ 5,263,871
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,043,669	915,727
Loss on disposal of assets	4,329	129,173
Discount on contributions receivable	(12,859)	(2,588)
Gain on sale of investments	(124,515)	(353,366)
Unrealized (gain) loss on investments	(14,566)	546,851
Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities		
Accounts receivable	(74,885)	(66,415)
Contributions receivable	2,338,406	(1,476,557)
Inventory	5,246	(17,242)
Prepaid expenses and other current assets	8,792	(137,657)
Other assets	43,954	44,086
Accounts payable	19,438	183,543
Accrued expenses	(143,899)	(31,824)
Accrued pension	1,073,173	-
Total Adjustments	4,166,283	(266,269)
Cash Provided by Operating Activities	4,385,121	4,997,602
 Cash Flows From Investing Activities		
Proceeds from sale of property and equipment	-	2,500
Purchases of property and equipment	(1,327,220)	(2,190,258)
Net purchases on sale of investments	548,154	(2,870,752)
Proceeds from note receivable	7,500	-
Cash Used in Investing Activities	(771,566)	(5,058,510)
 Cash Flows From Financing Activities		
Payments on note payable	(5,403,642)	(202,563)
Proceeds (payments) of capital lease obligation	(32,749)	(22,541)
Cash Used in Financing Activities	(5,436,391)	(225,104)
 Decrease in Cash and Cash Equivalents	(1,822,836)	(286,012)
 Cash and Cash Equivalents, Beginning of Year	3,850,791	4,136,803
Cash and Cash Equivalents, End of Year	\$ 2,027,955	\$ 3,850,791
 Supplemental disclosure of cash flows information:		
Cash paid for interest	\$ 111,267	\$ 215,500
 Noncash investing and financing activities:		
Note receivable for tenant improvements	\$ 50,000	\$ -
Property and equipment acquired through capital lease	\$ 120,820	\$ -

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, 2016

	Program	Management and General	Fund Raising	Total
Operating Fund				
Salaries	\$ 3,601,570	\$ 716,884	\$ 537,883	\$ 4,856,337
Payroll taxes	310,351	61,769	46,368	418,488
Pension contribution	903,611	179,845	135,004	1,218,460
Personnel expense	51,311	10,212	7,666	69,189
Accounting	127,646	7,092	7,091	141,829
Adoption	14,803	-	-	14,803
Animal control	8,488	-	-	8,488
Bank charges	1,386	163	82	1,630
Behavior department	2,946	-	-	2,946
Board expenses	13,202	2,476	825	16,503
Cat department	5,670	-	-	5,670
Clinic medical supplies	1,950	-	-	1,950
Clinic permits	2,022	-	-	2,022
Computer	119,011	6,612	6,612	132,234
Credit card fees	39,712	-	12,541	52,253
Depreciation and amortization	1,022,795	10,437	10,437	1,043,669
Development	-	-	54,239	54,239
Disposal service	6,973	520	264	7,757
Dues	3,280	-	-	3,280
Employee enrichment	7,047	1,402	1,053	9,502
Employee training	19,947	-	-	19,947
Employee training - development	-	229	2,063	2,292
Employee training - administration	867	163	54	1,084
Events	-	-	157,218	157,218
Fostering	4,774	-	-	4,774
Gifts-in-kind	-	-	68,797	68,797
Humane education	12,042	-	-	12,042
Insurance - general	125,835	23,594	7,865	157,294
Insurance - group medical	510,217	101,548	76,230	687,995
Insurance - workers' compensation	259,948	51,737	38,838	350,523
Interest expense	124,013	-	-	124,013
Kennel food	12,659	-	-	12,659
Kennel supplies	141,574	-	-	141,574
Lease expenses	16,786	2,268	3,629	22,684
Legal fees	33,930	5,988	-	39,918
Licensing	154,119	-	-	154,119
Maintenance and repairs	177,516	-	-	177,516
Marketing	30,130	-	-	30,130
Meetings, dues and staff training	13,896	1,544	-	15,440
Mileage reimbursements	7,368	-	-	7,368
Miscellaneous	15,121	2,835	945	18,901
Office	46,681	5,187	-	51,868
Outreach	28,185	-	-	28,185
Parking lot rent	22,770	-	-	22,770
Photography	4,467	-	1,117	5,584
Postage	48,137	9,465	58,688	116,290
Printing	94,379	13,464	115,583	223,426
Public relations	48,616	-	-	48,616
Rental commissions expense	5,672	-	-	5,672
SNIP veterinary	157,598	-	-	157,598
Subscriptions	1,494	166	-	1,660
Taxes - property	17,665	1,317	668	19,650
Taxes - sales and other	3,534	-	-	3,534
Telephone	45,549	8,038	-	53,587
Temporary services	-	1,678	15,102	16,780
Temporary services - program	10,858	-	-	10,858
Temporary services - administration	6,782	1,272	424	8,478
Truck operations and maintenance	83,287	-	-	83,287
Uniforms	25,208	-	-	25,208
Utilities	154,383	11,506	5,839	171,727
Veterinary services	210,714	-	-	210,714
Volunteer services	12,819	-	-	12,819
Wildlife	8,299	-	-	8,299
Total Operating Fund Expenses	\$ 8,941,613	\$ 1,239,410	\$ 1,373,124	\$ 11,554,147

