

**THE NEBRASKA HUMANE SOCIETY
and
NEBRASKA HUMANE SOCIETY FOUNDATION
(Nebraska Nonprofit Corporations)**

CONSOLIDATED FINANCIAL STATEMENTS

**as of December 31, 2017 and 2016
together with Independent Auditor's Report**

THE NEBRASKA HUMANE SOCIETY
and
NEBRASKA HUMANE SOCIETY FOUNDATION

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MASIMORE,
MAGNUSON & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Veldon G. Magnuson, CPA
Darrell L. Grantski, CPA
Lori K. Mueller, CPA
Rodney J. Anderson, CPA
Kenneth L. Masimore, CPA, Of Counsel

11440 W. Center Road, Suite B
Omaha, NE 68144-4483
Phone (402) 334-0600
Fax (402) 334-4866
www.mma-cpa.com

Cheryl E. Eliason, CPA
Theodore C. Krapp, CPA
Dana A. Whitfield, CPA
J. Scott Wheeler, CPA
Jolene A. Koch, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Nebraska Humane Society and
Nebraska Humane Society Foundation:

We have audited the accompanying consolidated financial statements of The Nebraska Humane Society and Nebraska Humane Society Foundation (two Nebraska nonprofit corporations), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, 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.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Nebraska Humane Society and Nebraska Humane Society Foundation as of December 31, 2017 and 2016, 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.

Change in Accounting Principle

As discussed in Note 17 to the financial statements, management has adopted the provisions of ASU 2016-14 retrospectively. Our opinion is not modified with respect to that matter.

Omaha, Nebraska
December 14, 2018

Messmore, Magnuson & Associates, P.C.

THE NEBRASKA HUMANE SOCIETY
and
NEBRASKA HUMANE SOCIETY FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 2,076,338	\$ 1,632,317
Short-term investments	1,946,453	1,719,051
Promises to give	257,965	189,844
Accounts receivable	59,324	13,965
Prepaid expenses	137,529	138,965
Inventory	42,383	35,333
Total current assets	4,519,992	3,729,475
Investments	478,880	445,626
Promises to give	51,146	163,450
Foundation investments:		
Cash and cash equivalents	491,071	742,294
Accrued investment income	-	11,144
Investments	16,076,088	12,243,864
Cash restricted for investment in building	1,310,059	972,178
Promises to give restricted for investment in building	5,946,561	250,000
Other assets	3,080	57,333
Intangible assets, net of amortization	4,169	4,169
Land, buildings and equipment at cost - net of accumulated depreciation	12,816,206	13,569,863
Total other assets	37,177,260	28,459,921
Total assets	\$ 41,697,252	\$ 32,189,396

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
Current liabilities:		
Accounts payable	\$ 263,893	\$ 261,347
Accrued liabilities	519,164	401,383
Prepaid licenses and other deferred revenue	<u>108,012</u>	<u>55,412</u>
Total current liabilities	<u>891,069</u>	<u>718,142</u>
Deferred compensation payable	<u>3,080</u>	<u>2,553</u>
Total other liabilities	<u>3,080</u>	<u>2,553</u>
Total liabilities	<u>894,149</u>	<u>720,695</u>
Net assets:		
Without donor restrictions	30,039,712	26,733,696
With donor restrictions	<u>10,763,391</u>	<u>4,735,005</u>
Total net assets	<u>40,803,103</u>	<u>31,468,701</u>
Total liabilities and net assets	<u><u>\$ 41,697,252</u></u>	<u><u>\$ 32,189,396</u></u>

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
City and county services	5,130,108	\$ -	\$ 5,130,108
Program fees	2,252,916	-	2,252,916
Contributions	4,871,233	6,187,740	11,058,973
Special events	452,144	-	452,144
Less: Costs of direct benefits to donors	(12,064)	-	(12,064)
Gift shop sales	268,819	-	268,819
Less: Cost of sales	(138,388)	-	(138,388)
Other operating expenses	(108,208)	-	(108,208)
Investment income, net	200,940	53,685	254,625
Realized and unrealized gains on investments	1,722,723	447,084	2,169,807
Other income	16,840	-	16,840
Net assets released from restrictions	660,123	(660,123)	-
	<u>15,317,186</u>	<u>6,028,386</u>	<u>21,345,572</u>
EXPENSES:			
Program services			
Animal control	4,894,422	-	4,894,422
Animal welfare services	4,404,461	-	4,404,461
Community outreach	903,322	-	903,322
Supporting activities			
Management and general	844,367	-	844,367
Fundraising	964,598	-	964,598
Humane Enterprises, Inc.	-	-	-
	<u>12,011,170</u>	<u>-</u>	<u>12,011,170</u>
Change in net assets	3,306,016	6,028,386	9,334,402
NET ASSETS:			
Balances, beginning of year	26,733,696	4,735,005	31,468,701
Balances, end of year	<u>\$ 30,039,712</u>	<u>\$ 10,763,391</u>	<u>\$ 40,803,103</u>

