

Marin Humane Society

dba Marin Humane

Consolidated Financial Statements

June 30, 2022 and 2021



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Marin Humane Society dba Marin Humane, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated 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, 2022 and 2021, 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.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Marin Humane Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Marin Humane Society's ability to continue as a going concern for a reasonable period of time.

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



Armanino^{LLP}
San Ramon, California

November 10, 2022

Marin Humane Society
 dba Marin Humane
 Consolidated Statements of Financial Position
 June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 2,164,310	\$ 2,134,099
Accounts receivable	54,222	28,010
Contributions and grants receivable, net	37,705	112,170
Prepaid expenses and other assets	124,032	136,693
Investments	11,994,718	13,748,033
Bequests receivable, net	295,225	395,887
Investments held for long-term purposes	1,564,812	1,676,968
Property and equipment, net	4,801,965	4,889,231
Beneficial interest in perpetual trust	264,154	317,039
Total assets	\$ 21,301,143	\$ 23,438,130
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 235,677	\$ 185,036
Accrued expenses	904,386	770,443
Deferred revenue	45,907	55,444
Total liabilities	1,185,970	1,010,923
Net assets		
Without donor restrictions	17,396,752	19,203,387
With donor restrictions	2,718,421	3,223,820
Total net assets	20,115,173	22,427,207
Total liabilities and net assets	\$ 21,301,143	\$ 23,438,130

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

Marin Humane Society
dba Marin Humane
Consolidated Statement of Activities
For the Year Ended June 30, 2022

	<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	\$ 3,666,351	\$ -	\$ 3,666,351
Fees for services	502,360	-	502,360
Education fees	809,940	-	809,940
Contributions	2,158,233	306,146	2,464,379
Bequests	1,600,293	19,600	1,619,893
Grants	110,000	130,106	240,106
In-kind contributions	512,548	-	512,548
Special events, net of expenses of \$258,413	131,050	222,049	353,099
Interest and dividend income, net	201,876	22,146	224,022
Realized gains, net	361,817	22,577	384,394
Unrealized losses, net	(2,491,803)	(274,639)	(2,766,442)
Merchandise sales	62,272	-	62,272
Thrift shop sales	34,480	76,211	110,691
Change in value of beneficial interest in perpetual trust	-	(52,885)	(52,885)
Other revenue	11,211	-	11,211
Net assets released from restriction	<u>985,210</u>	<u>(985,210)</u>	<u>-</u>
Total revenues, gains (losses), and other support	<u>8,655,838</u>	<u>(513,899)</u>	<u>8,141,939</u>
Functional expenses			
Program services	8,760,881	-	8,760,881
Management and general	878,546	-	878,546
Fundraising and development	<u>1,042,511</u>	<u>-</u>	<u>1,042,511</u>
Total functional expenses	<u>10,681,938</u>	<u>-</u>	<u>10,681,938</u>
Change in net assets from operations	(2,026,100)	(513,899)	(2,539,999)
Excess of assets acquired over liabilities assumed (see Note 3)	<u>219,465</u>	<u>8,500</u>	<u>227,965</u>
Change in net assets	(1,806,635)	(505,399)	(2,312,034)
Net assets, beginning of year	<u>19,203,387</u>	<u>3,223,820</u>	<u>22,427,207</u>
Net assets, end of year	<u>\$ 17,396,752</u>	<u>\$ 2,718,421</u>	<u>\$ 20,115,173</u>

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

Marin Humane Society
dba Marin Humane
Consolidated Statement of Activities
For the Year Ended June 30, 2021