See accompanying notes to financial statements.

**PASADENA HUMANE SOCIETY AND S.P.C.A.
UNRESTRICTED NET ASSETS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program	Management and General	Fund Raising	Total
Balance forward	\$ 8,941,613	\$ 1,239,410	\$ 1,373,124	\$ 11,554,147
Investment Fund				
Investment advisory and trustee fees	-	67,555	-	67,555
Miscellaneous	-	3,972	-	3,972
Total Investment Fund	-	71,527	-	71,527
Capital Campaign Fund				
Miscellaneous	-	-	20,000	20,000
Total Capital Campaign Fund Expenses	-	-	20,000	20,000
Neely Cat Center				
Miscellaneous	-	-	-	-
Steve McNall Heart Fund				
Miscellaneous	-	-	-	-
Total Capital Campaign Fund Expenses	-	-	-	-
Total Expenses	\$ 8,941,613	\$ 1,310,937	\$ 1,393,124	\$ 11,645,674

See accompanying notes to financial statements.

**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, South Pasadena, Monrovia, Bradbury, and Los Angeles County.

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 were available for issuance on August 24, 2017, 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 3.33% per annum for the years ended December 31, 2016 and 2015. 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, 2016 and 2015 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 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
Equipment	5 - 7 Years
Vehicles	5 Years
Software	3 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. The Society received services, goods and facilities that satisfied both conditions in the amount of \$68,797 and \$122,736 for the years ended December 31, 2016 and 2015, respectively, and is included 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 its gift cards by assigning a serial number to each card. The Society recognized a gift card liability of \$3,147 and \$2,404 for the years ended December 31, 2016 and 2015, respectively, and is included in accrued expenses in the accompanying statements of financial position.

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 that 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 markets, 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. Accordingly, 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.

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

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

Investments (Continued)

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 exchanges 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.

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 nonprofit 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.

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

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

Federal and State Income Taxes (Continued)

The Board of Directors of the Society has analyzed the tax positions taken by the Society and has concluded that, as of December 31, 2016, 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, 2013.

Description of Funds

Unrestricted net assets include:

- 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 of Directors (the “Board”) or subject to temporary or permanent restrictions. This also includes net assets released from restriction through the satisfaction of program restrictions or the passage of time.
- 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.
- The Capital Campaign Fund, board designated funds to be used for the construction project at 309 Raymond Avenue.
- The Neely Fund, board designated funds to be used for the cattery construction project.
- The Steve McNall Heart Fund, board designated funds in honor of Steve McNall for his 36 years of service to be used for saving lives of animals in the community.

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.

**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)

- The HART Fund, established to raise funds to reduce euthanasia 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 the cattery construction project and the interactive cat toy project.
- The Operating Fund – temporarily restricted, established to fund specific designation requests of smaller designated contributions.

Joint Costs

The Society incurs costs that are shared by program, management and general fundraising activities. The amount allocated to each area depends on the purpose, audience and content of each program. The Society determined the allocation of joint costs based on current and historical data.

