

**Connecticut Humane Society**  
**Financial Statements**  
**and Independent Auditor's Report**  
**December 31, 2024**

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# Connecticut Humane Society

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## Independent Auditor's Report

To the Board of Directors  
Connecticut Humane Society

### *Opinion*

We have audited the financial statements of Connecticut Humane Society, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Connecticut Humane Society as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Connecticut 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Connecticut 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.

*Report on Summarized Comparative Information*

We have previously audited Connecticut Humane Society's December 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 6, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Hartford, Connecticut  
June 5, 2025

**Connecticut Humane Society**  
**Statement of Financial Position**  
**December 31, 2024**  
**(With Comparative Totals for December 31, 2023)**

|                                             | <u>Assets</u>                     |                       |
|---------------------------------------------|-----------------------------------|-----------------------|
|                                             | <u>2024</u>                       | <u>2023</u>           |
| Assets                                      |                                   |                       |
| Cash and cash equivalents                   | \$ 1,462,708                      | \$ 1,472,566          |
| Contributions receivable, net               | 389,649                           | 654,281               |
| Dividends and interest receivable           | 224,499                           | 237,299               |
| Prepaid expenses and other current assets   | 167,985                           | 140,947               |
| Investments                                 | 85,244,419                        | 82,327,680            |
| Property and equipment, net                 | 18,207,399                        | 8,159,325             |
| Investments held in trust by others         | 18,421,202                        | 17,075,837            |
|                                             | <u>124,117,861</u>                | <u>110,067,935</u>    |
| Total assets                                | <u>\$ 124,117,861</u>             | <u>\$ 110,067,935</u> |
|                                             | <u>Liabilities and Net Assets</u> |                       |
| Liabilities                                 |                                   |                       |
| Accounts payable and other liabilities      | \$ 1,199,195                      | \$ 712,547            |
| Accrued payroll and benefits                | 415,626                           | 421,828               |
|                                             | <u>1,614,821</u>                  | <u>1,134,375</u>      |
| Total liabilities                           | <u>1,614,821</u>                  | <u>1,134,375</u>      |
| Net assets                                  |                                   |                       |
| Without donor restrictions                  |                                   |                       |
| Designated - funds functioning as endowment | 83,533,720                        | 76,370,433            |
| Undesignated                                | 12,441,418                        | 8,086,509             |
|                                             | <u>95,975,138</u>                 | <u>84,456,942</u>     |
| Total without donor restrictions            | <u>95,975,138</u>                 | <u>84,456,942</u>     |
| With donor restrictions                     |                                   |                       |
| Time or purpose                             | 6,880,645                         | 6,191,006             |
| Perpetual                                   | 19,647,257                        | 18,285,612            |
|                                             | <u>26,527,902</u>                 | <u>24,476,618</u>     |
| Total with donor restrictions               | <u>26,527,902</u>                 | <u>24,476,618</u>     |
| Total net assets                            | <u>122,503,040</u>                | <u>108,933,560</u>    |
| Total liabilities and net assets            | <u>\$ 124,117,861</u>             | <u>\$ 110,067,935</u> |

See Notes to Financial Statements.

# Connecticut Humane Society

## Statement of Activities Year Ended December 31, 2024 (With Comparative Totals for 2023)

|                                                              | Without donor<br>restrictions | With donor<br>restrictions | 2024<br>Total  | 2023<br>Total  |
|--------------------------------------------------------------|-------------------------------|----------------------------|----------------|----------------|
| Revenues, gains and other support                            |                               |                            |                |                |
| Contributions, donations and support                         | \$ 3,414,232                  | \$ 261,687                 | \$ 3,675,919   | \$ 3,160,284   |
| Legacies and bequests                                        | 9,080,757                     | -                          | 9,080,757      | 2,208,126      |
| Program revenue                                              | 837,366                       | -                          | 837,366        | 959,483        |
| Investment return utilized for<br>operations                 | 3,709,376                     | -                          | 3,709,376      | 3,588,532      |
| Net assets released from restrictions                        | 248,928                       | (248,928)                  | -              | -              |
| Total revenues, gains and other<br>support                   | 17,290,659                    | 12,759                     | 17,303,418     | 9,916,425      |
| Expenses                                                     |                               |                            |                |                |
| Program services                                             |                               |                            |                |                |
| Animal shelter services                                      | 5,476,162                     | -                          | 5,476,162      | 5,463,605      |
| Veterinary clinic services                                   | 1,195,099                     | -                          | 1,195,099      | 1,010,920      |
| Community and educational<br>services                        | 778,614                       | -                          | 778,614        | 702,456        |
| Total program services                                       | 7,449,875                     | -                          | 7,449,875      | 7,176,981      |
| Program support                                              |                               |                            |                |                |
| Management and general                                       | 996,094                       | -                          | 996,094        | 980,652        |
| Fundraising and development                                  | 1,634,515                     | -                          | 1,634,515      | 1,657,178      |
| Total program support                                        | 2,630,609                     | -                          | 2,630,609      | 2,637,830      |
| Total expenses                                               | 10,080,484                    | -                          | 10,080,484     | 9,814,811      |
| Change in net assets from operations                         | 7,210,175                     | 12,759                     | 7,222,934      | 101,614        |
| Nonoperating activity                                        |                               |                            |                |                |
| Contributions, donations and support<br>for capital campaign | -                             | 526,381                    | 526,381        | 2,309,003      |
| Investment return, net                                       | 7,239,155                     | 166,779                    | 7,405,934      | 5,945,124      |
| Investment return utilized for<br>operations                 | (3,709,376)                   | -                          | (3,709,376)    | (3,588,532)    |
| Income from investments held in trust<br>by others           | 733,251                       | -                          | 733,251        | 591,292        |
| Change in value of investments held<br>in trust by others    | -                             | 1,345,365                  | 1,345,365      | 1,691,472      |
| Miscellaneous income                                         | 44,991                        | -                          | 44,991         | 591,973        |
| Total nonoperating activity                                  | 4,308,021                     | 2,038,525                  | 6,346,546      | 7,540,332      |
| Change in net assets                                         | 11,518,196                    | 2,051,284                  | 13,569,480     | 7,641,946      |
| Net assets, beginning                                        | 84,456,942                    | 24,476,618                 | 108,933,560    | 101,291,614    |
| Net assets, end                                              | \$ 95,975,138                 | \$ 26,527,902              | \$ 122,503,040 | \$ 108,933,560 |