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2016		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
City and county services	\$ 4,907,879	\$ -	\$ 4,907,879
Program fees	2,015,816	-	2,015,816
Contributions	3,431,814	1,450,585	4,882,399
Special events	768,469	-	768,469
Less: Costs of direct benefits to donors	(64,502)	-	(64,502)
Gift shop sales	264,216	-	264,216
Less: Cost of sales	(153,459)	-	(153,459)
Other operating expenses	(117,789)	-	(117,789)
Investment income	242,494	75,419	317,913
Realized and unrealized gains on investments	906,572	274,938	1,181,510
Other income	66,352	-	66,352
Net assets released from restrictions	530,059	(530,059)	-
	<u>12,797,921</u>	<u>1,270,883</u>	<u>14,068,804</u>
EXPENSES:			
Program services			
Animal control	4,982,567	-	4,982,567
Animal welfare services	4,254,467	-	4,254,467
Community outreach	1,172,014	-	1,172,014
Supporting activities			
Management and general	989,701	-	989,701
Fundraising	963,368	-	963,368
Humane Enterprises, Inc.	-	-	-
	<u>12,362,117</u>	<u>-</u>	<u>12,362,117</u>
Change in net assets	435,804	1,270,883	1,706,687
NET ASSETS:			
Balances, beginning of year	<u>26,297,892</u>	<u>3,464,122</u>	<u>29,762,014</u>
Balances, end of year	<u>\$ 26,733,696</u>	<u>\$ 4,735,005</u>	<u>\$ 31,468,701</u>

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>Program Services</u>	<u>2017</u>			
	<u>Animal Control</u>	<u>Animal Welfare</u>	<u>Community Outreach</u>	<u>Total</u>
Salaries and wages	\$ 2,386,841	\$ 1,826,440	\$ 360,626	\$ 4,573,907
Payroll taxes	181,993	141,101	28,275	351,369
Other employee benefits	583,163	441,596	61,459	1,086,218
Pension plan contributions	39,326	36,156	7,331	82,813
Advertising and outreach	50,000	-	198,049	248,049
Animal care	82,818	84,422	-	167,240
Animal feed	9,917	13,096	25	23,038
Animal medical	141,702	540,013	-	681,715
Auto	132,186	7,315	832	140,333
Bad debt	-	3,256	-	3,256
Banking expense	57,288	28,736	2,929	88,953
Computer support and maintenance	123,592	72,689	36,071	232,352
Conferences	1,009	3,177	96	4,282
Contracted services	57,478	37,006	6,641	101,125
Depreciation	288,583	428,752	82,452	799,787
Dues and subscriptions	4,413	7,663	51	12,127
Equipment rental	990	1,471	192	2,653
Humane education materials	289	433	7,191	7,913
Insurance	116,831	82,612	15,074	214,517
Legal and accounting	34,492	829	183	35,504
License printing and postage	115,613	95	63	115,771
Meals	562	372	81	1,015
NSF checks	94	19	-	113
Occupancy	248,285	363,360	63,341	674,986
Pet tag expense	1,238	406	-	1,644
Postage and shipping	6,863	1,368	2,686	10,917
Printing	777	3,955	7,131	11,863
Repairs and maintenance	56,297	107,440	10,474	174,211
Security	86,371	7,636	1,104	95,111
Special event expenses	1,350	1,735	772	3,857
Supplies	38,157	155,832	5,926	199,915
Telephone	37,680	2,413	541	40,634
Uniforms	6,748	853	33	7,634
Volunteer expense	1,476	2,214	3,693	7,383
	<u>\$ 4,894,422</u>	<u>\$ 4,404,461</u>	<u>\$ 903,322</u>	<u>\$ 10,202,205</u>

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>Program Services</u>	2016			
	Animal Control	Animal Welfare	Community Outreach	Total
Salaries and wages	\$ 2,374,056	\$ 1,863,511	\$ 411,545	\$ 4,649,112
Payroll taxes	184,453	145,443	31,490	361,386
Other employee benefits	514,457	385,325	53,187	952,969
Pension plan contributions	39,433	38,227	9,723	87,383
Advertising and outreach	52,847	36	402,399	455,282
Animal care	24,704	28,803	-	53,507
Animal feed	49,630	53,869	352	103,851
Animal medical	307,862	414,611	-	722,473
Auto	105,995	5,624	983	112,602
Bad debt	-	4,586	-	4,586
Banking expense	45,637	23,053	3,003	71,693
Computer support and maintenance	96,846	59,424	52,286	208,556
Conferences	10,484	9,407	795	20,686
Contracted services	72,490	46,122	13,536	132,148
Depreciation	296,146	469,626	69,504	835,276
Dues and subscriptions	4,579	8,362	209	13,150
Equipment rental	2,026	2,725	446	5,197
Humane education materials	-	-	7,022	7,022
Insurance	117,196	86,060	17,547	220,803
Legal and accounting	36,977	5,668	3,779	46,424
License printing and postage	157,364	-	-	157,364
Meals	799	606	349	1,754
Occupancy	235,274	344,017	58,775	638,066
Pet tag expense	-	-	-	-
Postage and shipping	4,206	2,494	3,577	10,277
Printing	6,158	5,205	8,795	20,158
Repairs and maintenance	64,190	95,630	10,004	169,824
Security	91,942	9,722	945	102,609
Special event expenses	1,372	1,764	830	3,966
Supplies	39,317	139,014	5,006	183,337
Telephone	37,871	1,865	702	40,438
Uniforms	6,175	554	29	6,758
Volunteer expense	2,081	3,114	5,196	10,391
	<u>\$ 4,982,567</u>	<u>\$ 4,254,467</u>	<u>\$ 1,172,014</u>	<u>\$ 10,409,048</u>