	<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	\$ 3,666,351	\$ -	\$ 3,666,351
Fees for services	272,619	-	272,619
Education fees	675,196	-	675,196
Contributions	1,431,660	243,522	1,675,182
Bequests	3,306,630	10,191	3,316,821
Grants	58,000	167,042	225,042
Conditional grant revenue (Paycheck Protection Program)	317,912	-	317,912
In-kind contributions	229,218	-	229,218
Special events, net of expenses of \$104,351	76,986	217,920	294,906
Interest and dividend income, net	135,124	17,995	153,119
Realized gains, net	325,424	29,755	355,179
Unrealized gains, net	1,891,240	326,026	2,217,266
Merchandise sales	49,972	-	49,972
Thrift shop sales	31,998	20,510	52,508
Change in value of beneficial interest in perpetual trust	-	59,628	59,628
Other revenue	5,088	-	5,088
Net assets released from restriction	688,242	(688,242)	-
Total revenues, gains (losses), and other support	<u>13,161,660</u>	<u>404,347</u>	<u>13,566,007</u>
Functional expenses			
Program services	7,126,350	-	7,126,350
Management and general	1,060,056	-	1,060,056
Fundraising and development	<u>1,134,910</u>	<u>-</u>	<u>1,134,910</u>
Total functional expenses	<u>9,321,316</u>	<u>-</u>	<u>9,321,316</u>
Change in net assets	3,840,344	404,347	4,244,691
Net assets, beginning of year	<u>15,363,043</u>	<u>2,819,473</u>	<u>18,182,516</u>
Net assets, end of year	<u>\$ 19,203,387</u>	<u>\$ 3,223,820</u>	<u>\$ 22,427,207</u>

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

Marin Humane Society
dba Marin Humane
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2022

	Animal Services	Clinic, Adoption, and Foster Care	Education and Community Engagement	Hopalong Foster	Thrift Shop	Total Program Services	Management and General	Fundraising and Development	Total
Personnel expenses									
Salaries and wages	\$ 1,939,033	\$ 1,299,780	\$ 1,251,185	\$ 313,926	\$ -	\$ 4,803,924	\$ 503,030	\$ 530,863	\$ 5,837,817
Payroll taxes and benefits	442,719	325,262	284,905	58,904	-	1,111,790	141,618	136,608	1,390,016
Total personnel expenses	<u>2,381,752</u>	<u>1,625,042</u>	<u>1,536,090</u>	<u>372,830</u>	<u>-</u>	<u>5,915,714</u>	<u>644,648</u>	<u>667,471</u>	<u>7,227,833</u>
Supplies and services									
Supplies	53,131	205,198	50,750	30,197	302	339,578	13,104	3,787	356,469
Depreciation	67,151	117,739	66,849	4,124	-	255,863	33,727	15,658	305,248
Professional services	91,578	44,226	98,787	93,393	-	327,984	72,701	172,546	573,231
Cost of goods sold	-	39,636	-	-	-	39,636	-	-	39,636
Utilities	45,481	81,243	45,282	39	2,940	174,985	22,884	10,607	208,476
In-kind expense	30,824	21,630	247,697	169,860	-	470,011	2,331	40,206	512,548
Veterinary services	-	20,166	253,578	51,575	-	325,319	-	-	325,319
Computer expenses	18,778	9,999	12,967	2,183	-	43,927	6,488	3,413	53,828
Fees	3,831	13,242	33,863	7,974	2,303	61,213	1,286	31,216	93,715
Administration expense	15,996	9,297	48,091	3,979	433	77,796	8,519	24,225	110,540
Maintenance	34,979	61,403	48,248	2,336	2,980	149,946	17,446	8,100	175,492
Insurance	30,855	44,419	22,505	5,025	401	103,205	10,246	4,757	118,208
Telephone	27,479	15,634	14,229	6,578	1,187	65,107	7,830	4,192	77,129
Printing	3,545	2,370	39,962	607	317	46,801	9,427	8,593	64,821
Advertising	-	-	19,237	-	-	19,237	-	-	19,237
Vehicle expenses	69,284	1,568	2,877	3,425	-	77,154	3,663	-	80,817
Rent	3,780	-	25,350	71,446	23,616	124,192	7,206	-	131,398
Travel	392	1,834	11,258	1,037	-	14,521	2,762	485	17,768
Meetings	2,160	2,166	4,586	50	-	8,962	6,288	51	15,301
Postage	10,719	336	14,517	8,009	-	33,581	5,875	46,498	85,954
Feed	52,476	62	10,478	4,445	-	67,461	-	-	67,461
Taxes and licenses	3,203	7,901	3,011	213	-	14,328	1,876	706	16,910
Uniforms	4,360	-	-	-	-	4,360	239	-	4,599
Special event expenses	-	-	-	-	-	-	-	258,413	258,413
Total supplies and services	<u>570,002</u>	<u>700,069</u>	<u>1,074,122</u>	<u>466,495</u>	<u>34,479</u>	<u>2,845,167</u>	<u>233,898</u>	<u>633,453</u>	<u>3,712,518</u>
Less expenses included in revenues, gains (losses), and other support: special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(258,413)</u>	<u>(258,413)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 2,951,754</u>	<u>\$ 2,325,111</u>	<u>\$ 2,610,212</u>	<u>\$ 839,325</u>	<u>\$ 34,479</u>	<u>\$ 8,760,881</u>	<u>\$ 878,546</u>	<u>\$ 1,042,511</u>	<u>\$ 10,681,938</u>