See Notes to Financial Statements.

## Connecticut Humane Society

### Statement of Functional Expenses Year Ended December 31, 2024

|                                    | Program services        |                            |                                    | Program support        |                             | Total expenses |
|------------------------------------|-------------------------|----------------------------|------------------------------------|------------------------|-----------------------------|----------------|
|                                    | Animal shelter services | Veterinary clinic services | Community and educational services | Management and general | Fundraising and development |                |
|                                    |                         |                            | Total                              |                        |                             | Total          |
| Salaries and related expenses      | \$ 4,047,951            | \$ 682,630                 | \$ 460,043                         | \$ 720,409             | \$ 829,349                  | \$ 6,740,382   |
| Medical supplies and diagnostics   | 232,678                 | 139,736                    | 19,841                             | -                      | -                           | 392,255        |
| Animal care and transports         | 169,920                 | 20,946                     | 35,509                             | -                      | -                           | 226,375        |
| Professional services              | 211,196                 | 208,603                    | 44,070                             | 82,216                 | 32,230                      | 114,446        |
| Printing and promotion             | 2,855                   | 700                        | 3,664                              | 55                     | 561,949                     | 562,004        |
| Advertising                        | -                       | -                          | 143,242                            | 25,278                 | 173                         | 25,451         |
| Facilities expenses                | 155,568                 | 29,472                     | 11,984                             | 19,427                 | 14,094                      | 33,521         |
| Utilities                          | 187,262                 | 22,729                     | 7,278                              | 19,920                 | 9,704                       | 29,624         |
| IT and communications              | 80,612                  | 14,281                     | 7,090                              | 27,075                 | 66,598                      | 93,673         |
| Insurance                          | 68,301                  | 12,864                     | 1,500                              | 42,085                 | -                           | 124,750        |
| Staff expense                      | 37,722                  | 7,687                      | 4,019                              | 2,082                  | 3,074                       | 54,584         |
| Office supplies and postage        | 6,141                   | 2,796                      | 1,280                              | 6,092                  | 11,856                      | 28,165         |
| Dog training                       | 14,130                  | -                          | -                                  | -                      | -                           | 14,130         |
| Special events                     | -                       | -                          | 8,060                              | -                      | 17,008                      | 25,068         |
| Bank and transaction fees          | 10,866                  | 10,827                     | 79                                 | 12,995                 | 68,047                      | 102,814        |
| Miscellaneous                      | 14,889                  | 2,087                      | 18,387                             | 3,814                  | 3,789                       | 42,966         |
|                                    |                         |                            |                                    |                        |                             |                |
| Total expenses before depreciation | 5,240,091               | 1,155,358                  | 766,046                            | 961,448                | 1,617,871                   | 9,740,814      |
| Depreciation                       | 236,071                 | 39,741                     | 12,568                             | 34,646                 | 16,644                      | 339,670        |
| Total functional expenses          | \$ 5,476,162            | \$ 1,195,099               | \$ 778,614                         | \$ 996,094             | \$ 1,634,515                | \$ 10,080,484  |

See Notes to Financial Statements.