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>Gift Shop</u>	2017	2016
Salaries and wages	\$ 58,191	\$ 67,751
Payroll taxes	4,656	5,426
Other employee benefits	19,975	18,703
Pension plan contributions	273	858
Advertising and promotion	-	54
Auto	22	32
Banking expense	4,001	3,692
Computer support and maintenance	1,845	3,162
Conferences	10	117
Contracted services	2,023	2,504
Depreciation	3,454	3,454
Dues and subscriptions	6	19
Equipment rental	41	79
Insurance	2,588	3,005
Legal and accounting	892	-
Miscellaneous	8	10
NSF checks	28	-
Occupancy	6,627	6,597
Postage and shipping	36	121
Repairs and maintenance	2,244	1,264
Security	161	233
Supplies	1,096	696
Telephone	23	6
Uniforms	8	6
	\$ 108,208	\$ 117,789

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>Management and General:</u>	<u>2017</u>	<u>2016</u>
Salaries and wages	\$ 507,258	\$ 513,385
Payroll taxes	38,864	37,384
Other employee benefits	85,479	64,332
Pension plan contributions	12,748	10,482
Advertising and promotion	-	2,627
Auto	15	9,816
Banking expense	10,221	10,685
Computer support and maintenance	20,617	24,217
Conferences	655	5,849
Contracted services	68,759	173,071
Depreciation	16,490	14,742
Dues and subscriptions	327	1,597
Equipment rental	28	126
Insurance	5,476	18,792
Legal and accounting	51,979	59,467
Meals	229	466
NSF checks	1,714	1,643
Occupancy	5,274	24,102
Postage and shipping	971	810
Printing	215	1,974
Repairs and maintenance	1,496	1,099
Security	2,661	1,599
Supplies	12,805	11,392
Telephone	29	26
Uniforms	57	18
	<u>\$ 844,367</u>	<u>\$ 989,701</u>

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>Fundraising:</u>	<u>2017</u>	<u>2016</u>
Salaries and wages	\$ 507,902	\$ 494,159
Payroll taxes	37,002	35,802
Other employee benefits	71,575	53,213
Pension plan contributions	12,016	12,307
Advertising and promotion	1,449	200
Auto	70	50
Bad debt	8,318	8,900
Banking	16,506	23,530
Computer support and maintenance	52,880	54,560
Conferences	2,019	1,007
Contracted services	6,317	19,300
Depreciation	8,245	7,919
Dues and subscriptions	3,076	1,742
Equipment rental	28	114
Fundraising expenses	51,421	95,762
Insurance	19,009	15,690
Legal	893	9,447
Miscellaneous	17	16
Occupancy	5,274	5,113
Postage	27,122	27,033
Printing	80,488	89,606
Repairs and maintenance	1,496	1,099
Security	1,254	135
Special events	40,505	-
Supplies	9,469	6,636
Telephone	247	28
	<u>\$ 964,598</u>	<u>\$ 963,368</u>

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>Humane Enterprises, Inc:</u>	<u>2017</u>	<u>2016</u>
Bank charges	\$ -	\$ -
Depreciation and amortization	-	-
Legal and accounting	-	-
	<u>\$ -</u>	<u>\$ -</u>

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

THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 9,334,402	\$ 1,706,687
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	827,978	861,392
Realized (gains) losses on investments	(883,267)	(284,882)
Unrealized (gains) losses on investments	(1,286,541)	(896,628)
Amortization of discount on promises to give	4,390	1,424
Contributions restricted for long term purposes	(6,034,442)	(1,000,000)
Changes in assets and liabilities:		
(Increase) decrease in promises to give	39,793	(304,761)
(Increase) decrease in accounts receivable	(45,359)	3,547
(Increase) decrease in prepaid expenses	1,436	13,756
(Increase) decrease in inventory	(7,050)	14,038
(Increase) decrease in accrued investment income	11,144	3,734
(Increase) decrease in other assets	54,253	(21,317)
Increase (decrease) in accounts payable	2,546	(78,564)
Increase (decrease) in accrued liabilities	117,781	37,593
Increase (decrease) in prepaid licenses and other deferred revenue	52,600	11,359
Increase (decrease) in deferred compensation payable	527	(7,337)
Total adjustments	<u>(7,144,211)</u>	<u>(1,646,646)</u>
Net cash provided by operating activities	<u>2,190,191</u>	<u>60,041</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,432,328)	(1,642,665)
Sale of investments	2,509,256	1,197,298
Cash held for long term purposes	(337,881)	(972,178)
Transfer of assets from Omaha Community Foundation	-	12,569
Purchase of depreciable property	(74,321)	(63,927)
Net cash used in investing activities	<u>(2,335,274)</u>	<u>(1,468,903)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long term purposes	337,881	1,000,000
Net cash provided by financing activities	<u>337,881</u>	<u>1,000,000</u>
Net increase (decrease) in cash and cash equivalents	192,798	(408,862)
Cash and cash equivalents - beginning of year	2,374,611	2,783,473
Cash and cash equivalents - end of year	<u>\$ 2,567,409</u>	<u>\$ 2,374,611</u>
Cash and cash equivalents presented on statement of financial position as:		
Current assets	\$ 2,076,338	\$ 1,632,317
Foundation investments	491,071	742,294
	<u>\$ 2,567,409</u>	<u>\$ 2,374,611</u>