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

Marin Humane Society
dba Marin Humane
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	Animal Services	Clinic, Adoption, and Foster Care	Education and Community Engagement	Hopalong Foster	Thrift Shop	Total Program Services	Management and General	Fundraising and Development	Total
Personnel expenses									
Salaries and wages	\$ 1,947,204	\$ 1,142,673	\$ 1,145,825	\$ -	\$ -	\$ 4,235,702	\$ 613,893	\$ 581,986	\$ 5,431,581
Payroll taxes and benefits	492,614	325,029	284,469	-	-	1,102,112	133,254	167,863	1,403,229
Total personnel expenses	<u>2,439,818</u>	<u>1,467,702</u>	<u>1,430,294</u>	<u>-</u>	<u>-</u>	<u>5,337,814</u>	<u>747,147</u>	<u>749,849</u>	<u>6,834,810</u>
Supplies and services									
Supplies	50,754	174,887	41,394	-	475	267,510	17,605	4,836	289,951
Depreciation	109,983	55,141	58,738	-	-	223,862	47,950	27,870	299,682
Professional services	55,160	19,623	63,568	-	8	138,359	58,883	211,122	408,364
Cost of goods sold	-	33,663	-	-	-	33,663	-	-	33,663
Utilities	62,511	32,458	33,385	-	2,732	131,086	29,251	15,841	176,178
In-kind expense	18,163	23,580	123,060	-	-	164,803	58,550	5,865	229,218
Veterinary services	-	14,487	227,973	-	-	242,460	-	-	242,460
Computer expenses	7,377	4,059	10,734	-	293	22,463	2,942	5,094	30,499
Fees	6,615	15,219	23,831	-	842	46,507	2,499	27,925	76,931
Administration expense	8,048	3,779	33,748	-	-	45,575	3,172	3,996	52,743
Maintenance	57,173	30,521	40,202	-	1,904	129,800	24,927	14,488	169,215
Insurance	41,023	24,500	19,068	-	544	85,135	13,831	8,039	107,005
Telephone	18,319	9,458	9,658	-	1,829	39,264	8,462	3,913	51,639
Printing	3,805	1,543	22,063	-	-	27,411	7,910	2,488	37,809
Advertising	-	-	590	-	-	590	27	-	617
Vehicle expenses	54,039	2,116	1,094	-	-	57,249	8,277	-	65,526
Rent	2,320	-	5,674	-	23,558	31,552	8,784	-	40,336
Travel	2,430	1,774	4,614	-	-	8,818	639	249	9,706
Meetings	3,648	2,077	5,459	-	-	11,184	11,492	2,265	24,941
Postage	7,218	171	11,848	-	-	19,237	4,787	49,720	73,744
Feed	36,462	138	11,064	-	-	47,664	-	-	47,664
Taxes and licenses	5,500	3,294	2,844	-	-	11,638	2,823	1,350	15,811
Uniforms	2,706	-	-	-	-	2,706	98	-	2,804
Special event expenses	-	-	-	-	-	-	-	104,351	104,351
Total supplies and services	<u>553,254</u>	<u>452,488</u>	<u>750,609</u>	<u>-</u>	<u>32,185</u>	<u>1,788,536</u>	<u>312,909</u>	<u>489,412</u>	<u>2,590,857</u>
Less expenses included in revenues, gains (losses), and other support: special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,351)</u>	<u>(104,351)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 2,993,072</u>	<u>\$ 1,920,190</u>	<u>\$ 2,180,903</u>	<u>\$ -</u>	<u>\$ 32,185</u>	<u>\$ 7,126,350</u>	<u>\$ 1,060,056</u>	<u>\$ 1,134,910</u>	<u>\$ 9,321,316</u>