# Connecticut Humane Society

## Statement of Functional Expenses Year Ended December 31, 2023

|                                    | Program services        |                            |                                    | Management and general |            | Program support             |              | Total expenses |
|------------------------------------|-------------------------|----------------------------|------------------------------------|------------------------|------------|-----------------------------|--------------|----------------|
|                                    | Animal shelter services | Veterinary clinic services | Community and educational services | Total                  |            | Fundraising and development | Total        |                |
| Salaries and related expenses      | \$ 4,108,912            | \$ 555,265                 | \$ 416,776                         | \$ 5,080,953           | \$ 704,857 | \$ 803,137                  | \$ 1,507,994 | \$ 6,588,947   |
| Medical supplies and diagnostics   | 223,380                 | 151,147                    | 16,627                             | 391,154                | -          | -                           | -            | 391,154        |
| Animal care and transports         | 185,625                 | 18,445                     | 23,100                             | 227,170                | -          | -                           | -            | 227,170        |
| Professional services              | 183,942                 | 161,355                    | 44,959                             | 390,256                | 57,758     | 81,402                      | 139,160      | 529,416        |
| Printing and promotion             | 2,641                   | 11                         | 1,468                              | 4,120                  | 181        | 570,213                     | 570,394      | 574,514        |
| Advertising                        | -                       | -                          | 147,662                            | 147,662                | 26,058     | 10,056                      | 36,114       | 183,776        |
| Facilities expenses                | 147,644                 | 25,060                     | 10,090                             | 182,794                | 19,058     | 13,050                      | 32,108       | 214,902        |
| Utilities                          | 149,524                 | 17,426                     | 5,580                              | 172,530                | 15,272     | 7,440                       | 22,712       | 195,242        |
| IT and communications              | 79,115                  | 13,178                     | 6,208                              | 98,501                 | 26,942     | 45,962                      | 72,904       | 171,405        |
| Insurance                          | 62,896                  | 10,687                     | 1,500                              | 75,083                 | 39,969     | -                           | 39,969       | 115,052        |
| Staff expense                      | 25,396                  | 3,066                      | 6,794                              | 35,256                 | 5,367      | 3,630                       | 8,997        | 44,253         |
| Office supplies and postage        | 7,891                   | 2,776                      | 1,338                              | 12,005                 | 5,867      | 12,987                      | 18,854       | 30,859         |
| Dog training                       | 21,285                  | -                          | -                                  | 21,285                 | -          | -                           | -            | 21,285         |
| Special events                     | -                       | -                          | 6,944                              | 6,944                  | -          | 31,593                      | 31,593       | 38,537         |
| Bank and transaction fees          | 12,765                  | 11,609                     | 66                                 | 24,440                 | 12,528     | 52,450                      | 64,978       | 89,418         |
| Miscellaneous                      | 11,559                  | 319                        | 512                                | 12,390                 | 31,421     | 8,264                       | 39,685       | 52,075         |
| Total expenses before depreciation | 5,222,575               | 970,344                    | 689,624                            | 6,882,543              | 945,278    | 1,640,184                   | 2,585,462    | 9,468,005      |
| Depreciation                       | 241,030                 | 40,576                     | 12,832                             | 294,438                | 35,374     | 16,994                      | 52,368       | 346,806        |
| Total functional expenses          | \$ 5,463,605            | \$ 1,010,920               | \$ 702,456                         | \$ 7,176,981           | \$ 980,652 | \$ 1,657,178                | \$ 2,637,830 | \$ 9,814,811   |

See Notes to Financial Statements.

# Connecticut Humane Society

## Statement of Cash Flows Year Ended December 31, 2024 (With Comparative Totals for December 31, 2023)

|                                                                                                      | <u>2024</u>                | <u>2023</u>                |
|------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Cash flows from operating activities                                                                 |                            |                            |
| Change in net assets                                                                                 | \$ 13,569,480              | \$ 7,641,946               |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities |                            |                            |
| Depreciation                                                                                         | 339,670                    | 346,806                    |
| Change in present value discount of contributions receivable                                         | (21,758)                   | (23,038)                   |
| Net realized and unrealized gains on investments                                                     | (5,107,851)                | (4,176,393)                |
| Change in value of investments held in trust by others                                               | (1,345,365)                | (1,691,472)                |
| Contributions, donations and support for capital campaign                                            | (526,381)                  | (2,309,003)                |
| Changes in operating assets and liabilities                                                          |                            |                            |
| Contributions receivable                                                                             | 286,390                    | 437,472                    |
| Dividends and interest receivable                                                                    | 12,800                     | (49,196)                   |
| Prepaid expenses and other current assets                                                            | (27,038)                   | (32,478)                   |
| Accounts payable and other liabilities                                                               | (130,076)                  | (361,593)                  |
| Accrued payroll and benefits                                                                         | (6,202)                    | (174,421)                  |
| Net cash provided by (used in) operating activities                                                  | <u>7,043,669</u>           | <u>(391,370)</u>           |
| Cash flows from investing activities                                                                 |                            |                            |
| Purchase of property and equipment                                                                   | (9,771,020)                | (907,416)                  |
| Purchase of investments                                                                              | (69,135,427)               | (55,387,135)               |
| Proceeds from sale of investments                                                                    | <u>71,326,539</u>          | <u>54,576,834</u>          |
| Net cash used in investing activities                                                                | <u>(7,579,908)</u>         | <u>(1,717,717)</u>         |
| Cash flows from financing activities                                                                 |                            |                            |
| Contributions, donations and support for capital campaign                                            | <u>526,381</u>             | <u>2,309,003</u>           |
| Net cash provided by financing activities                                                            | <u>526,381</u>             | <u>2,309,003</u>           |
| Net (decrease) increase in cash and cash equivalents                                                 | (9,858)                    | 199,916                    |
| Cash and cash equivalents, beginning                                                                 | <u>1,472,566</u>           | <u>1,272,650</u>           |
| Cash and cash equivalents, end                                                                       | <u><u>\$ 1,462,708</u></u> | <u><u>\$ 1,472,566</u></u> |
| Supplemental disclosure of cash flow information                                                     |                            |                            |
| Purchase of property and equipment included in accounts payable and other liabilities                | <u><u>\$ 997,069</u></u>   | <u><u>\$ 380,345</u></u>   |

