

Marin Humane Society

dba Marin Humane

Financial Statements

June 30, 2020 and 2019



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marin Humane Society
dba Marin Humane
Novato, California

We have audited the accompanying financial statements of Marin Humane Society dba Marin Humane (a California nonprofit corporation) ("Marin Humane"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's 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 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.



An independent firm
associated with Moore
Global Network Limited

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marin Humane Society dba Marin Humane as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 15 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Correction of Error

As discussed in Note 17 to the financial statements, certain errors resulting in understatement of assets and net assets as of June 30, 2018 were discovered during the current year. Accordingly, the financial statements have been restated to reflect the net present value of future distributions from two trusts as bequests receivable as of June 30, 2018; the related bequest revenue recognized during the year ended June 30, 2019 was adjusted to reflect the effect of recognizing bequests receivable that had previously been recognized on a cash basis. In addition to recognizing bequests receivable, adjustments were made to net assets as of June 30, 2018 and bequest revenue for the year ended June 30, 2019 to correct the error. Our opinion is not modified with respect to this matter.



Armanino^{LLP}
San Ramon, California

November 13, 2020

Marin Humane Society
 dba Marin Humane
 Statements of Financial Position
 June 30, 2020 and 2019 (Restated)

	2020	(Restated) 2019
ASSETS		
Cash and cash equivalents	\$ 2,681,152	\$ 1,118,359
Accounts receivable	53,824	314,377
Contributions and grants receivable, net	32,454	283,061
Prepaid expenses and other assets	93,118	90,799
Inventory	21,063	39,962
Investments	9,340,428	8,281,088
Bequests receivable, net	355,696	384,676
Investments held for long-term purposes	1,536,688	1,534,373
Other investments	-	1,463,905
Property and equipment, net	4,954,701	4,989,803
Beneficial interest in perpetual trust	257,411	262,582
Total assets	\$ 19,326,535	\$ 18,762,985
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 223,618	\$ 226,755
Accrued expenses	578,789	617,959
Deferred revenue	23,700	71,500
Refundable advance (Paycheck Protection Program)	317,912	-
Total liabilities	1,144,019	916,214
Net assets		
Without donor restrictions	15,363,043	14,562,219
With donor restrictions	2,819,473	3,284,552
Total net assets	18,182,516	17,846,771
Total liabilities and net assets	\$ 19,326,535	\$ 18,762,985

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

Marin Humane Society
 dba Marin Humane
 Statement of Activities
 For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains (losses), and other support			
Animal services and other county fees	\$ 3,594,462	\$ -	\$ 3,594,462
Fees for services	374,426	-	374,426
Education fees	416,768	-	416,768
Contributions	1,662,402	186,818	1,849,220
Bequests	1,851,791	2,000	1,853,791
Grants	80,000	238,233	318,233
Conditional grant revenue (Paycheck Protection Program)	712,088	-	712,088
In-kind contributions	184,830	-	184,830
Special events, net of expenses of \$193,825	115,637	290,807	406,444
Interest and dividend income, net	165,897	25,928	191,825
Realized losses, net	(115,472)	82,184	(33,288)
Unrealized losses, net	(427,320)	(76,297)	(503,617)
Merchandise sales	113,958	-	113,958
Thrift shop sales	29,793	39,060	68,853
Change in value of beneficial interest in perpetual trust	-	(5,171)	(5,171)
Other revenue	11,056	-	11,056
Net assets released from restriction	<u>1,248,641</u>	<u>(1,248,641)</u>	<u>-</u>
Total revenues, gains (losses), and other support	<u>10,018,957</u>	<u>(465,079)</u>	<u>9,553,878</u>
Functional expenses			
Program services	7,192,105	-	7,192,105
Management and general	970,322	-	970,322
Fundraising and development	<u>1,055,706</u>	<u>-</u>	<u>1,055,706</u>
Total functional expenses	<u>9,218,133</u>	<u>-</u>	<u>9,218,133</u>
Change in net assets	800,824	(465,079)	335,745
Net assets, beginning of year, as restated	<u>14,562,219</u>	<u>3,284,552</u>	<u>17,846,771</u>
Net assets, end of year	<u>\$ 15,363,043</u>	<u>\$ 2,819,473</u>	<u>\$ 18,182,516</u>

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

Marin Humane Society
dba Marin Humane
Statement of Activities
For the Year Ended June 30, 2019 (Restated)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>(Restated) Total</u>
Revenues, gains (losses), and other support			
Animal services and other county fees	\$ 3,489,769	\$ -	\$ 3,489,769
Fees for services	363,345	-	363,345
Education fees	542,726	-	542,726
Contributions	1,635,053	439,755	2,074,808
Bequests	1,036,715	2,000	1,038,715
Grants	58,000	152,425	210,425
In-kind contributions	145,143	-	145,143
Special events, net of expenses of \$29,881	65,841	-	65,841
Interest and dividend income, net	229,621	34,267	263,888
Realized gains, net	19,815	4,223	24,038
Unrealized gains, net	1,268,341	25,476	1,293,817
Merchandise sales	230,068	-	230,068
Thrift shop sales	28,903	66,656	95,559
Change in value of beneficial interest in perpetual trust	-	(5,232)	(5,232)
Other revenue	12,009	-	12,009
Net assets released from restriction	<u>659,220</u>	<u>(659,220)</u>	<u>-</u>
Total revenues, gains (losses), and other support	<u>9,784,569</u>	<u>60,350</u>	<u>9,844,919</u>
Functional expenses			
Program services	7,129,230	-	7,129,230
Management and general	946,547	-	946,547
Fundraising and development	<u>928,756</u>	<u>-</u>	<u>928,756</u>
Total functional expenses	<u>9,004,533</u>	<u>-</u>	<u>9,004,533</u>
Change in net assets	780,036	60,350	840,386
Net assets, beginning of year, as restated	<u>13,782,183</u>	<u>3,224,202</u>	<u>17,006,385</u>
Net assets, end of year, as restated	<u>\$ 14,562,219</u>	<u>\$ 3,284,552</u>	<u>\$ 17,846,771</u>