Reclassification

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

Subsequent Events

Management has evaluated subsequent events and updated its statements through August 24, 2017, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Petty Cash	\$ 2,213	\$ 2,213
Operating	1,476,942	818,350
Credit Cards	138,206	76,840
Subtotal	<u>1,617,361</u>	<u>897,403</u>
Falk Foundation Fund	29,712	18,683
Harris Trust Fund	80,892	75,971
Neely Fund	25,399	132,121
Capital Campaign Fund	-	2,372,792
Investment Fund	<u>274,591</u>	<u>353,821</u>
Total Cash and Cash Equivalents	<u>\$ 2,027,955</u>	<u>\$ 3,850,791</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 on the previous page totaling \$1,617,361 and \$897,403 as of December 31, 2016 and 2015, respectively, are allocated among the various funds listed below:

	<u>2016</u>	<u>2015</u>
Operating Fund	1,483,434	774,126
Glide Wildlife Fund	54,174	54,174
The G Fund	108,237	108,237
Pooch Fund	1,029	729
HART Fund	(39,863)	(39,863)
Steve McNall Heart Fund	10,350	-
	<u>\$ 1,617,361</u>	<u>\$ 897,403</u>

Cash and cash equivalents included in temporarily restricted funds consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Falk Foundation Fund	29,712	18,683
Harris Trust Fund	80,892	75,971
Glide Wildlife Fund	54,174	54,174
The G Fund	108,237	108,237
Pooch Fund	1,029	729
HART Fund	(39,863)	(39,863)
Neely Fund	25,399	-
Operating Fund	160,962	-
	<u>\$ 420,542</u>	<u>\$ 217,931</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Capital Campaign Fund	\$ 291,300	\$ 2,545,705
Neely Fund	-	84,001
	<u>291,300</u>	<u>2,629,706</u>
Less: Discount	<u>(1,964)</u>	<u>(14,823)</u>
Total Contribution Receivable, net	<u>\$ 289,336</u>	<u>\$ 2,614,883</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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Amounts due in less than one year	247,200	2,395,706
Amounts due in one to five years	44,100	234,000
	<u>\$ 291,300</u>	<u>\$ 2,629,706</u>

NOTE 4 – NOTE RECEIVABLE

On April 1, 2016, the Society loaned \$50,000 to their tenant, which is non-interest bearing for the costs of the leasehold improvements of the office space. The note receivable payments are included in the monthly base rent for the first five years of the lease. The note receivable balance was \$42,500 at December 31, 2016.

NOTE 5 – 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, 2016:

	<u>Adjusted Cost</u>	<u>Fair Value</u>
U.S. Obligations	\$ 745,646	\$ 741,358
Equities	4,102,134	4,730,879
Mutual Funds	5,047,204	4,782,879
	<u>\$ 9,894,984</u>	<u>\$ 10,255,116</u>

The following is a summary of investments at December 31, 2015:

	<u>Adjusted Cost</u>	<u>Fair Value</u>
U.S. Obligations	\$ 827,902	\$ 824,727
Equities	4,184,528	4,927,663
Mutual Funds	5,277,977	4,911,799
	<u>\$ 10,290,407</u>	<u>\$ 10,664,189</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, 2016 and 2015. Management has not established the fair value of the parcels.

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

NOTE 5 – INVESTMENTS (Continued)

The following is a summary of return on investments at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and Dividends	\$ 294,505	\$ 282,677
Net Realized Gains	124,515	353,366
Unrealized Gains (Losses)	14,566	(546,851)
Miscellaneous Income	15,437	3,673
	<u>\$ 449,023</u>	<u>\$ 92,865</u>

Investment fees expense was \$67,555 and \$63,220 for the years ended December 31, 2016 and 2015, respectively.

NOTE 6 – 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, 2016:

	<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)	\$ 274,591	\$ -	\$ -	\$ 274,591
Investments in fixed income at fair value (included in investments)	741,358			741,358
Investments in equities at fair value (included in investments)	4,730,879	-	-	4,730,879
Investments in mutual funds at fair value (included in investments)	4,782,879	-	-	4,782,879
Investments in land at fair value (included in investments)	-	-	2	2
	<u>\$ 10,529,707</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 10,529,709</u>

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

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

The following table presents information about the Society's assets measured at fair value as of December 31, 2015:

	<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)	\$ 353,820	\$ -	\$ -	\$ 353,820
Investments in fixed income at fair value (included in investments)	824,727			824,727
Investments in equities at fair value (included in investments)	4,927,663	-	-	4,927,663
Investments in mutual funds at fair value (included in investments)	4,911,799	-	-	4,911,799
Investments in land at fair value (included in investments)	-	-	2	2
	<u>\$ 11,018,009</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 11,018,011</u>

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2016:

	<u>Operating Fund</u>	<u>Falk Foundation Fund</u>	<u>Total</u>
Land	\$ 3,487,138	\$ -	\$ 3,487,138
Buildings	25,159,138	-	25,159,138
Building improvements	982,360	-	982,360
Furniture and fixtures	1,055,400	-	1,055,400
Equipment	1,543,515	35,969	1,579,484
Vehicles	1,035,231	-	1,035,231
Software	10,436	-	10,436
	<u>33,273,218</u>	<u>35,969</u>	<u>33,309,187</u>
Less: Accumulated depreciation and amortization	<u>6,932,128</u>	<u>36,836</u>	<u>6,968,964</u>
	<u>\$ 26,341,090</u>	<u>\$ (867)</u>	<u>\$ 26,340,223</u>

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

NOTE 7 – PROPERTY AND EQUIPMENT (Continued)

Property and equipment consist of the following at December 31, 2015:

	Operating Fund	Falk Foundation Fund	Total
Land	\$ 3,487,138	\$ -	\$ 3,487,138
Buildings	24,736,003	-	24,736,003
Building improvements	559,616	-	559,616
Furniture and fixtures	958,827	-	958,827
Equipment	1,413,531	35,969	1,449,500
Vehicles	803,700	-	803,700
	<u>31,958,815</u>	<u>35,969</u>	<u>31,994,784</u>
Less: Accumulated depreciation and amortization	<u>5,968,634</u>	<u>35,969</u>	<u>6,004,603</u>
	<u>\$ 25,990,181</u>	<u>\$ -</u>	<u>\$ 25,990,181</u>

Depreciation and amortization expense was \$1,043,669 and \$915,727 for the years ended December 31, 2016 and 2015, respectively.

NOTE 8 – 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.

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

NOTE 8 – PENSION PLAN (Continued)

There were 84 and 70 employees in the plan as of January 1, 2016 and January 1, 2015, respectively.

The pension benefit obligation is calculated as part of an actuarial valuation performed as of January 1, 2016 and 2015. The actuarial assumptions for both 2016 and 2015 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>2016</u>	<u>2015</u>
Assets	<u>\$2,171,393</u>	<u>\$2,058,625</u>
Unfunded vested benefits	<u>\$687,692</u>	<u>\$520,876</u>
Target normal cost as of beginning of year	<u>\$196,756</u>	<u>\$188,946</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>\$2,249,504</u>	<u>\$2,005,864</u>
Minimum required contribution for the plan year	<u>\$232,369</u>	<u>\$151,378</u>
Maximum contribution for the year	<u>\$2,451,220</u>	<u>\$2,068,772</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.

During 2015, the Society paid \$151,378 to the Plan. The Society terminated the Plan on December 31, 2016 and accrued an estimated payment due of \$1,164,000 to the Plan.

NOTE 9 – 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.

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

NOTE 9 – NOTE PAYABLE (Continued)

The Society has a balance due of \$1,752,318 and \$7,155,960 for the years ended December 31, 2016 and 2015, respectively. Interest expense was \$111,267 and \$215,500 for the years ending December 31, 2016 and 2015, which is included in interest expense on the accompanying statement of functional expenses – unrestricted funds, respectively.

Future minimum payments are as follows:

Years Ending December 31,	
2017	\$ 435,742
2018	435,742
2019	<u>880,834</u>
	<u>\$ 1,752,318</u>

NOTE 10 – CAPITAL LEASES

The Society leases certain equipment pursuant to non-cancelable capital leases, expiring at various dates through August 2021.

Capital leases consist of the following at December 31, 2016 and 2015, respectively:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 174,178	\$ 130,433
Less: Accumulated Amortization	<u>71,991</u>	<u>40,841</u>
	<u>\$ 102,187</u>	<u>\$ 89,592</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, 2016:

Years Ending December 31,	
2017	\$ 48,480
2018	48,480
2019	48,480
2020	41,330
2021	<u>26,114</u>
Total Minimum Lease Payments	212,884
Less: Amount Representing Interest	<u>39,937</u>
	172,947
Less: Current Portion	<u>33,962</u>
	<u>\$ 138,985</u>

Interest expense was \$12,746 and \$9,559 for the years ending December 31, 2016 and 2015, which is included in interest expense on the accompanying statement of functional expenses – unrestricted funds, respectively.

PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENT OF FINANCIAL POSITION
UNRESTRICTED NET ASSETS
DECEMBER 31, 2016

	Operating Fund	Investment Fund	Capital Campaign Fund	Steve McNall Heart Fund	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,322,472	\$ 274,591	\$ -	\$ 10,350	\$ 1,607,413
Accounts receivable	177,597	-	-	-	177,597
Note receivable	42,500	-	-	-	42,500
Contributions receivable, net	-	-	289,336	-	289,336
Inventory	76,392	-	-	-	76,392
Prepaid expenses and other current assets	161,836	-	-	-	161,836
Total Current Assets	1,780,797	274,591	289,336	10,350	2,355,074
Other Assets					
Investments	-	10,255,118	-	-	10,255,118
Other asset	10,506	-	-	-	10,506
Property and equipment, net	26,340,223	-	-	-	26,340,223
Total Other Assets	26,350,729	10,255,118	-	-	36,605,847
Total Assets	\$ 28,131,526	\$ 10,529,709	\$ 289,336	\$ 10,350	\$ 38,960,921
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 250,406	\$ -	\$ -	\$ -	\$ 250,406
Accrued expenses	386,032	-	-	-	386,032
Accrued pension	1,164,000	-	-	-	1,164,000
Note payable, current	435,742	-	-	-	435,742
Capital lease, current	33,962	-	-	-	33,962
Total Current Liabilities	2,270,142	-	-	-	2,270,142
Long-Term Liabilities					
Note payable, net of current portion	1,316,576	-	-	-	1,316,576
Capital lease, net of current portion	138,985	-	-	-	138,985
Total Long-Term Liabilities	1,455,561	-	-	-	1,455,561
Total Liabilities	3,725,703	-	-	-	3,725,703
Net Assets					
Unrestricted					
Operating	24,405,823	-	-	-	24,405,823
Investment Fund - Board Designated	-	10,529,709	-	-	10,529,709
Capital Campaign Fund	-	-	289,336	-	289,336
Steve McNall Heart Fund	-	-	-	10,350	10,350
Total Unrestricted Net Assets	24,405,823	10,529,709	289,336	10,350	35,235,218
Total Liabilities and Net Assets	\$ 28,131,526	\$ 10,529,709	\$ 289,336	\$ 10,350	\$ 38,960,921

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, 2016

	Operating Fund	Investment Fund	Campaign Fund	Neely Fund	Steve McNall Heart Fund	Total
Support and Revenue						
Adoption fees	\$ 86,463	\$ -	\$ -	\$ -	\$ -	\$ 86,463
Behavior department	97,314	-	-	-	-	97,314
Boarding fees	163,282	-	-	-	-	163,282
Contract income	2,509,143	-	-	-	-	2,509,143
Contributions and bequests	5,980,519	-	12,860	-	10,350	6,003,729
Day care income	22,020	-	-	-	-	22,020
Events	720,348	-	-	-	-	720,348
Gifts-in-kind	45,391	-	-	-	-	45,391
Humane education program	3,799	-	-	-	-	3,799
Inoculation fees	38,482	-	-	-	-	38,482
License and registration fees	366,147	-	-	-	-	366,147
Loss on sale of fixed assets	(4,329)	-	-	-	-	(4,329)
Other	53,221	15,437	-	-	-	68,658
Other fees	218,341	-	-	-	-	218,341
Rabies clinic	148,670	-	-	-	-	148,670
Spay / neuter fees	389,118	-	-	-	-	389,118
Store sales, net of discounts and cost of goods sold	163,719	-	-	-	-	163,719
Interest and dividends	44	294,345	-	-	-	294,389
Rental income	121,499	-	-	-	-	121,499
Net assets released from restriction	91,772	-	-	-	-	91,772
Total Support and Revenue	11,214,963	309,782	12,860	-	10,350	11,547,955
Expenses						
Program	8,941,613	-	-	-	-	8,941,613
Management and general	1,239,410	71,527	-	-	-	1,310,937
Fund raising	1,373,124	-	20,000	-	-	1,393,124
Total Expenses	11,554,147	71,527	20,000	-	-	11,645,674
Excess (deficiency) of support and revenue over expenses	(339,184)	238,255	(7,140)	-	10,350	(97,719)
Transfer from (to) temporarily restricted	38,000	-	-	(3,816)	-	34,184
Interfund transfers	5,780,580	(964,712)	(4,751,974)	(63,894)	-	-
Gain on sale of investments	-	124,515	-	-	-	124,515
Unrealized gain on investments	-	14,566	-	-	-	14,566
Increase (Decrease) in Unrestricted Net Assets	5,479,396	(587,376)	(4,759,114)	(67,710)	10,350	75,546
Net Assets, Beginning of Year	18,926,427	11,117,085	5,048,450	67,710	-	35,159,672
Net Assets, End of Year	\$ 24,405,823	\$ 10,529,709	\$ 289,336	\$ -	\$ 10,350	\$ 35,235,218

See independent auditors' report.