See Notes to Financial Statements.

**Connecticut Humane Society**  
**Notes to Financial Statements**  
**December 31, 2024**  
**(With Comparative Totals for December 31, 2023)**

**Note 1 - Summary of significant accounting policies**

**Nature of business**

The Connecticut Humane Society (the "Society") is one of Connecticut's oldest privately funded nonprofit organizations. The Society is the leading resource in the state for companion animal welfare, enriching the lives of families and communities through adoption services, medical care, education and prevention of cruelty. Founded in 1881 to promote humanity and kindness and to prevent cruelty to people and animals, for 84 years, the Society was the only statewide organization offering protection to children, until a state agency was established. From that point forward, the Society devoted its efforts exclusively to animals.

The Society operates three shelters where animals may be surrendered and adopted and a reduced-fee, full-service animal clinic ("Fox Memorial Clinic"). Additional public services include vaccine clinics, spay/neuter services, humane education, dog obedience classes, a Pet Food Pantry, and assistance to law enforcement in cruelty investigations. The Society generates income from adoption and surrender fees, clinic fees, donations, program fees, trust income, income from funds functioning as endowment and grants. The Society also has an extensive volunteer program.

**Basis of accounting and presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Society are reported in the following net asset categories:

**Without donor restrictions**

Net assets representing available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors. Undesignated net assets represent the portion of expendable funds that is available for support of operations. Designated net assets represent reserves or special designations established by the Board of Directors. The Board of Directors has established the following designation: funds functioning as endowment.

**With donor restrictions**

Net assets representing resources with restrictions imposed by the donor. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity and any income earned thereon may be expended. These perpetually restricted net assets include the Society's proportionate share of the principal amount of the irrevocable trusts with outside trustees for which the Society is an income beneficiary as well as a perpetual endowment.

**Measure of operations**

The statement of activities presents revenue from operations separately from nonoperating activities. For purposes of the statement of activities, operations are defined as revenue and expenses from animal rescue, protection and adoption, veterinary clinic, community outreach, humane education, administration and fundraising. All other revenue and expenses (primarily investment results) are classified as nonoperating activities. The basis of presentation reflects the Society's management operating philosophy.

**Connecticut Humane Society**  
**Notes to Financial Statements**  
**December 31, 2024**  
**(With Comparative Totals for December 31, 2023)**

**Contributions**

Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Society has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Society fails to overcome the barrier. The Society recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition. However, many volunteers have donated significant amounts of time, estimated at approximately 88,850 (unaudited) hours in 2024, in supporting the Society's mission.

**Program revenue**

Revenue is recognized when control of the promised service is transferred (at a point in time, i.e., when an adoption occurs or a veterinarian service is provided) to the Society's customers, in an amount that depicts the consideration the Society expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

**Cash and cash equivalents**

Cash and cash equivalents include all cash balances and highly-liquid short-term instruments with original maturities of three months or less. The Society maintains its cash and cash equivalents with high credit quality financial institutions. At December 31, 2024, the cash balances exceeded federally insured limits by approximately \$1,091,000. Management believes that the Society's deposits are not subject to significant credit risk.

**Contributions receivable**

Contributions receivable represent unconditional promises to give that are recognized in the period in which the promise is recorded. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions that are expected to be collected in more than one year are discounted at an appropriate rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the

**Connecticut Humane Society**  
**Notes to Financial Statements**  
**December 31, 2024**  
**(With Comparative Totals for December 31, 2023)**

donor-imposed restrictions, if any, on the contributions. On a periodic basis, the Society evaluates its contributions receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs, collections and current credit conditions.

**Investments**

Investments are reported at fair value (see Note 5). Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis, net of investment expenses. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains (losses) on investments includes the Society's gains and losses on investments bought and sold as well as held during the year. These amounts are reported in the statement of activities as increases or decreases in net assets as appropriate based on any donor stipulations or law.