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

Marin Humane Society
dba Marin Humane
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Animal Services	Clinic, Adoption, and Foster Care	Education and Community Engagement	Animal Outfitters	Thrift Shop	Total Program Services	Management and General	Fundraising and Development	Total
Personnel expenses									
Salaries and wages	\$ 1,918,889	\$ 1,256,375	\$ 1,064,294	\$ 10,049	\$ -	\$ 4,249,607	\$ 564,807	\$ 556,477	\$ 5,370,891
Payroll taxes and benefits	455,251	320,742	251,134	4,779	-	1,031,906	134,161	135,610	1,301,677
Total personnel expenses	<u>2,374,140</u>	<u>1,577,117</u>	<u>1,315,428</u>	<u>14,828</u>	<u>-</u>	<u>5,281,513</u>	<u>698,968</u>	<u>692,087</u>	<u>6,672,568</u>
Supplies and services									
Supplies	63,309	197,622	39,294	100	396	300,721	17,472	5,224	323,417
Depreciation	101,713	114,266	49,570	-	-	265,549	42,485	13,841	321,875
Professional services	71,091	28,855	82,991	-	-	182,937	53,225	179,748	415,910
Cost of goods sold	-	-	-	76,153	-	76,153	-	-	76,153
Utilities	53,684	62,014	26,163	-	2,013	143,874	22,963	7,305	174,142
In-kind expense	21,425	25,308	81,938	2,750	-	131,421	28,034	25,375	184,830
Veterinary services	-	30,569	177,909	-	-	208,478	-	-	208,478
Computer expenses	5,929	4,536	9,936	-	-	20,401	1,994	2,534	24,929
Fees	9,014	13,164	20,820	4,032	153	47,183	3,694	33,819	84,696
Administration expense	12,483	6,628	9,736	77	-	28,924	20,999	30,475	80,398
Maintenance	54,191	62,112	26,409	-	1,829	144,541	22,692	7,374	174,607
Insurance	32,493	32,616	11,875	-	978	77,962	8,357	2,724	89,043
Telephone	14,982	8,251	8,107	-	941	32,281	6,887	2,427	41,595
Printing	5,497	2,134	46,346	18	672	54,667	10,356	7,757	72,780
Advertising	-	-	7,150	-	-	7,150	-	-	7,150
Vehicle expenses	45,032	917	1,142	-	-	47,091	499	-	47,590
Rent	-	-	8,725	-	22,810	31,535	-	-	31,535
Travel	1,479	1,890	9,574	2	-	12,945	12,023	2,219	27,187
Meetings	1,312	2,139	2,865	-	-	6,316	12,150	1,159	19,625
Postage	7,541	383	14,771	13	-	22,708	4,904	41,032	68,644
Feed	36,357	-	11,977	-	-	48,334	-	-	48,334
Taxes and licenses	4,886	5,642	2,171	-	-	12,699	2,620	606	15,925
Uniforms	6,722	-	-	-	-	6,722	-	-	6,722
Special event expenses	-	-	-	-	-	-	-	193,825	193,825
Total supplies and services	<u>549,140</u>	<u>599,046</u>	<u>649,469</u>	<u>83,145</u>	<u>29,792</u>	<u>1,910,592</u>	<u>271,354</u>	<u>557,444</u>	<u>2,739,390</u>
Less expenses included in revenues, gains, and other support: special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,825)</u>	<u>(193,825)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 2,923,280</u>	<u>\$ 2,176,163</u>	<u>\$ 1,964,897</u>	<u>\$ 97,973</u>	<u>\$ 29,792</u>	<u>\$ 7,192,105</u>	<u>\$ 970,322</u>	<u>\$ 1,055,706</u>	<u>\$ 9,218,133</u>