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

Marin Humane Society
dba Marin Humane
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (2,312,034)	\$ 4,244,691
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	305,248	299,682
Net realized and unrealized (gains) losses on investments	2,382,048	(2,572,445)
Excess of assets acquired over liabilities assumed	(227,965)	-
Change in value of beneficial interest in perpetual trust	52,885	(59,628)
Changes in operating assets and liabilities		
Accounts receivable	(26,212)	25,814
Contributions and grants receivable, net	74,465	(79,716)
Prepaid expenses and other assets	22,787	(22,512)
Bequests receivable, net	100,662	(40,191)
Accounts payable	38,121	(38,582)
Accrued expenses	133,883	191,654
Deferred revenue	(9,537)	31,744
Conditional grant (Paycheck Protection Program)	-	(317,912)
Net cash provided by operating activities	534,351	1,662,599
Cash flows from investing activities		
Purchase of property and equipment	(208,955)	(234,212)
Purchase of investments	(3,910,671)	(14,342,491)
Cash and cash equivalents received from acquisition (see Note 3)	92,222	-
Proceeds from the sale or maturity of investments	3,523,264	12,367,051
Net cash used in investing activities	(504,140)	(2,209,652)
Net increase (decrease) in cash and cash equivalents	30,211	(547,053)
Cash and cash equivalents, beginning of year	2,134,099	2,681,152
Cash and cash equivalents, end of year	\$ 2,164,310	\$ 2,134,099

Supplemental schedule of noncash investing and financing activities

Investments acquired through an acquisition (see Note 3)	\$ 129,170	\$ -
Property and equipment, net acquired through an acquisition (see Note 3)	\$ 9,027	\$ -

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

Marin Humane Society
dba Marin Humane
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

1. ORGANIZATION

Marin Humane Society, dba Marin Humane ("Marin Humane"), is a nonprofit corporation organized in 1907. In 2017, Marin Humane created its dba 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'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. All of the programs and services at Marin Humane are intended to bring animals and humans together, forging a bond that not just impacts peoples' homes but makes neighborhoods happier and healthier.

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. During the year ended June 30, 2022, Marin Humane received and cared for 3,800 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: 96% of the dogs and puppies, 95% of the cats and kittens, and 92% of all other domestic animals. Marin Humane rehomed a total of 1,796 animals, returned 562 animals to their guardians, and transferred 116 domestic animals to other animal organizations. Of the total animals cited, 1,079 were considered wildlife. Marin Humane generally releases them back to the wild or if injured, transfers them to a licensed wildlife rehabilitation center.

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 Veterinary Clinic team medically evaluates and treats all shelter animals.

Marin Humane Society
dba Marin Humane
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

1. ORGANIZATION (continued)

On November 1, 2021, Marin Humane was named as the designator for Hopalong Animal Rescue ("Hopalong"). Hopalong's large network of foster homes, strong connections to shelters throughout California, and adoption outposts help Marin Humane further its mission of making lives happy. The Hopalong team of eight employees along with numerous volunteers continue efforts to transfer animals in-need from overcrowded or under-resourced organizations to new foster homes; 945 animals were adopted through this program during the period from July 1, 2021 through June 30, 2022. Full integration of both organizations continues with a targeted date of completion of December 31, 2022.

Under the Community Engagement department, Marin Humane's Pet Care Assistance and Pet Safety Net programs provide free pet food, vaccinations, microchips, and financial assistance for veterinary services including spay and neuter surgeries to the pets of hundreds of low-income guardians throughout Marin County. By helping with the costs associated with pets, these programs keep pets in their home as long as possible. The department operates free, mobile clinics throughout the community providing microchips, vaccinations, exams, and other resources. The Community Engagement department also coordinates Animal Ambassador teams (of trained volunteers and their trained dogs) who do therapeutic and/or educational activities such as reading programs in local schools and libraries as well as thousands of visits to hospitals, senior communities, hospice facilities, and others.