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

THE NEBRASKA HUMANE SOCIETY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 – THE ENTITY:

The Nebraska Humane Society (the Society) is a nonprofit corporation committed to the protection of animals. The Society provides education, gives sanctuary to animals, encourages adoption of animals, and promotes responsible pet ownership. Service to the citizens and animals of the community is provided by upholding the laws enacted for their protection. The Society’s mission statement states “The Nebraska Humane Society protects, saves, and enriches the lives of animals in the communities we serve”.

The Society acts as the animal control and animal licensing agency for the City of Omaha, Sarpy County and all municipalities in Sarpy County. Animal welfare services provided include medical treatment as needed, spay/neuter services, behavior training, behavior modification, foster care and adoption. Community outreach provides a wide range of educational programs and opportunities for schools, religious and civic groups, businesses, hospitals and nursing homes, and boys and girls clubs.

Effective January 1, 2000, a nonprofit foundation, Nebraska Humane Society Foundation (the Foundation), was formed for the express purpose of raising funds and holding assets for the Society. The Foundation is considered to be controlled by the Society by virtue of the fact that the board of directors of the Society has the power to appoint the members of the board of directors for the Foundation. During the year 2000, various investments of the Society were transferred to the Foundation and the Foundation began activities to raise funds. The Foundation was not granted any variance power.

The organizations’ revenues are derived from contributions, service contracts with various cities and counties, primarily in eastern Nebraska, to provide animal control, and other program service fees. These fees include adoption fees and other shelter fees charged to animal owners.

In June 2010, Humane Enterprises, Inc., a for-profit corporation, was formed for the purpose of providing licensing services for other governmental entities in the country. Operations related to obtaining contracts with other entities began in 2011 and ended in 2014. Humane Enterprises, Inc. is a wholly-owned subsidiary of the Society and, therefore, consolidation of the financial statements is required under generally accepted accounting principles. Humane Enterprises, Inc. maintains a separate Board of Directors.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES:

A. Basis of Financial Presentation

The accompanying consolidated financial statements are presented on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America.

THE NEBRASKA HUMANE SOCIETY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES, Continued:

B. Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Society considers the restriction met when the assets are placed in service.

License receipts are recorded as revenue in the year for which the license is issued. License receipts received in advance are treated as unearned revenue until the year for which issued.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Principles of Consolidation

The consolidated financial statements include the accounts of The Nebraska Humane Society, The Nebraska Humane Society Foundation and the wholly owned subsidiary, Humane Enterprises, Inc. All material intra-entity transactions have been eliminated.

E. Non-Cash Contributions

Contributions of donated non-cash assets (in-kind) are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donations, are recorded at their fair values in the period received.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Society considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statements of cash flows include a Foundation money market account (see Note 1).

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NOTE 2 – SUMMARY OF ACCOUNTING POLICIES, Continued:

G. Investments

Investments are valued at fair value based on quoted market prices.

H. Promises to Give

Management considers promises to give to be fully collectible and, accordingly, an allowance for doubtful accounts has not been recorded. If promises to give become uncollectible, they will be charged to expense when that determination is made. Bad debt expense was \$ 11,560 and \$13,486 in 2017 and 2016, respectively.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

I. Inventories

Inventory for the gift shop is stated at cost or estimated value at date contributed for donated items included in inventory.

J. Property and Equipment

The Society capitalizes property and equipment over \$10,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to forty years.

K. Income Taxes

The Society and the Foundation are exempt from federal income taxes on their related activities under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes related to the Society and the Foundation are to be paid only on the net revenue not related to their tax-exempt activities. Humane Enterprises is a for-profit C corporation. The Society and the Foundation qualify to receive tax-deductible contributions as provided by the Internal Revenue Code. At December 31, 2017, the Society and Humane Enterprises had net operating loss carry-forwards resulting from its unrelated business activities and for-profit operations which could be applied against future years' taxable income. The net operating loss carry-forwards expire at various dates through December 2035.

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NOTE 2 – SUMMARY OF ACCOUNTING POLICIES, Continued:

L. Accounting for Uncertain Tax Positions

In accordance with ASC 740, *Income Taxes*, the Society has evaluated its tax positions and determined that its tax positions are more-likely-than-not to be sustained upon examination. Accordingly, the Society believes there are no unrecognized benefits or applicable interest and penalties that should be recorded.