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

Marin Humane Society
dba Marin Humane
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Animal Services	Clinic, Adoption, and Foster Care	Education and Community Engagement	Animal Outfitters	Thrift Shop	Total Program Services	Management and General	Fundraising and Development	Total
Personnel expenses									
Salaries and wages	\$ 1,843,646	\$ 791,427	\$ 1,244,504	\$ 79,818	\$ -	\$ 3,959,395	\$ 565,685	\$ 463,422	\$ 4,988,502
Payroll taxes and benefits	469,587	217,984	341,415	31,556	-	1,060,542	155,762	102,757	1,319,061
Total personnel expenses	<u>2,313,233</u>	<u>1,009,411</u>	<u>1,585,919</u>	<u>111,374</u>	<u>-</u>	<u>5,019,937</u>	<u>721,447</u>	<u>566,179</u>	<u>6,307,563</u>
Supplies and services									
Supplies	87,982	196,158	59,754	1,848	483	346,225	8,798	3,552	358,575
Depreciation	75,872	70,264	141,847	5,938	-	293,921	29,870	9,566	333,357
Professional services	62,571	15,155	111,967	2,172	-	191,865	55,500	211,688	459,053
Cost of goods sold	-	-	-	150,035	-	150,035	-	-	150,035
Utilities	36,386	35,359	68,027	2,847	2,395	145,014	15,352	4,586	164,952
In-kind expense	39,656	21,450	39,638	8,013	-	108,757	12,090	24,296	145,143
Veterinary services	-	62,955	163,889	-	-	226,844	-	-	226,844
Computer expenses	16,662	7,119	12,025	1,628	-	37,434	5,998	3,261	46,693
Fees	6,096	8,959	23,162	6,494	159	44,870	2,444	18,122	65,436
Administration expense	14,227	4,741	28,041	679	-	47,688	41,601	21,799	111,088
Maintenance	40,708	37,806	75,415	3,157	1,919	159,005	14,032	5,085	178,122
Insurance	27,336	23,098	28,468	1,100	974	80,976	4,889	1,773	87,638
Telephone	16,540	5,346	8,433	493	1,023	31,835	6,590	2,326	40,751
Printing	7,325	3,367	17,483	5	-	28,180	2,497	8,283	38,960
Advertising	-	-	22,791	-	-	22,791	-	-	22,791
Vehicle expenses	43,598	1,840	603	-	-	46,041	1,049	-	47,090
Rent	-	-	7,735	-	21,950	29,685	-	-	29,685
Travel	5,451	3,313	20,920	-	-	29,684	7,472	2,101	39,257
Meetings	2,984	1,040	3,916	-	-	7,940	10,309	297	18,546
Postage	7,500	402	5,190	1	-	13,093	4,655	45,450	63,198
Feed	38,164	27	6,868	-	-	45,059	-	-	45,059
Taxes and licenses	3,388	4,650	5,819	780	-	14,637	1,806	392	16,835
Uniforms	7,120	94	-	-	-	7,214	148	-	7,362
Special event expenses	-	-	-	-	-	-	-	29,881	29,881
Scholarships	-	-	500	-	-	500	-	-	500
Total supplies and services	<u>539,566</u>	<u>503,143</u>	<u>852,491</u>	<u>185,190</u>	<u>28,903</u>	<u>2,109,293</u>	<u>225,100</u>	<u>392,458</u>	<u>2,726,851</u>
Less expenses included in revenues, gains, and other support: special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,881)</u>	<u>(29,881)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 2,852,799</u>	<u>\$ 1,512,554</u>	<u>\$ 2,438,410</u>	<u>\$ 296,564</u>	<u>\$ 28,903</u>	<u>\$ 7,129,230</u>	<u>\$ 946,547</u>	<u>\$ 928,756</u>	<u>\$ 9,004,533</u>

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

Marin Humane Society
 dba Marin Humane
 Statements of Cash Flows
 For the Years Ended June 30, 2020 and 2019 (Restated)

	2020	(Restated) 2019
Cash flows from operating activities		
Change in net assets	\$ 335,745	\$ 840,386
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	321,875	333,357
Donations of investments	-	(258,280)
Proceeds from sale of donated investments	-	49,029
Net realized and unrealized (gains) losses on investments	536,905	(1,317,855)
Change in value of beneficial interest in perpetual trust	5,171	5,232
Changes in operating assets and liabilities		
Accounts receivable	260,553	(17,335)
Prepaid expenses and other assets	(2,319)	(22,669)
Contributions and grants receivable, net	250,607	(130,320)
Inventory	18,899	3,906
Bequests receivable, net	28,980	28,174
Accounts payable	(3,137)	34,741
Accrued expenses	(39,170)	101,456
Deferred revenue	(47,800)	53,045
Refundable advance (Paycheck Protection Program)	317,912	-
Net cash provided by (used in) operating activities	1,984,221	(297,133)
Cash flows from investing activities		
Purchase of property and equipment	(286,773)	(189,528)
Purchase of investments	(4,671,465)	(869,321)
Proceeds from the sale or maturity of investments	4,536,810	1,739,304
Net cash provided by (used in) investing activities	(421,428)	680,455
Net increase in cash and cash equivalents	1,562,793	383,322
Cash and cash equivalents, beginning of year	1,118,359	735,037
Cash and cash equivalents, end of year	\$ 2,681,152	\$ 1,118,359

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

Marin Humane Society
dba Marin Humane
Notes to Financial Statements
June 30, 2020 and June 30, 2019 (Restated)

1. ORGANIZATION

Marin Humane Society, dba Marin Humane ("Marin Humane"), is a nonprofit corporation organized in 1907. In 2017, Marin Humane created its dba as part of a rebranding project to better articulate its mission and purpose. Marin Humane is not a chapter or affiliate of any other animal welfare organization. Principally serving Marin County, California, Marin Humane's work and impact go beyond the county borders. Marin Humane is committed to a world in which animals are treated with compassion and respect and where resources are readily available to those who require support for the animals in their lives. Marin Humane envisions a humane world for every animal.

Marin Humane's mission is to transform lives through exceptional animal care, humane education, and advocacy. The mission is carried out 24 hours a day, 365 days a year, through many programs and services for the community. Since 1979, Marin Humane has contracted with Marin County and its 11 cities and towns through a Joint Powers Agreement ("JPA"), to provide animal services. Marin Humane's Animal Services program is responsible for responding to animal-related complaints, investigating animal cruelty and neglect cases, rescuing animals in distress, assisting with lost and found animal reports, administering dog licensing, and enforcing county and municipal animal ordinances. Marin Humane also responds to wildlife rescue calls and is recognized by the County of Marin as a first responder for animal-related needs in the event of a disaster.