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

Since 2005, Marin Humane's Pen Pals of San Quentin program has been helping specially-selected lower risk level inmates, who also work as the San Quentin fire department so they have already had a level of screening and have more responsibilities, learn how to help dogs overcome medical and behavioral issues so they can be ready to find their forever home. The dogs need quality time with a person, and the inmates who have participated in the program gain self-esteem, learn new skills, and develop more empathy which leads to a lower recidivism rate.

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. Since 1961, auxiliary volunteers have operated a thrift shop in San Anselmo. Revenues from the thrift shop support Marin Humane's veterinary services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of Marin Humane and Hopalong (collectively "Marin Humane"). All inter-organization transactions have been eliminated.

Marin Humane Society
dba Marin Humane
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation

Marin Humane's consolidated 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.

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 and is recognized when services are provided.

Contributions and promises to give

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).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and promises to give (continued)

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.

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 consolidated financial statements since the recognition criteria were not met.

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

	<u>2022</u>	<u>2021</u>
Contributed services and rent		
Legal services	\$ 2,331	\$ 56,000
Kitty Corner rent	21,450	21,450
Advertising services	228,094	-
Other services	<u>134,646</u>	<u>92,228</u>
	386,521	169,678
Contributed supplies	<u>126,027</u>	<u>59,540</u>
	<u>\$ 512,548</u>	<u>\$ 229,218</u>

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated materials, services, and equipment (continued)

Contributed supplies were utilized in Marin Humane's operations as shown in the accompanying statement of functional expenses; contributed supplies are valued based on estimates of wholesale values that would be received for selling similar products. Contributed services and rent recognized are valued at the estimated fair value of current rates for similar professional services and rent of similarly sized and located properties.

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 consolidated statements of financial position.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

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 real estate investment trusts.

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.

Marin Humane evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. No impairment losses were recorded by Marin Humane during the years ended June 30, 2022 or 2021.

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 \$13,954 and \$13,650 during the years ended June 30, 2022 and 2021, respectively; these distributions are reported as a component of interest and dividend income in the accompanying consolidated statements of activities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated statements of activities. The consolidated 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 \$19,237 and \$617 for the years ended June 30, 2022 and 2021, respectively.

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. 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 a change in judgment occurs. Marin Humane has evaluated its current tax positions and has concluded that as of June 30, 2022 and 2021, it does not have any significant tax positions for which a reserve would be necessary.

Use of estimates

The preparation of consolidated 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 consolidated 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

Marin Humane has evaluated subsequent events through November 10, 2022, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of Marin Humane's consolidated financial statements.

3. ACQUISITION OF HOPALONG ANIMAL RESCUE

On September 1, 2020, Marin Humane entered into a collaboration agreement with 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 agreed to merge organizations. On November 1, 2021, Marin Humane became the designator of Hopalong. As designator, Marin Humane appoints the board of directors for Hopalong; Hopalong's board of directors was replaced with directors appointed by Marin Humane. Marin Humane accounted for the acquisition of Hopalong using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*, which requires the assets and liabilities assumed in a business combination to be recognized at their fair values as of the acquisition date.

The assets and liabilities of Hopalong as of the acquisition date are as follows:

Assets	
Cash and cash equivalents	\$ 92,222
Investments	129,170
Property and equipment, net	9,027
Prepaid expenses and other assets	<u>10,126</u>
	<u>240,545</u>
Liabilities	
Accounts payable	(12,520)
Accrued expenses	<u>(60)</u>
	<u>(12,580)</u>
	<u><u>\$ 227,965</u></u>

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

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 consolidated statements of financial position as contributions and grants receivable, net and revenue in the appropriate net asset category.

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4. CONTRIBUTIONS AND GRANTS RECEIVABLE (continued)

Contributions and grants receivable, net consisted of the following:

	2022	2021
Receivable in less than one year	\$ 37,705	\$ 112,170
	\$ 37,705	\$ 112,170

5. 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 2023 and 2028. 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 each of the years ended June 30, 2022 and 2021.