Tax returns are subject to review and examination by federal, state and local authorities. The Society and the Foundation are no longer subject to examination for years before 2015.

M. Methods used for the Functional Allocation of Expenses

Certain categories of expenses reported in the statements of functional expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy costs, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of time and effort studies.

N. Advertising Costs

Advertising costs are expensed as incurred.

O. Allocation of Joint Costs

The Society has incurred joint costs that include fundraising appeals in the cost of producing and mailing a semi-annual newsletter and maintaining a website. These costs, which total \$438,969, have been allocated 50% to program services and 50% to fundraising.

O. Net Asset Classifications

Financial position and activities are reported according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Society's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS:

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, the Society and the Foundation account for its financial instruments at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset or transfer the liability in the principal or most advantageous market for the asset or liability.

FASB ASC 820 establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level 1 includes listed equities and listed derivatives.

Level 2 - Valuation is based upon other significant observable inputs.

Level 3 - Valuation is based upon significant unobservable inputs.

In 2012, the Foundation transferred \$10,000 to the Omaha Community Foundation, which held this as an endowed component fund for the benefit of the Society. The Foundation had granted the Community Foundation variance power. The fund distributed earnings from the fund to the Society yearly. The Foundation reported the fair value of the fund as Beneficial interest in Omaha Community Foundation and distributions received as investment income. The beneficial interest in assets at Omaha Community Foundation has been valued, as a practical expedient, at the fair value of the Foundation's share of the investment pool as of the measurement date. The investment of the fund is determined by the trustees of the Omaha Community Foundation, and thus is considered to be a Level 3 investment. This account was transferred back to the Foundation in 2016.

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NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS, Continued:

The remaining financial instruments held by the Society and Foundation are Level 1. The carrying value of cash and cash equivalents reported in the statement of financial position approximate fair values because of the short maturities of those instruments. The following table sets forth by level, within the fair value hierarchy, the investments carried at fair value as of December 31:

	<u>2017</u>	<u>2016</u>
Municipal securities	\$ -	\$ 100,155
Equities	10,672,577	10,545,709
Equity funds	1,205,166	-
Fixed income funds	3,167,746	-
Preferred stock	228,420	-
Corporate bonds	818,505	2,671,431
Foreign equities	2,409,007	1,091,246
Total Level 1	<u>\$ 18,501,421</u>	<u>\$ 14,408,541</u>

Net investment income consists of the following:

	<u>2017</u>	<u>2016</u>
Realized gains	\$ 883,266	\$ 284,881
Unrealized gains (losses)	1,286,541	896,629
Interest and dividend income	347,193	391,826
Investment fees	(92,568)	(73,913)
Total	<u>\$ 2,424,432</u>	<u>\$ 1,499,423</u>

NOTE 4 – PROMISES TO GIVE:

Promises to give extend over a period of five years and have therefore been discounted to present value using rates ranging from 2% to 5.5%.

Promises to give at December 31 consist of:

	<u>2017</u>	<u>2016</u>
Promises due in less than 1 year	\$ 3,649,902	\$ 443,239
Promises due in 1 to 5 years	2,871,160	181,000
Promises due in more than 5 years	-	-
Discount to present value	(265,390)	(20,945)
Total	<u>\$ 6,255,672</u>	<u>\$ 603,294</u>

THE NEBRASKA HUMANE SOCIETY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 4 – PROMISES TO GIVE, Continued:

At December 31, 2017 and 2016, promises to give are comprised of \$309,111 and \$301,055, respectively, of gifts restricted as to time. The remainder of the promises to give are restricted as to purpose.

NOTE 5 – LAND, BUILDINGS AND EQUIPMENT:

Land, buildings and equipment at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,270,868	\$ 1,270,868
Buildings and improvements	20,445,461	20,445,461
Vehicles and equipment	<u>2,167,429</u>	<u>2,093,108</u>
	23,883,758	23,809,437
Less: Accumulated depreciation	<u>(11,067,552)</u>	<u>(10,239,574)</u>
	<u><u>\$ 12,816,206</u></u>	<u><u>\$ 13,569,863</u></u>

Depreciation expense was \$827,978 and \$861,392 for 2017 and 2016, respectively.

NOTE 6 – DEFERRED COMPENSATION AGREEMENTS:

The Society has deferred compensation agreements with a member of the Society’s management. Under this agreement, the Society established a deferred compensation account in the form of an annuity. Annual additions to this account are solely at the discretion of the Society. Any amounts set aside to fund the deferred compensation agreements are at all times assets of the Society and subject to claims of creditors. Upon retirement after age 60, disability before age 60, or in the event of death, the Society shall pay the balance to the employee or to the employee’s named beneficiary. There were no premiums paid on these annuities in 2017 and 2016. The assets set aside for this purpose are shown on statements of financial position as other assets.

NOTE 7 – NOTES PAYABLE:

The Society has a demand bank line of credit totaling \$500,000, under which the Society may borrow on an unsecured basis at the bank’s prime rate. There were no amounts outstanding under this line of credit at December 31, 2017 and 2016. The credit agreement matures on February 15, 2018.