Best known for operating the animal shelter and adoption center on its Novato campus, Marin Humane provides shelter services for thousands of animals surrendered by their guardians, found lost or stray, and transferred from overcrowded or under-resourced shelters. In 2015, Marin Humane opened a satellite cat adoption center ("Kitty Corner") in San Anselmo. Marin Humane's Behavior & Training department assesses the temperament of animals prior to their being made available for adoption; in the best interest of the animals, there is no set time limit once they have been made available for adoption. The Clinic team medically evaluates and treats all shelter animals. It also operates a public Spay/Neuter Clinic for low-income pet guardians who live in Marin County and an annual low cost vaccination Clinic for the public.

Volunteers are active in all departments, including fostering animals who may be too young or in need of home treatment, recuperation, or extra care before becoming available for adoption.

Educational programs are offered to people of all ages, including two humane law academies, classroom presentations, dog and cat training classes, workshops, summer camps, and after school youth programs.

Marin Humane Society
dba Marin Humane
Notes to Financial Statements
June 30, 2020 and June 30, 2019 (Restated)

1. ORGANIZATION (continued)

Under the *Community Engagement* department, Marin Humane's *Pet Care Assistance* program provides free pet food and financial assistance to the pets of hundreds of low-income seniors throughout Marin County. In March 2018, Marin Humane began fundraising to expand its pet food and pet care assistance to any pet guardian in Marin County who qualifies as low-income. This program, titled *Pet Safety Net*, provides guardians with resources to keep their pets in their homes as long as possible. The Community Engagement department also coordinates teams of volunteers and their trained dogs to offer reading programs in local schools and libraries as well as thousands of visits to hospitals, senior communities, hospice facilities, and others.

For over 50 years, auxiliary volunteers have operated a *Thrift Shop* in San Anselmo. Revenues from the Thrift Shop support the Spay/Neuter surgeries performed at the Veterinary Clinic.

All of the programs and services at Marin Humane are intended to bring animals and humans together, forging a bond that not just impacts people's homes but makes neighborhoods happier and healthier.

During the year ended June 30, 2020, Marin Humane received and cared for 4,711 animals, including 1,079 wild animals. Marin Humane met its goal of at least a 90% Live Release Rate (the percentage of animals received leaving with positive outcomes), with the following percentages of animals who left either adopted, returned to guardian, or transferred out to another responsible animal organization: 97% of the dogs and puppies, 95% of the cats and kittens, and 98% of all other domestic animals.

Marin Humane re-homed a total of 2,262 animals, returned 784 animals to their guardians, and transferred 313 domestic animals to other animal organizations. For wildlife, Marin Humane generally transfers them to a licensed wildlife rehabilitation center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

Marin Humane's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to non-profit organizations. Accordingly, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - net assets not subject to donor-imposed restrictions.
- *Net assets with donor restrictions* - net assets subject to donor-imposed restrictions that may or will be met by actions of Marin Humane and/or the passage of time and those net assets subject to donor-imposed stipulations that they be maintained permanently by Marin Humane.

Marin Humane Society
dba Marin Humane
Notes to Financial Statements
June 30, 2020 and June 30, 2019 (Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment income and gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue recognition

Revenue other than contributions, bequests, and grants includes animal services, veterinary fees, and educational program revenue is recognized when services are provided.

Contributions

Contributions received and promises to give are reported as net assets without donor restrictions or net assets with donor restrictions, depending on donor restrictions (if any).

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, which is when donor stipulated barriers are overcome and Marin Humane is entitled to the assets transferred or promised. Contributions that are promised in one year but are not expected to be collected until after the end of that year are considered contributions receivable and are recorded at fair value by discounting at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and current aging of the promise to give.

Donated materials, services, and equipment

Donated materials and equipment are recorded based on the estimated fair value at the date the contribution is made. Donated services are recognized as contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would be purchased if not donated.

Marin Humane Society
 dba Marin Humane
 Notes to Financial Statements
 June 30, 2020 and June 30, 2019 (Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated materials, services, and equipment (continued)

Over 675 unpaid volunteers have made significant contributions of their time to Marin Humane. Throughout the year, volunteers provided services to all programs and departments; the value of these services is not recognized as contributions in the financial statements since the recognition criteria were not met.

Donated materials and services received during each year were valued as follows:

	2020	2019
Legal services	\$ 20,545	\$ 4,843
Kitty Corner rent	21,450	21,450
Other services	90,296	42,682
	132,291	68,975
Contributed supplies	52,539	76,168
	\$ 184,830	\$ 145,143

Cash and cash equivalents

Marin Humane considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Marin Humane places its cash and temporary cash investments with high-quality institutions. Periodically, such deposits may be in excess of federally insured limits.

Investments

Investments primarily include corporate stocks, real estate funds, and government and corporate bonds. Purchased investments in equity and debt securities with readily determinable fair values are reported at fair value based upon quoted market prices. Investments received by donation are recorded at the fair value at the date of donation.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Marin Humane determines the fair values of its assets and liabilities based on the fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2, and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Marin Humane has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect Marin Humane's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include Marin Humane's own data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. Marin Humane's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Management has elected, as a practical expedient, to measure the fair value of investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or one that has the attributes of an investment company, on the basis of the net asset value ("NAV") per share of the investment (or its equivalent) if the NAV of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of accounting for investment companies as of the entity's measurement date. The relevant guidance also requires disclosures by major category of investment about the attributes of investments. Management elected to adopt the practical expedient for its investment in a limited partnership.