**Property and equipment**

Property and equipment are stated at cost or, if donated, at their approximate fair value on the date of donation, net of accumulated depreciation. The Society capitalizes all such acquisitions in excess of \$5,000. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which are generally as follows:

|                            |               |
|----------------------------|---------------|
| Buildings and improvements | 15 - 40 years |
| Equipment                  | 3 - 5 years   |
| Furniture and fixtures     | 10 years      |

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net assets for the period.

**Investments held in trust by others**

The Society retains beneficial interests in various trusts established by donors and held by unrelated trustees. Under these arrangements, the Society receives investment income from the trusts in perpetuity but does not have access to the principal. The beneficial interests are carried at the present value of estimated future receipts from the trusts, which is measured by the present value of the future expected cash flows from the trusts. Changes in the carrying amount of the beneficial interests are recognized as increases or decreases in net assets with donor restrictions.

**Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Society applies various methods to allocate costs among the programs and support functions, the most significant of which is by the amount of time and effort by employees or square footage on building space utilized.

**Advertising costs**

The Society expenses the cost of advertising as incurred. Advertising costs charged to operations during the years ended December 31, 2024 and 2023 were \$168,693 and \$183,776, respectively.

**Tax-exempt status**

The Society is exempt under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from private foundation status under IRC Section 509(a)(3) and as such is not subject to federal or state income taxes.

**Connecticut Humane Society**  
**Notes to Financial Statements**  
**December 31, 2024**  
**(With Comparative Totals for December 31, 2023)**

Management has analyzed the tax positions taken by the Society and has concluded that, as of December 31, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Society's federal information returns prior to fiscal year 2021 are closed, and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Society has unrelated business income taxes, it will recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Subsequent events**

In preparing these financial statements, management has evaluated subsequent events through June 5, 2025, which represents the date the financial statements were available to be issued.

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**Notes to Financial Statements**  
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**(With Comparative Totals for December 31, 2023)**

**Note 2 - Liquidity and availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2024 and 2023:

|                                                                              | <u>2024</u>         | <u>2023</u>         |
|------------------------------------------------------------------------------|---------------------|---------------------|
| Total assets, end of year                                                    | \$ 124,117,861      | \$ 110,067,935      |
| Less nonfinancial assets                                                     |                     |                     |
| Prepaid expenses and other current assets                                    | (167,985)           | (140,947)           |
| Property and equipment, net                                                  | (18,207,399)        | (8,159,325)         |
| Investments held in trust by others                                          | <u>(18,421,202)</u> | <u>(17,075,837)</u> |
| Financial assets, end of year                                                | 87,321,275          | 84,691,826          |
| Less those unavailable for general expenditure within one year due to        |                     |                     |
| Contractual or donor-imposed restrictions                                    |                     |                     |
| Restricted by donors for time or purpose                                     | (6,880,645)         | (6,191,006)         |
| Board-designated endowments                                                  | (83,533,720)        | (76,370,433)        |
| Permanent endowment                                                          | (1,438,648)         | (1,301,653)         |
| Expected to be available for general expenditure within one year             |                     |                     |
| Pay-out on board-designated endowment for use over next 12 months            | <u>3,819,792</u>    | <u>3,709,376</u>    |
| Financial (deficit) assets available for general expenditure within one year | <u>\$ (711,946)</u> | <u>\$ 4,538,110</u> |

The Society regularly monitors liquidity required to meet its operating needs while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Society considers all expenditures related to its ongoing mission-related activities as well as services undertaken to support these activities to be operating expenditures.

The Society's governing board has designated certain amounts of its net assets without donor restrictions to function as an endowment and for other purposes. Those amounts are identified as board-designated in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Directors.

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**Note 3 - Contributions receivable**

Unconditional promises to give as of December 31, 2024 and 2023 are due to be collected as follows:

|                                       | 2024              | 2023              |
|---------------------------------------|-------------------|-------------------|
| Receivables due in less than one year | \$ 344,357        | \$ 408,910        |
| Receivables due in one to five years  | 49,895            | 271,731           |
|                                       | 394,252           | 680,641           |
| Less discount to present value (5.5%) | (4,603)           | (26,360)          |
|                                       | <u>\$ 389,649</u> | <u>\$ 654,281</u> |

There is no allowance for doubtful accounts as of December 31, 2024 and 2023.