PASADENA HUMANE SOCIETY AND S.P.C.A.
STATEMENT OF FINANCIAL POSITION
TEMPORARILY RESTRICTED NET ASSETS
DECEMBER 31, 2016

	Falk Foundation Fund	Harris Trust Fund	Glide Wildlife Fund	The G Fund	Pooch Fund	HART Fund	Neely Fund	Operating Fund	Total
ASSETS									
Current Assets									
Cash and cash equivalents	\$ 29,712	\$ 80,892	\$ 54,174	\$ 108,237	\$ 1,029	\$ (39,863)	\$ 25,399	\$ 160,962	\$ 420,542
Due from unrestricted funds	-	-	-	-	-	-	-	-	-
Contributions receivable, net	-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	-	-	-	-	-	-	-	-	-
Total Current Assets	<u>29,712</u>	<u>80,892</u>	<u>54,174</u>	<u>108,237</u>	<u>1,029</u>	<u>(39,863)</u>	<u>25,399</u>	<u>160,962</u>	<u>420,542</u>
Property and equipment, net	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 29,712</u>	<u>\$ 80,892</u>	<u>\$ 54,174</u>	<u>\$ 108,237</u>	<u>\$ 1,029</u>	<u>\$ (39,863)</u>	<u>\$ 25,399</u>	<u>\$ 160,962</u>	<u>\$ 420,542</u>
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable	\$ 27,000	\$ 70,937	\$ -	\$ -	\$ -	\$ -	\$ 27,025	\$ -	\$ 124,962
Due to unrestricted funds	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>27,000</u>	<u>70,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,025</u>	<u>-</u>	<u>124,962</u>
Net Assets									
Temporarily Restricted	<u>2,712</u>	<u>9,955</u>	<u>54,174</u>	<u>108,237</u>	<u>1,029</u>	<u>(39,863)</u>	<u>(1,626)</u>	<u>160,962</u>	<u>295,580</u>
	<u>\$ 29,712</u>	<u>\$ 80,892</u>	<u>\$ 54,174</u>	<u>\$ 108,237</u>	<u>\$ 1,029</u>	<u>\$ (39,863)</u>	<u>\$ 25,399</u>	<u>\$ 160,962</u>	<u>\$ 420,542</u>

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, 2016

	Falk Foundation Fund	Harris Trust Fund	Glide Wildlife Fund	The G Fund	Pooch Fund	HART Fund	Neely Fund	Operating Fund	Total
Support and Revenue									
Contributions and bequests	\$ 38,000	\$ 69,869	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 160,962	\$ 269,131
Interest and dividends	29	53	-	-	-	-	34	-	116
Net assets released from restriction	-	(86,296)	-	-	-	-	(5,476)	-	(91,772)
Total support and revenue in excess (under) net assets released from restriction	<u>38,029</u>	<u>(16,374)</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>(5,442)</u>	<u>160,962</u>	<u>177,475</u>
Expenses									
Program	-	-	-	-	-	-	-	-	-
Management and general	-	-	-	-	-	-	-	-	-
Fund raising	-	-	-	-	-	-	-	-	-
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Support and Revenue over	<u>38,029</u>	<u>(16,374)</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>(5,442)</u>	<u>160,962</u>	<u>177,475</u>
Transfer from (to) Unrestricted Net Assets	(38,000)	-	-	-	-	-	3,816	-	(34,184)
Increase (Decrease) in Net Assets	29	(16,374)	-	-	300	-	(1,626)	160,962	143,291
Net Assets, Beginning of Year	2,683	26,329	54,174	108,237	729	(39,863)	-	-	152,289
Net Assets, End of Year	<u>\$ 2,712</u>	<u>\$ 9,955</u>	<u>\$ 54,174</u>	<u>\$ 108,237</u>	<u>\$ 1,029</u>	<u>\$ (39,863)</u>	<u>\$ (1,626)</u>	<u>\$ 160,962</u>	<u>\$ 295,580</u>

See independent auditors' report.