Inventory

Animal Outfitters store merchandise and supplies inventory is stated at lower of cost (on a first-in, first-out basis) or net realizable value. Marin Humane permanently closed the Animal Outfitters store in December 2019, however, continues to sell inventory to new adopters and management believes the inventory is not impaired at June 30, 2020.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are recorded at cost if purchased, or if donated, at the estimated fair value on the date of the donation. Marin Humane generally capitalizes property and equipment with a cost greater than \$5,000 and a life expectancy of more than three years. Maintenance and repair costs are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which ranges from three to fifty years.

Beneficial interest in perpetual trust

Marin Humane has a beneficial interest in a perpetual trust; the donor established and funded a perpetual trust that is administered by an external trustee. Under the terms of the trust, Marin Humane receives 15% of the income, revenue, and profits from the trust in perpetuity, but will not receive the assets held in the trust. The value of Marin Humane's interest in the trust assets is measured annually using the fair value of the trust assets; changes in the fair value of Marin Humane's interest in the beneficial trust are reported as an increase or decrease in net assets with donor restrictions in the accompanying statements of activities. Marin Humane received distributions from the perpetual trust totaling \$13,350 and \$15,450 during the years ended June 30, 2020 and 2019, respectively; these distributions are reported as a component of interest and dividend income, in the accompanying statements of activities.

Functional allocation of expenses

The costs of providing Marin Humane's various programs and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Direct identification of specific expenses is Marin Humane's preferred method of charging expenses to various functions. Marin Humane has a number of expenses which relate to more than one program or supporting services, or to a combination of programs and supporting services. Expenses are allocated using an allocation methodology based upon time studies, full-time equivalents in the functional categories, and full-time equivalents including volunteers in the functional categories.

Advertising costs

Marin Humane's policy is to expense advertising costs as the costs are incurred. Advertising costs totaled \$7,150 and \$22,791 for the years ended June 30, 2020 and 2019, respectively.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

Marin Humane is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701d of the California Revenue and Taxation Code, respectively. Marin Humane recognizes the effect of income tax positions only if those positions are more likely than not of being sustained and changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Marin Humane has evaluated its current tax positions and has concluded that as of June 30, 2020 and 2019, it does not have any significant tax positions for which a reserve would be necessary.

Use of estimates

The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Uses of estimates include, but are not limited to, accounting for the allocation of operating expenses and depreciation.

Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified to conform with the current year's presentation.

Change in accounting principle

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topics 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the criteria for evaluating whether a transaction is a contribution or an exchange transaction and whether a contribution is conditional or unconditional. Marin Humane adopted ASU 2018-08 with a date of the initial application of July 1, 2019 using the modified retrospective method. The adoption of ASU 2018-08 did not have a significant impact on Marin Humane's financial position, result of operations, or cash flows. Marin Humane has evaluated contributions received and contributions made and has determined that there is no change as a result of the adoption of the standard.

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3. CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Unconditional promises to give and grants, which are not expected to be collected until after the year promised or granted, are reflected in the accompanying statements of financial position as contributions and grants receivable, net and revenue in appropriate net asset category. Contributions receivable are recorded using discount rates ranging from 1.04% to 1.85% for the year ended June 30, 2019.

Contributions and grants receivable, net consisted of the following:

	2020	2019
Receivable in less than one year	\$ 32,454	\$ 229,411
Receivable in one to five years	-	60,000
	32,454	289,411
Less: discount to present value	-	(6,350)
	\$ 32,454	\$ 283,061

4. BEQUESTS RECEIVABLE, NET

Marin Humane is a beneficiary of two related trusts; under the terms of the trusts, Marin Humane receives an annual distribution of \$20,000 from each of the trusts over the lives of the trusts. The trusts expire fifty years from the date of death of each of the decedents; the trusts will terminate in 2028 and 2023 (see Note 17). Upon the termination of the trusts, the trustee may distribute any remaining assets to the specified beneficiaries at the trustee's discretion. Bequests receivable are recorded using discount rates ranging from 2.85% to 2.875% for the years ended June 30, 2020 and 2019.

Bequests receivable, net consisted of the following:

	2020	(Restated) 2019
Receivable in less than one year	\$ 40,000	\$ 40,000
Receivable in one to five years	160,000	160,000
Receivable in more than five years	220,000	260,000
	420,000	460,000
Less: discount to present value	(64,304)	(75,324)
	\$ 355,696	\$ 384,676

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5. INVESTMENTS

Investments, investments held for long-term purposes, and other investments consisted of the following:

	<u>2020</u>	<u>2019</u>
Equities	\$ 6,321,881	\$ 6,950,685
Fixed income securities	4,046,178	3,661,846
Real estate securities	509,057	575,680
Investment in limited partnership	<u>-</u>	<u>91,155</u>
	<u>\$ 10,877,116</u>	<u>\$ 11,279,366</u>

Investment (losses) earnings consisted of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends, net	\$ 191,825	\$ 263,888
Realized and unrealized gains (losses), net	<u>(536,905)</u>	<u>1,317,855</u>
	<u>\$ (345,080)</u>	<u>\$ 1,581,743</u>

Marin Humane incurred investment expenses totaling \$77,435 and \$56,389 for the years ended June 30, 2020 and 2019, respectively; interest and dividend income is presented net of investment expenses in the accompanying statements of activities.

On June 11, 2019, Marin Humane entered into a lock-up agreement for the 47,500 shares of pre-IPO stock, The RealReal, Inc. (REAL), wherein Marin Humane was precluded from selling or otherwise assigning its holdings of the securities until 180 days after the public offering date. The public offering date was June 28, 2019; Marin Humane's holdings in the stock under the lock-up agreement totaled \$1,372,750 as of June 30, 2019 and is reported as other investments on the accompanying statements of financial position. Marin Humane sold two tranches of 17,500 shares in December 2019 and in January 2020 at average share prices of \$18.25 and \$18.28, respectively, and sold the remaining 12,500 shares in May 2020 for an average share price of \$12.00. Marin Humane recognized a loss of \$585,950 in connection with liquidation of its holdings in The RealReal, Inc. stock.