Bequests receivable, net consisted of the following:

	2022	2021
Receivable in less than one year	\$ 40,000	\$ 110,000
Receivable in one to five years	160,000	160,000
Receivable in more than five years	140,000	180,000
	340,000	450,000
Less: discount to present value	(44,775)	(54,113)
	\$ 295,225	\$ 395,887

6. INVESTMENTS

In keeping with its mission, Marin Humane uses an animal-welfare screen on its investment portfolio.

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6. INVESTMENTS (continued)

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

	2022	2021
Equities	\$ 7,009,546	\$ 8,808,096
Fixed income securities	4,866,301	5,347,942
Real estate securities	1,683,683	1,268,963
	\$ 13,559,530	\$ 15,425,001

Investment (losses) earnings consisted of the following:

	2022	2021
Interest and dividends, net	\$ 224,022	\$ 153,119
Realized and unrealized gains (losses), net	(2,382,048)	2,572,445
	\$ (2,158,026)	\$ 2,725,564

Marin Humane incurred investment expenses totaling \$105,658 and \$87,416 for the years ended June 30, 2022 and 2021, respectively; interest and dividend income is presented net of investment expenses in the accompanying consolidated statements of activities.

7. 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, 2022:

	Level 1	Level 2	Level 3	Fair Value
Equities	\$ 7,009,546	\$ -	\$ -	\$ 7,009,546
Fixed income securities	1,185,949	3,680,352	-	4,866,301
Beneficial interest in perpetual trust	-	264,154	-	264,154
	\$ 8,195,495	\$ 3,944,506	\$ -	12,140,001
Investments measured at NAV				1,683,683
				\$ 13,823,684

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7. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, Marin Humane's assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equities	\$ 8,808,096	\$ -	\$ -	\$ 8,808,096
Fixed income securities	1,004,177	4,343,765	-	5,347,942
Beneficial interest in perpetual trust	<u>-</u>	<u>317,039</u>	<u>-</u>	<u>317,039</u>
	<u>\$ 9,812,273</u>	<u>\$ 4,660,804</u>	<u>\$ -</u>	14,473,077
Investments measured at NAV				<u>1,268,963</u>
				<u>\$ 15,742,040</u>

Investments measured at NAV consists of real estate investment trusts. Monthly redemptions are offered and investments have a one year soft lock-up. If shares are redeemed before one year, a 5% redemption fee is charged.

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 252,597	\$ 252,597
Buildings and improvements	8,680,398	8,657,292
Furniture and fixtures	937,499	798,883
Vehicles	<u>585,558</u>	<u>505,878</u>
	10,456,052	10,214,650
Accumulated depreciation	<u>(5,654,087)</u>	<u>(5,325,419)</u>
	<u>\$ 4,801,965</u>	<u>\$ 4,889,231</u>

Depreciation expense totaled \$305,248 and \$299,682 for the years ended June 30, 2022 and 2021, respectively.

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9. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	2022	2021
Accrued vacation	\$ 466,606	\$ 410,944
Accrued salaries and wages	296,521	168,517
Retirement plan contributions payable	138,411	188,729
Other accrued expenses	2,848	2,253
	\$ 904,386	\$ 770,443

10. CONDITIONAL GRANT (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 ("SBA") 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 was 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 accounted for the PPP proceeds received under the accounting guidance for conditional contributions and recognized the PPP proceeds as conditional grant revenue based on its determination of eligible expenses paid; \$317,912 was recognized during the year ended June 30, 2021. In March 2021, Marin Humane received forgiveness of its PPP loan and accrued interest from the SBA in full.

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11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2022	2021
Donor-restricted endowment funds corpus	\$ 1,564,812	\$ 1,676,968
Time restricted funds	295,225	375,887
Beneficial interest in perpetual trust	264,154	317,039
Unappropriated endowment earnings	145,003	309,304
Hopalong integration fund	182,117	215,079
The Joe Willie Project funds	92,084	73,587
Veterinary assistants sponsorship	-	55,681
Outreach vehicle	-	47,766
Capital projects	26,343	28,286
Thrift shop bequest	38,888	38,888
Specialized medical and behavior funds	9,744	26,435
Behavior and Training funds	23,205	25,012
Other	59,395	19,394
Pen Pals of San Quentin Program funds	-	12,255
Pet Safety Net funds	-	2,239
Hopalong Pet Survivor funds	17,451	-
	\$ 2,718,421	\$ 3,223,820

Net assets released from purpose and time restrictions totaled \$985,210 and \$688,242 for the years ended June 30, 2022 and 2021, 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 the 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, 2022 and 2021.