**Note 4 - Investments**

The following summarizes the relationship between the cost and fair values of investments as of December 31, 2024:

|                                  | Cost                 | Fair value           | Unrealized<br>gain (loss) |
|----------------------------------|----------------------|----------------------|---------------------------|
| Domestic equities                | \$ 23,620,957        | \$ 34,204,052        | \$ 10,583,095             |
| Restricted stock                 | 4,325,000            | 250,000              | (4,075,000)               |
| Mutual funds                     | 22,681,896           | 21,070,961           | (1,610,935)               |
| International developed equities | 1,574,128            | 2,449,455            | 875,327                   |
| U.S. Government bonds            | 14,250,918           | 13,812,840           | (438,078)                 |
| Corporate bonds                  | 9,783,202            | 10,162,125           | 378,923                   |
| Municipal bonds                  | 181,945              | 152,498              | (29,447)                  |
| Money market funds               | 3,142,488            | 3,142,488            | -                         |
|                                  | <u>\$ 79,560,534</u> | <u>\$ 85,244,419</u> | <u>\$ 5,683,885</u>       |

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The following summarizes the relationship between the cost and fair values of investments as of December 31, 2023:

|                                  | Cost                 | Fair value           | Unrealized<br>gain (loss) |
|----------------------------------|----------------------|----------------------|---------------------------|
| Domestic equities                | \$ 21,850,808        | \$ 30,582,007        | \$ 8,731,199              |
| Restricted stock                 | 4,325,000            | 225,000              | (4,100,000)               |
| Mutual funds                     | 23,563,085           | 20,830,089           | (2,732,996)               |
| International developed equities | 1,633,520            | 2,541,088            | 907,568                   |
| U.S. Government bonds            | 14,780,042           | 14,328,301           | (451,741)                 |
| Corporate bonds                  | 7,463,779            | 7,601,937            | 138,158                   |
| Municipal bonds                  | 236,945              | 210,590              | (26,355)                  |
| Money market funds               | 6,008,668            | 6,008,668            | -                         |
|                                  | <u>\$ 79,861,847</u> | <u>\$ 82,327,680</u> | <u>\$ 2,465,833</u>       |

The Society has established a separate investment account into which collections related to its capital campaign are deposited. The balance in this account on December 31, 2024 and 2023 was \$7,556 and \$4,464,734, respectively.

**Note 5 - Fair value measurements**

The Society values its financial assets based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs which are used to measure fair value into three broad levels, which are described below:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 - Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Society utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The fair value hierarchy does not attempt to measure the quality of the investments.

# Connecticut Humane Society

## Notes to Financial Statements

December 31, 2024

(With Comparative Totals for December 31, 2023)

Financial assets measured at fair value on December 31, 2024 and 2023 have been categorized in the tables below based upon the fair value hierarchy described above:

|                                     | Fair value            | Level 1              | Level 2              | Level 3              |
|-------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| <u>December 31, 2024</u>            |                       |                      |                      |                      |
| Domestic equities                   | \$ 34,204,052         | \$ 34,204,052        | \$ -                 | \$ -                 |
| Restricted stock                    | 250,000               | -                    | 250,000              | -                    |
| Mutual funds                        | 21,070,961            | 21,070,961           | -                    | -                    |
| International developed equities    | 2,449,455             | 2,449,455            | -                    | -                    |
| U.S. Government bonds               | 13,812,840            | -                    | 13,812,840           | -                    |
| Corporate bonds                     |                       |                      |                      |                      |
| Investment grade taxable            | 9,529,173             | 9,529,173            | -                    | -                    |
| International developed bonds       | 632,952               | 632,952              | -                    | -                    |
| Total corporate bonds               | 10,162,125            | 10,162,125           | -                    | -                    |
| Municipal bonds                     | 152,498               | -                    | 152,498              | -                    |
| Money market funds                  | 3,142,488             | 3,142,488            | -                    | -                    |
| Total investments at fair value     | 85,244,419            | 71,029,081           | 14,215,338           | -                    |
| Investments held in trust by others | 18,421,202            | -                    | -                    | 18,421,202           |
|                                     | <u>\$ 103,665,621</u> | <u>\$ 71,029,081</u> | <u>\$ 14,215,338</u> | <u>\$ 18,421,202</u> |

# Connecticut Humane Society

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December 31, 2024

(With Comparative Totals for December 31, 2023)

| <u>December 31, 2023</u>            | <u>Fair value</u>    | <u>Level 1</u>       | <u>Level 2</u>       | <u>Level 3</u>       |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Domestic equities                   | \$ 30,582,007        | \$ 30,582,007        | \$ -                 | \$ -                 |
| Restricted stock                    | 225,000              | -                    | 225,000              | -                    |
| Mutual funds                        | 20,830,089           | 20,830,089           | -                    | -                    |
| International developed equities    | 2,541,088            | 2,541,088            | -                    | -                    |
| U.S. government bonds               | 14,328,301           | -                    | 14,328,301           | -                    |
| Corporate bonds                     |                      |                      |                      |                      |
| Investment grade taxable            | 7,079,879            | 7,079,879            | -                    | -                    |
| International developed bonds       | 522,058              | 522,058              | -                    | -                    |
| Total corporate bonds               | 7,601,937            | 7,601,937            | -                    | -                    |
| Municipal bonds                     | 210,590              | -                    | 210,590              | -                    |
| Money market funds                  | 6,008,668            | 6,008,668            | -                    | -                    |
| Total investments at fair value     | 82,327,680           | 67,563,789           | 14,763,891           | -                    |
| Investments held in trust by others | 17,075,837           | -                    | -                    | 17,075,837           |
|                                     | <u>\$ 99,403,517</u> | <u>\$ 67,563,789</u> | <u>\$ 14,763,891</u> | <u>\$ 17,075,837</u> |

Investments in domestic equities and international developed equities assets are valued at the closing price reported in the active market in which the individual securities are traded (Level 1). Mutual funds and money market funds held by the Society are open-ended funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and transact at that price. The mutual funds and money market funds are deemed to be actively traded (Level 1).