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6. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, Marin Humane's assets at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equities	\$ 6,321,881	\$ -	\$ -	\$ 6,321,881
Fixed income securities	-	4,046,178	-	4,046,178
Real estate securities	509,057	-	-	509,057
Beneficial interest in perpetual trust	-	257,411	-	257,411
	<u>\$ 6,830,938</u>	<u>\$ 4,303,589</u>	<u>\$ -</u>	<u>\$ 11,134,527</u>

The following table sets forth by level, within the fair value hierarchy, Marin Humane's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equities	\$ 6,950,685	\$ -	\$ -	\$ 6,950,685
Fixed income securities	-	3,661,846	-	3,661,846
Real estate securities	575,680	-	-	575,680
Investment in limited partnership	-	-	91,155	91,155
Beneficial interest in perpetual trust	-	262,582	-	262,582
	<u>\$ 7,526,365</u>	<u>\$ 3,924,428</u>	<u>\$ 91,155</u>	<u>\$ 11,541,948</u>

The following table sets forth a summary of changes in the fair value of Level 3 investments for the year ended June 30, 2020:

	<u>Limited Partnership</u>
Balance, beginning of year	\$ 91,155
Proceeds on sale of investments	(109,841)
Realized gains	<u>18,686</u>
Balance, end of year	<u>\$ -</u>

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6. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth a summary of changes in the fair value of Level 3 investments for the year ended June 30, 2019:

	<u>Limited Partnership</u>	<u>Pre-IPO Stock</u>	<u>Total</u>
Balance, beginning of year	\$ 91,155	\$ 46,900	\$ 138,055
Donation of pre-IPO stock	-	209,250	209,250
Pre-IPO stock public offering and transfer to Level 1	<u>-</u>	<u>(256,150)</u>	<u>(256,150)</u>
Balance, end of year	<u><u>\$ 91,155</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 91,155</u></u>

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 252,597	\$ 252,597
Buildings and improvements	8,423,080	8,472,076
Furniture and fixtures	666,962	557,835
Equipment	144,377	137,576
Vehicles	<u>505,878</u>	<u>359,451</u>
	9,992,894	9,779,535
Accumulated depreciation	<u>(5,038,193)</u>	<u>(4,789,732)</u>
	<u><u>\$ 4,954,701</u></u>	<u><u>\$ 4,989,803</u></u>

Depreciation expense totaled \$321,875 and \$333,357 for the years ended June 30, 2020 and 2019, respectively.

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8. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	2020	2019
Accrued vacation	\$ 356,992	\$ 308,092
Accrued salaries and wages	219,786	183,983
Retirement plan contributions payable	-	123,140
Other accrued expenses	2,011	2,744
	\$ 578,789	\$ 617,959

9. LINE OF CREDIT

On June 10, 2020, Marin Humane entered into a \$5,000,000 secured line of credit agreement with a financial institution. The line of credit matures on June 9, 2025 and borrowings under the line of credit bear interest at a rate equal to the prime rate less 0.7%. The line of credit is secured by substantially all of Marin Humane's assets. There were no amounts outstanding on the line of credit as of June 30, 2020.

10. REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM)

On May 1, 2020, Marin Humane received loan proceeds of \$1,030,000 issued by the Bank of Marin under the federal Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), and is administered by the U.S. Small Business Administration with the intent of providing small businesses access to short-term cash flow assistance to help cover operating expenses and maintain their payroll levels. Under the terms of the CARES Act, PPP loan recipients may apply for and be granted forgiveness of all or a portion of the loans granted under the PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent, and utility expenses, and the maintenance of workforce and compensation levels with certain limitations. Marin Humane believes that it will likely qualify for full or partial forgiveness, but there is uncertainty around the standards and operation of the PPP and no assurance is provided that Marin Humane will obtain forgiveness in whole or in part.

Marin Humane accounted for the PPP proceeds received under the accounting guidance for conditional contributions and recognized \$712,088 in conditional grant revenue based on its determination of eligible expenses paid through June 30, 2020. Marin Humane expects to meet the conditions to recognize the remaining unused advanced funds of \$317,912 as of June 30, 2020 as conditional grant revenue during the year ended June 30, 2021. Any amounts not forgiven will be payable over a period of two years and bear interest at an annual rate of 1.0%. Payments of principal and interest are deferred for the first six months of the loan.

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11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Donor-restricted endowment funds corpus	\$ 1,536,689	\$ 1,534,373
Unappropriated endowment earnings	122,344	533,059
Time restricted funds	380,654	448,326
Beneficial interest in perpetual trust	257,411	262,582
Pet Safety Net funds	109,845	135,730
Outreach vehicle	106,863	-
The Joe Willie Project funds	78,851	36,363
Specialized medical and behavior funds	47,025	57,576
Thrift shop bequest	40,930	47,731
Behavior and Training funds	29,155	29,618
Capital projects	28,286	35,400
Pen Pals of San Quentin Program funds	18,532	16,640
Veterinary Assistant sponsorships	-	87,000
Other	<u>62,888</u>	<u>60,154</u>
	<u>\$ 2,819,473</u>	<u>\$ 3,284,552</u>

Net assets released from purpose and time restrictions totaled \$1,248,641 and \$659,220 for the years ended June 30, 2020 and 2019, respectively.