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NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of gifts contributed for a specified purpose, gifts restricted due to time, or gift that have been designated by the donor to be held in perpetuity. As of December 31, 2017 and 2016, net assets with donor restrictions consisted of the following:

	<u>2017</u>	<u>2016</u>
Subject to expenditure for specific purpose:		
Program activities	\$ 83,825	\$ 98,038
Capital improvements	7,256,720	1,222,177
Subject to the passage of time:		
General unrestricted use in future periods as received	309,111	301,055
Not subject to appropriation or expenditure:		
Donor-restricted endowment fund	<u>3,113,735</u>	<u>3,113,735</u>
 Total net assets with donor restrictions	 <u>\$ 10,763,391</u>	 <u>\$ 4,735,005</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Purpose restrictions accomplished:		
<u>Programs</u>		
Pets for People Fund	\$ -	\$ 16,181
Camp Kindness	-	20,000
Medical/behavior/special needs	-	30,648
Various other programs	14,212	25,050
	<u>14,212</u>	<u>91,879</u>
<u>Capital Projects</u>		
Judy Varner Capital Campaign	4,141	27,822
Total purpose restrictions released	<u>18,353</u>	<u>119,701</u>
 Time restrictions expired	 141,000	 49,000
Return of Omaha Community Foundation funds	-	11,000
Earnings on donor-restricted endowment fund released by Board	500,770	350,358
Total restrictions released	<u>\$ 660,123</u>	<u>\$ 530,059</u>

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NOTE 9 – DONOR RESTRICTED ENDOWMENT FUND:

The donor-restricted endowment fund consists of gifts which were restricted by donors such that the original value be maintained permanently but permit use of the income derived from the assets.

The fund is comprised of the following balances, the income from which can be used to support designated or general activities at December 31, 2017:

General activities	\$	1,458,875
Humane education		77,572
Animal welfare and outreach		<u>1,577,289</u>
 Total	 \$	 <u><u>3,113,736</u></u>

Investment income from the assets is classified as net assets with donor restrictions until either the purpose restriction is satisfied or, in the case of endowment funds which support general activities, the Board has appropriated the earnings for expenditure.

NOTE 10 – ENDOWMENT FUND:

The endowment fund consists of approximately six individual funds established for a variety of purposes. It includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. 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.

Absent explicit donor stipulations to the contrary, the Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as donor-restricted net assets not subject to appropriation or expenditure (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 permanent endowment is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by that standard. In accordance with that standard, the Board 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 purpose of the donor-restricted endowment funds, (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 the Society, and (7) the Foundation's investment policies.

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NOTE 10 – ENDOWMENT FUND, Continued:

Endowment composition by type of fund at December 31, 2017 is as follows:

	Net Assets without <u>Donor Restrictions</u>	Net Assets with <u>Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 13,453,424	\$ -	\$ 13,453,424
Donor-restricted endowment funds			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor		3,113,736	3,113,736
Gift amounts restricted by time or purpose		70,102	70,102
	<u> </u>	<u> </u>	<u> </u>
Total endowment funds	<u>\$ 13,453,424</u>	<u>\$ 3,183,838</u>	<u>\$ 16,637,262</u>

Changes in endowment net assets held by the Nebraska Humane Society Foundation for the year ended December 31, 2017 are as follows:

	Net Assets without <u>Donor Restrictions</u>	Net Assets with <u>Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	<u>\$ 9,883,566</u>	<u>\$ 3,199,142</u>	<u>\$ 13,082,708</u>
Investment return:			
Investment income	159,264	53,685	212,949
Realized and unrealized gains on investments	1,419,127	447,084	1,866,211
Total investment activity	<u>1,578,391</u>	<u>500,769</u>	<u>2,079,160</u>
Contributions	2,544,391	4,697	2,549,088
Appropriation of endowment assets for expenditure	500,770	(500,770)	-
Reclassifications	11,732	(11,732)	-
Transfer to Society accounts	(1,065,426)	-	(1,065,426)
Other changes	-	(8,268)	(8,268)
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, end of year	<u>\$ 13,453,424</u>	<u>\$ 3,183,838</u>	<u>\$ 16,637,262</u>

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NOTE 10 – ENDOWMENT FUND, Continued:

Return Objectives and Risk Parameters

The Foundation 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 Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 7.5%, net of investment fees. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

A. Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

The spending rate for the portfolio is 5% per year of the average of the market value of the Endowment Portfolio over the prior 3 years. The spending policy is based on two key assumptions: the inflation rate over time has averaged about 2%, and the total return on the endowment fund over time will average 7%. The total annual distribution of spendable income does not exceed 10% nor is it less than 5% of the average market value based on a rolling three year average.

B. Strategies Employed for Achieving Objectives

The primary investment objectives, portfolio spending rate, average annual total return objective and resulting target allocation rate indicate a substantial ability to tolerate volatility over time, but reasonable precautions are taken to not subject the portfolio to short term volatility. The portfolio's target or equilibrium asset allocation is 30% fixed income and 70% common stock.