Corporate bonds are valued at the closing price reported in the active market in which the individual securities are traded (Level 1). U.S. Government and municipal bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings (Level 2).

Restricted stocks are valued at the closing price reported in the active market in which the individual securities are traded and are restricted as to when they can be sold (Level 2).

Assets generally measured at fair value using inputs categorized in Level 3 of the fair value hierarchy include assets held in trust by others (the "Trusts"). The fair value of the Trusts' assets is based on the estimated future receipts from the Trusts, which is measured by the present value of the future expected cash flows from the Trusts, which are established by the trustee or other third-party administrators. The trustee and other third-party administrators provide the Society with investment statements and valuations of its portion of the Trusts at year end. These are evaluated annually by the Society.

# Connecticut Humane Society

## Notes to Financial Statements

December 31, 2024

(With Comparative Totals for December 31, 2023)

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the valuation methodologies used on December 31, 2024 and 2023.

### Note 6 - Property and equipment

Property and equipment on December 31, 2024 and 2023 were as follows:

|                               | 2024                 | 2023                |
|-------------------------------|----------------------|---------------------|
| Land                          | \$ 1,736,395         | \$ 1,736,395        |
| Buildings and improvements    | 10,067,330           | 10,043,222          |
| Equipment                     | 1,185,967            | 1,169,744           |
| Furniture and fixtures        | 152,366              | 144,366             |
| Construction in progress      | 11,982,720           | 1,643,306           |
|                               | 25,124,778           | 14,737,033          |
| Less accumulated depreciation | (6,917,379)          | (6,577,708)         |
|                               | <u>\$ 18,207,399</u> | <u>\$ 8,159,325</u> |

Depreciation expense for the years ended December 31, 2024 and 2023 was \$339,670 and \$346,806, respectively. The estimated cost to complete the construction is approximately \$6,200,000.

### Note 7 - Net assets with donor restrictions

Net assets restricted by time or purpose consist of the following as of December 31, 2024 and 2023:

|                                                                   | 2024                | 2023                |
|-------------------------------------------------------------------|---------------------|---------------------|
| Together Forever capital campaign                                 | \$ 6,535,564        | \$ 5,979,399        |
| Earnings on perpetual endowment funds in accordance with CTUPMIFA | 212,593             | 91,878              |
| Restricted for program services                                   | 132,488             | 119,729             |
|                                                                   | <u>\$ 6,880,645</u> | <u>\$ 6,191,006</u> |

## Connecticut Humane Society

### Notes to Financial Statements

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(With Comparative Totals for December 31, 2023)

Net assets with perpetual restrictions consist of the principal portion of the Society's investments held in trust by others and permanently restricted endowment. The distributions from the investments held in trust by others are classified as net assets without donor restrictions. Net assets with donor restrictions, perpetual consist of the following as of December 31, 2024 and 2023:

|                                               | 2024                 | 2023                 |
|-----------------------------------------------|----------------------|----------------------|
| Investments held in trust by others           | \$ 18,421,202        | \$ 17,075,837        |
| Berray fund - endowment                       | 1,209,775            | 1,209,775            |
| Caroline Dorman Memorial - endowment          | 16,280               | -                    |
| Net assets with donor restrictions, perpetual | <u>\$ 19,647,257</u> | <u>\$ 18,285,612</u> |

Net assets that were released from donor restrictions by incurring expenses satisfying the restricted purpose, or from the expiration of time restrictions, were as follows:

|                  | 2024              | 2023              |
|------------------|-------------------|-------------------|
| Program services | \$ 242,018        | \$ 159,430        |
| Capital projects | 6,910             | 10,000            |
|                  | <u>\$ 248,928</u> | <u>\$ 169,430</u> |

#### Note 8 - Endowment

The Society's endowment includes funds designated by the Board of Directors to function as endowments as well as permanently restricted funds. As required by accounting principles generally accepted in the United States of America, 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.