12. ENDOWMENT

Marin Humane's endowment consists of several individual donor-restricted endowment funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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12. ENDOWMENT (continued)

Interpretation of relevant law

Marin Humane's board of directors has interpreted the California enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Marin Humane classifies as donor restricted endowment (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Amounts are classified as net assets with donor restrictions until Marin Humane's board of directors appropriates amounts for expenditure and any purpose restrictions have been met, in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

Return objectives and risk parameters

Marin Humane has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The return objectives are to provide reasonable and stable returns to supplement the operating budget, provide liquidity for the operation of Marin Humane, and support the long-term viability of Marin Humane through accumulation of reserves as well as to assure donors that Marin Humane manages its endowment funds prudently. The primary investment objectives are to preserve capital, maintain an adequately balanced portfolio, and distribute income. Endowment assets are invested in a diversified asset mix, including cash, cash equivalents, fixed income securities, and equity securities.

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12. ENDOWMENT (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Marin Humane to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020 and 2019.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, Marin Humane relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Marin Humane targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives of maintaining the purchasing power of the endowment while producing stable income within prudent risk constraints.

Spending policy

Marin Humane has a policy of transferring any investment returns, other than those which are stipulated by the donor to remain in perpetuity, to either net assets with donor restrictions or net assets without donor restrictions. Marin Humane reinvests the interest and gains to allow its investments to grow annually after distributions to fund future operations and has a policy of appropriating 5.0% of the rolling five-year average fair market value of the endowment funds. This is consistent with Marin Humane's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide additional real growth through new gifts and investment returns.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,659,033	\$ 1,659,033

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,067,432	\$ 2,067,432

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12. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2019	\$ -	\$ 2,067,432	\$ 2,067,432
Investment return			
Investment income, net	-	25,928	25,928
Net appreciation	-	5,887	5,887
Total investment return	-	31,815	31,815
Appropriation of net assets	-	(440,214)	(440,214)
	-	(408,399)	(408,399)
Balance, June 30, 2020	<u>\$ -</u>	<u>\$ 1,659,033</u>	<u>\$ 1,659,033</u>

Changes in endowment net assets for the fiscal year ended June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2018	\$ -	\$ 2,003,466	\$ 2,003,466
Investment return			
Investment income, net	-	34,267	34,267
Net appreciation	-	29,699	29,699
Balance, June 30, 2019	<u>\$ -</u>	<u>\$ 2,067,432</u>	<u>\$ 2,067,432</u>

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13. RETIREMENT PLAN

Marin Humane maintains a defined contribution plan (the "Plan") covering all employees who regularly work more than 20 hours per week. The Plan is a 403(b) elective deferral plan which provides for discretionary contributions to be made by eligible employees. Marin Humane provides a 3.0% matching contribution for eligible employees who have completed the service requirement of one year and worked at least 1,000 hours; the Plan also provides for discretionary contributions to be made by Marin Humane on behalf of plan participants. Discretionary contributions are determined annually by the board of directors. No discretionary contributions were made for the year ended June 30, 2020; discretionary contributions totaled 3.0% of eligible compensation were made for the year ended June 30, 2019. Participants become fully vested in employer matching and discretionary contributions over a period of five years. Marin Humane made contributions to the Plan totaling \$111,718 and \$226,841 for the years ended June 30, 2020 and 2019, respectively.

14. COMMITMENTS AND CONTINGENCIES

Obligations under operating lease

Marin Humane leases the retail space for its Thrift Shop under a non-cancelable operating lease agreement that expires in September 2021, leases a copier under a non-cancelable operating lease agreement that expires in September 2024, and leases a postage machine under a non-cancelable operating lease agreement that expires in August 2023. The retail lease currently requires monthly payments of \$1,910, which are subject to nominal annual increases.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>		
2021	\$	33,546
2022		16,008
2023		10,104
2024		8,344
2025		<u>1,364</u>
	\$	<u>69,366</u>

Rent expense under the operating lease agreements totaled \$43,116 and \$22,477 for the years ended June 30, 2020 and 2019, respectively.

In April 2015, Marin Humane entered into an agreement with a pet supply retailer under which the pet supply retailer provides the space for the Kitty Corner rent free. The initial term of the lease is five years. The estimated fair value of the donated rent was \$21,450 for the years ended June 30, 2020 and 2019 and is reflected as a component of in-kind contributions and in-kind expenses in the accompanying statements of activities.

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14. COMMITMENTS AND CONTINGENCIES (continued)

Litigation

Marin Humane received donated legal services totaling \$20,545 during the year ended June 30, 2020; services rendered during 2020 were related to Marin Humane serving as plaintiff in a case challenging the U.S. Forest Service's decision to sell wild horses gathered from the Modoc National Forest in a manner for commercial purposes and in a case challenging USDA/National Chicken Council's inhumane to the chicken to increase speeds on the chicken processing lines. Marin Humane received donated legal services totaling \$4,843 during the year ended June 30, 2019; services rendered during 2019 were related to the case challenging the U.S. Forest Service's decision described previously. The fair value of legal services received was based upon the number of hours contributed at appropriate billing rates and is reflected as an in-kind contribution and expense in the accompanying statements of activities for the years ended June 30, 2020 and 2019.

15. CONCENTRATIONS AND RISKS

Revenue earned under Marin Humane's agreement for animal services with the JPA (see Note 1) comprised 38% and 35% of Marin Humane's total revenue, gains (losses), and other support for the years ended June 30, 2020 and 2019, respectively. If a significant reduction in the revenue earned under the JPA agreement were to occur, it could materially affect Marin Humane's programs and financial position.