NOTE 11– ANIMAL CONTROL CONTRACTS:

The Society has animal control contracts with the City of Omaha, Sarpy County, and Offutt Air Force Base. The Sarpy County contract includes a provision which requires the Society to provide animal control services to the cities of Bellevue, Gretna, LaVista, Papillion, Springfield and Ralston, to the extent that said services are required by Sarpy County's Interlocal Cooperation Agreement with each city. The Society is entitled to 100% of the license and impound fees collected in accordance with the provisions of the contracts.

In addition to the license and impound fees, the City of Omaha contract provided for direct payments of \$714,000 and \$700,000 for the years 2017 and 2016, respectively.

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NOTE 12 – CONTRIBUTED SERVICES:

The Society receives a significant amount of donated services from unpaid volunteers who assist in special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958 have not been satisfied. The Society received approximately 59,000 volunteer hours during 2017, which is valued at approximately \$618,000.

In addition, the Society received professional donated services in support of management and general activities during 2017 and 2016. Non-cash contributions have been recognized related to these services for \$10,200 and \$4,275, respectively.

NOTE 13 – 401K SAVINGS PLAN:

The Society has a defined contribution plan covering all employees who are 21 years of age and have completed 90 days of service. Under the plan, eligible employees can make salary reduction contributions up to the maximum allowed by current tax laws. The Society matches these contributions to the extent of 3% of covered compensation. Plan expense was \$107,850 and \$111,030 for 2017 and 2016, respectively.

NOTE 14 - AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Society’s financial assets available within one year of the balance sheet for general expenditure:

Cash and cash equivalents	\$ 2,076,338
Short-term investments	1,946,453
Promises to give	257,965
Accounts receivable	59,324
Total current assets	\$ 4,340,080

The Society’s endowment funds consist of donor-restricted endowments and a quasi-endowment. As described in Footnote 9, income from certain donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. Income from certain other donor-restricted funds is available for general expenditure, when appropriated by the Board of Trustees. As described in Footnote 10, the quasi-endowment has an average spending rate of 5%; these funds will be appropriated by the Board of Trustees and available within the next twelve months.

As part of the Society’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. In addition, the Society invests cash in excess of daily requirements in short-term investments.

THE NEBRASKA HUMANE SOCIETY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 14 - AVAILABILITY OF FINANCIAL ASSETS, Continued:

To help manage unanticipated liquidity needs, the Society has a committed line of credit of \$500,000 which it could draw upon. Additionally, the Society has a quasi-endowment of \$13 million. Although the Society does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary. There is a reserve fund of \$478,880 established by the Board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 15 – COMMITMENTS AND CONTINGENCIES:

The Society has a self-insured health insurance for all its employees. The Society has purchased stop-loss insurance in order to limit its exposure, which will reimburse the Society for individual claims in excess of \$ 35,000 annually or aggregate claims exceeding \$ 770,000 annually. Self-insurance losses are accrued based on the Society's estimates of the aggregate liability for uninsured claims incurred using certain actuarial assumptions followed in the insurance industry. At December 31, 2017, the accrued liability for self-insured losses is included in accrued expenses and approximates \$116,700.

NOTE 16 – CONCENTRATIONS:

The Society maintains cash accounts in several commercial banks located in Omaha, Nebraska. The total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Society's cash account balances occasionally exceed federally insurable balances.

At December 31, 2017, approximately 84% of the outstanding promises to give was due from four charitable trusts and foundations.

NOTE 17 –NEW ACCOUNTING PRONOUNCEMENT:

On August 18, 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Society has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all years presented.

NOTE 18 – SUBSEQUENT EVENTS:

The Society has evaluated subsequent events through December 14, 2018, which is the date the financial statements were available to be issued. The Society has concluded that there are no material subsequent events which would require further disclosure.

**MASIMORE,
MAGNUSON & ASSOCIATES, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

Veldon G. Magnuson, CPA
Darrell L. Grantski, CPA
Lori K. Mueller, CPA
Rodney J. Anderson, CPA
Kenneth L. Masimore, CPA, Of Counsel

11440 W. Center Road, Suite B
Omaha, NE 68144-4483
Phone (402) 334-0600
Fax (402) 334-4866
www.mma-cpa.com

Cheryl E. Eliason, CPA
Theodore C. Krapp, CPA
Dana A. Whitfield, CPA
J. Scott Wheeler, CPA
Jolene A. Koch, CPA

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING INFORMATION

To the Board of Directors
The Nebraska Humane Society and
Nebraska Humane Society Foundation:

We have audited the consolidated financial statements of the Nebraska Humane Society and Nebraska Humane Society Foundation as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon dated December 14, 2018 which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The consolidating information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements and it is not a required part of the consolidated financial statements. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Omaha, Nebraska
December 14, 2018

Masimore, Magnuson & Associates, P.C.