#### Interpretation of relevant law

The Board of Directors of the Society has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as net assets with perpetual donor restrictions (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.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with perpetual donor restrictions is classified as net assets with time or purpose donor restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

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

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

Endowment net asset composition by type of fund as of December 31, 2024 is as follows:

|                                     | Without donor<br>restrictions | With donor<br>restrictions-<br>time/purpose | Total                |
|-------------------------------------|-------------------------------|---------------------------------------------|----------------------|
| Donor-restricted<br>endowment funds | \$ -                          | \$ 1,438,648                                | \$ 1,438,648         |
| Board-designated<br>endowment funds | 83,533,720                    | -                                           | 83,533,720           |
| Total funds                         | <u>\$ 83,533,720</u>          | <u>\$ 1,438,648</u>                         | <u>\$ 84,972,368</u> |

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

|                                    | Without donor<br>restrictions | With donor<br>restrictions-<br>time/purpose | Total                |
|------------------------------------|-------------------------------|---------------------------------------------|----------------------|
| Endowment net assets,<br>beginning | \$ 76,370,433                 | \$ 1,301,653                                | \$ 77,672,086        |
| Investment income, net             | 7,028,746                     | 120,715                                     | 7,149,461            |
| Contributions                      | 6,726,519                     | 16,280                                      | 6,742,799            |
| Appropriation for capital          | (2,882,602)                   | -                                           | (2,882,602)          |
| Appropriation for operations       | <u>(3,709,376)</u>            | <u>-</u>                                    | <u>(3,709,376)</u>   |
| Endowment net assets, end          | <u>\$ 83,533,720</u>          | <u>\$ 1,438,648</u>                         | <u>\$ 84,972,368</u> |

# Connecticut Humane Society

## Notes to Financial Statements December 31, 2024 (With Comparative Totals for December 31, 2023)

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

|                                     | Without donor<br>restrictions | With donor<br>restrictions-<br>time/purpose | Total                |
|-------------------------------------|-------------------------------|---------------------------------------------|----------------------|
| Donor-restricted<br>endowment funds | \$ -                          | \$ 1,301,653                                | \$ 1,301,653         |
| Board-designated<br>endowment funds | 76,370,433                    | -                                           | 76,370,433           |
| Total funds                         | <u>\$ 76,370,433</u>          | <u>\$ 1,301,653</u>                         | <u>\$ 77,672,086</u> |

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

|                                    | Without donor<br>restrictions | With donor<br>restrictions-<br>time/purpose | Total                |
|------------------------------------|-------------------------------|---------------------------------------------|----------------------|
| Endowment net assets,<br>beginning | \$ 72,530,449                 | \$ -                                        | \$ 72,530,449        |
| Investment income, net             | 6,110,245                     | 91,878                                      | 6,202,123            |
| Contributions                      | 1,318,271                     | 1,209,775                                   | 2,528,046            |
| Appropriation for capital          | -                             | -                                           | -                    |
| Appropriation for operations       | <u>(3,588,532)</u>            | <u>-</u>                                    | <u>(3,588,532)</u>   |
| Endowment net assets, end          | <u>\$ 76,370,433</u>          | <u>\$ 1,301,653</u>                         | <u>\$ 77,672,086</u> |

### Return objectives and risk parameters

The Society 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. Endowment assets include board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maintain the inflation-adjusted value of the current asset base while recognizing the objective of real growth in principal within reasonable and prudent levels of risk.

### Strategies employed for achieving objectives

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

### Spending policy and how the investment objectives relate to spending policy

The Society has a policy of appropriating for distribution an amount not to exceed 5.0% for the years ended December 31, 2024 and 2023, of its endowment fund's average fair value over the prior 12 calendar quarters. In addition, with the approval of the Board of Directors, the Society may spend in excess of such 5.0% for operating expenses and/or capital projects. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity.

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or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**Note 9 - Retirement plan**

The Society has established a 401(k) retirement plan that covers all eligible employees. Participants can elect to have their compensation reduced, and the Society matches up to 6% of the participant's contributions based on years of service. Additionally, the plan provides for a discretionary employer contribution. For the years ended December 31, 2024 and 2023, the discretionary employer contribution was 3% and 2.5%, respectively, of eligible compensation. The Society's expense for the years ended December 31, 2024 and 2023 was \$249,827 and \$220,573, respectively.

The Society established a 403(b) plan in December 2013, whereby employees meeting certain requirements may participate in the plan. Participants can elect to have their compensation reduced, and the Society matches up to 6% of the participant's contributions based on years of service. Additionally, the plan provides for a discretionary employer contribution. These matching contributions are subject to certain Internal Revenue Service limitations. For the years ended December 31, 2024 and 2023, the discretionary employer contribution was 3% and 2.5%, respectively, of eligible compensation. The Society's matching contribution expense for the years ended December 31, 2024 and 2023 was \$49,224 and \$55,039, respectively.

**Note 10 - Concentrations**

**Market risk**

The Society invests in various debt and equity securities. These investments are recorded at fair value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit, market and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of the Society's investments, which could materially affect amounts reported in the financial statements.

**Note 11 - Subsequent events**

**Westport location**

On May 27, 2025, the Board of Directors approved the sale of the Society's Westport property for approximately \$3.5 million. The transaction is currently in the 21-day due diligence period, with a closing date expected in June 2025. Any gain or loss recognized from the sale will be recognized in fiscal year 2025.



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