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, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,709,815	\$ 1,709,815

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,986,272	\$ 1,986,272

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12. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2021	\$ -	\$ 1,986,272	\$ 1,986,272
Investment return			
Investment income, net	-	22,146	22,146
Net appreciation	-	(252,062)	(252,062)
Total investment return	-	(229,916)	(229,916)
Appropriation of net assets	-	(46,541)	(46,541)
	-	(276,457)	(276,457)
Balance, June 30, 2022	<u>\$ -</u>	<u>\$ 1,709,815</u>	<u>\$ 1,709,815</u>

Changes in endowment net assets for the fiscal year ended June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2020	\$ -	\$ 1,659,033	\$ 1,659,033
Investment return			
Investment income, net	-	17,995	17,995
Net appreciation	-	355,781	355,781
Total investment return	-	373,776	373,776
Appropriation of net assets	-	(46,537)	(46,537)
	-	327,239	327,239
Balance, June 30, 2021	<u>\$ -</u>	<u>\$ 1,986,272</u>	<u>\$ 1,986,272</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 1.5% 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. Marin Humane made discretionary contributions equal to 3.0% and 4.0% of eligible compensation during the years ended June 30, 2022 and 2021, respectively. Participants become fully vested in employer matching and discretionary contributions over a period of five years. Marin Humane made contributions to the Plan totaling \$201,393 and \$248,373 for the years ended June 30, 2022 and 2021, respectively.

14. COMMITMENTS AND CONTINGENCIES

Obligations under operating lease

Hopalong rents its Oakland program facility and offices under a five-year non-cancelable operating lease agreement that expires in December 2024. Marin Humane leases the retail space for its Thrift Shop under a non-cancelable operating lease agreement that expires in September 2026, 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 office space lease and retail lease currently require monthly payments of \$7,909 and \$1,968, respectively, 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>	
2023	\$ 130,581
2024	132,439
2025	129,182
2026	78,243
2027	<u>6,645</u>
	<u>\$ 477,090</u>

Rent expense under the operating lease agreements totaled \$96,532 and \$33,546 for the years ended June 30, 2022 and 2021, respectively.

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14. COMMITMENTS AND CONTINGENCIES (continued)

Obligations under operating lease (continued)

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 each of the years ended June 30, 2022 and 2021 and is reflected as a component of in-kind contributions and in-kind expenses on the accompanying consolidated statements of activities.

Litigation

Marin Humane is involved in various disputes, claims and litigation matters arising out of the normal course of business. While the outcome of these claims and proceedings cannot be predicted with certainty, after consulting with legal counsel, management does not believe that the outcome of these matters will have a material adverse effect on Marin Humane's consolidated financial position, results of operations or cash flows.

15. CONCENTRATIONS

Since 1979, Marin Humane has contracted with the JPA to provide animal services; the JPA agreement is renewable, generally on a three-year basis, and the current term expires on June 30, 2023. Revenue earned under Marin Humane's agreement for animal services with the JPA comprised 46% and 27% of Marin Humane's total revenue, gains (losses), and other support for the years ended June 30, 2022 and 2021, 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.

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.

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16. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2022 to fund general expenditures and other obligations when they become due:

Financial Assets	
Cash and cash equivalents	\$ 2,164,310
Accounts receivable	54,222
Contributions and grants receivable, net	37,705
Bequests receivable, net	295,225
Investments	<u>13,559,530</u>
	<u>16,110,992</u>
Less: amounts unavailable for general expenditure within one year:	
Bequest receivables, net to be collected in more than one year	(255,225)
Endowment fund	(1,709,815)
Other donor restrictions	<u>(431,776)</u>
	<u>(2,396,816)</u>
	<u>\$ 13,714,176</u>

Marin Humane has financial assets available at June 30, 2022 to cover approximately one year of operating expenses based on its fiscal year 2023 operating budget.