Contributions and grants receivable from one donor comprised 77% of Marin Humane's contributions and grants receivable balance as of June 30, 2020. Contributions and grants receivable from three donors comprised 92% of Marin Humane's contributions and grants receivable balance as of June 30, 2019.

Bequests receivable from two trusts comprised 100% of Marin Humane's bequests receivable balance as of June 30, 2020 and 2019.

Grants from four organizations comprised approximately 64% of Marin Humane's total grant revenue for the year ended June 30, 2020. Grants from three organizations comprised approximately 57% of Marin Humane's total grant revenue for the year ended June 30, 2019.

There were no concentrations in contribution revenue for the year ended June 30, 2020. Contributions from one donor comprised approximately 11% of Marin Humane's total contribution revenue for the year ended June 30, 2019.

Bequests from three donors comprised approximately 64% of Marin Humane's total bequest revenue for the year ended June 30, 2020. Bequests from two donors comprised approximately 52% of Marin Humane's total bequest revenue for the year ended June 30, 2019.

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15. CONCENTRATIONS AND RISKS (continued)

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. Marin Humane adjusted certain aspects of its operations to protect its employees and customers. Because Marin Humane's operations are directly impacted by these events, it is probable that this matter will negatively impact Marin Humane. Although Marin Humane is continuing to monitor and assess the effects of the COVID-19 pandemic on its operations, the ultimate financial impact and duration cannot be reasonably estimated at this time.

16. LIQUIDITY AND FUNDS AVAILABLE

As part of Marin Humane's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due while also striving to maximize the investment of its available funds. As part of this policy, Marin Humane maintains a minimum balance of \$250,000 in cash equivalents and short-term fixed income instruments within its investment accounts which can be readily liquidated for operating needs.

In addition to financial assets available to meet general expenditures over the next twelve months, Marin Humane operates with a balanced budget and anticipates collecting sufficient revenues to cover general expenditures not covered by donor-restricted resources.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2020 to fund general expenditures and other obligations when they become due:

Financial Assets	
Cash and cash equivalents	\$ 2,681,152
Accounts receivable	53,824
Contributions and grants receivable, net	32,454
Bequests receivable, net	355,696
Investments	<u>10,877,116</u>
	<u>14,000,242</u>
Less: amounts unavailable for general expenditure within one year:	
Bequest receivables, net to be collected in more than one year	(315,696)
Endowment fund	(1,659,033)
Other donor restrictions	<u>(522,375)</u>
	<u>(2,497,104)</u>
	<u>\$ 11,503,138</u>

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16. LIQUIDITY AND FUNDS AVAILABLE (continued)

Marin Humane has financial assets available at June 30, 2020 to cover approximately one year of operating expenses based on its fiscal year 2021 operating budget.

17. CORRECTION OF ERROR

Marin Humane is a specified beneficiary in two related trusts; under the terms of the trusts, Marin Humane receives an annual distribution of \$20,000 from each of the trusts over the lives of the trusts. The trusts expire fifty years from the date of death of each of the decedents; the trusts will terminate in 2028 and 2023 (see Note 4). Marin Humane was notified of its status in the trusts in 1978 and 1983 upon the deaths of the decedents and has received distributions of \$20,000 from each trust annually since, in addition to additional discretionary distributions, as determined by the trustee. Marin Humane had previously accounted for these distributions as income in the period of receipt as there was litigation surrounding these trusts by other beneficiaries, however, during the year ended June 30, 2020, it was determined that these matters were resolved during the year ended June 30, 2018. Accordingly, Marin Humane restated its financial statements for the year ended June 30, 2018 to reflect the impact of the present value of the bequest receivable balance. The effect of the correction was to increase net bequests receivable and net assets with donor restrictions \$412,850 as of June 30, 2018. The effects of the correction also resulted in a decrease in bequest revenue, net of the change in the related discount, of \$28,174 for the year ended June 30, 2019.

The impact of the restatement on the financial statements as originally issued for selected data as of and for the year ended June 30, 2019 is as follows:

	As Previously Reported	Restated
Bequests receivable, net	\$ -	\$ 384,676
Bequests	\$ 1,066,889	\$ 1,038,715
Change in net assets	\$ 868,560	\$ 840,386
Net assets, beginning of year	\$ 16,593,535	\$ 17,006,385
Net assets, end of year	\$ 17,462,095	\$ 17,846,771

18. SUBSEQUENT EVENTS

Marin Humane has evaluated subsequent events through November 13, 2020, the date the financial statements were available to be issued. No subsequent events have occurred, other than that described below, that would have a material impact on the presentation of Marin Humane's financial statements.

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18. SUBSEQUENT EVENTS (continued)

On September 1, 2020, Marin Humane entered into a collaboration agreement with Hopalong Animal Rescue ("Hopalong"), a California nonprofit public benefit corporation. Marin Humane and Hopalong entered into the collaboration agreement as they believe that they can better fulfill their charitable missions by collaborating and have conceptually agreed to merge organizations in the future. Under the terms of the collaboration agreement, Hopalong authorized Marin Humane to fundraise on its behalf and Hopalong and Marin Humane will work cooperatively on fundraising outreach, messaging, and timing of appeals. Any changes to Hopalong's corporate or governance structure, or changes to its legal status, require advance written approval by Marin Humane. The collaboration agreement will continue until terminated by Marin Humane, with or without cause, with thirty days' notice or by Hopalong, only for cause, with sixty days' notice.