THE NEBRASKA HUMANE SOCIETY AND NEBRASKA HUMANE SOCIETY FOUNDATION
SCHEDULE I - SUPPLEMENTAL STATEMENT OF CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017

	The Nebraska Humane Society	Nebraska Humane Society Foundation	Humane Enterprises, Inc.	Eliminating Entries	2017 Consolidated Total
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 2,076,338	\$ -	\$ -	\$ -	\$ 2,076,338
Short-term investments	1,946,453	-	-	-	1,946,453
Promises to give	239,008	18,957	-	-	257,965
Accounts receivable	59,324	-	-	-	59,324
Prepaid expenses	137,529	-	-	-	137,529
Inventory	42,383	-	-	-	42,383
Total current assets	<u>4,501,035</u>	<u>18,957</u>	<u>-</u>	<u>-</u>	<u>4,519,992</u>
Investments	478,880	-	-	-	478,880
Promises to give	-	51,146	-	-	51,146
Foundation investments:					
Cash and cash equivalents	-	491,071	-	-	491,071
Investments	-	16,076,088	-	-	16,076,088
Cash restricted for investment in building	1,310,059	-	-	-	1,310,059
Promises to give restricted for investment in building	5,946,561	-	-	-	5,946,561
Other assets	3,080	-	-	-	3,080
Intangible assets, net of amortization	-	-	4,169	-	4,169
Beneficial interest in Foundation	16,637,262	-	-	(16,637,262)	-
Investment in Humane Enterprises, Inc.	4,169	-	-	(4,169)	-
Land, buildings and equipment at cost - net of accumulated depreciation	12,816,206	-	-	-	12,816,206
Total other assets	<u>37,196,217</u>	<u>16,618,305</u>	<u>4,169</u>	<u>(16,641,431)</u>	<u>37,177,260</u>
Total assets	<u>\$ 41,697,252</u>	<u>\$ 16,637,262</u>	<u>\$ 4,169</u>	<u>\$ (16,641,431)</u>	<u>\$ 41,697,252</u>

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

THE NEBRASKA HUMANE SOCIETY AND NEBRASKA HUMANE SOCIETY FOUNDATION
SCHEDULE I - SUPPLEMENTAL STATEMENT OF CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017

	The Nebraska Humane Society	Nebraska Humane Society Foundation	Humane Enterprises, Inc.	Eliminating Entries	2017 Consolidated Total
<u>LIABILITIES AND NET ASSETS</u>					
Current liabilities:					
Accounts payable	\$ 263,893	\$ -	\$ -		\$ 263,893
Accrued liabilities	519,164	-	-		519,164
Prepaid licenses and other deferred revenue	108,012	-	-	-	108,012
Total current liabilities	<u>891,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>891,069</u>
Deferred compensation payable	3,080	-	-	-	3,080
Total other liabilities	<u>3,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,080</u>
Total liabilities	<u>894,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>894,149</u>
NET ASSETS:					
Without donor restrictions	30,039,712	13,453,424	-	(13,453,424)	30,039,712
With donor restrictions	10,763,391	3,183,838	-	(3,183,838)	10,763,391
Total net assets	<u>40,803,103</u>	<u>16,637,262</u>	<u>-</u>	<u>(16,637,262)</u>	<u>40,803,103</u>
RETAINED EARNINGS:					
Common stock	-	-	50,000	(50,000)	-
Additional paid in capital	-	-	248,841	(248,841)	-
Retained earnings	-	-	(294,672)	294,672	-
	<u>-</u>	<u>-</u>	<u>4,169</u>	<u>(4,169)</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 41,697,252</u>	<u>\$ 16,637,262</u>	<u>\$ 4,169</u>	<u>\$ (16,641,431)</u>	<u>\$ 41,697,252</u>

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

THE NEBRASKA HUMANE SOCIETY AND NEBRASKA HUMANE SOCIETY FOUNDATION
SCHEDULE II - SUPPLEMENTAL STATEMENT OF CONSOLIDATING STATEMENTS OF ACTIVITIES
DECEMBER 31, 2017

	The Nebraska Humane Society	Nebraska Humane Society Foundation	Humane Enterprises, Inc.	Eliminating Entries	2017 Consolidated Total
SUPPORT AND REVENUE					
City and county services	\$ 5,130,108	\$ -	\$ -	\$ -	\$ 5,130,108
Program fees	2,252,916	-	-	-	2,252,916
Contributions	11,054,276	4,697	-	-	11,058,973
Special events, net	440,080	-	-	-	440,080
Gift shop sales, net	22,223	-	-	-	22,223
Investment income, net of fees	41,675	212,950	-	-	254,625
Realized and unrealized losses on investments	303,596	1,866,211	-	-	2,169,807
Other income	16,840	-	-	-	16,840
Total support and revenue	<u>19,261,714</u>	<u>2,083,858</u>	<u>-</u>	<u>-</u>	<u>21,345,572</u>
EXPENSES					
Program services	10,202,205	-	-	-	10,202,205
Supporting activities:					
Management and general	844,367	-	-	-	844,367
Fundraising	956,330	8,268	-	-	964,598
Total expenses	<u>12,002,902</u>	<u>8,268</u>	<u>-</u>	<u>-</u>	<u>12,011,170</u>
Change in net assets before equity transfer	7,258,812	2,075,590	-	-	9,334,402
Equity transfers, net	-	1,478,965	-	(1,478,965)	-
Increase in beneficial interest	2,075,590	-	-	(2,075,590)	-
Change in net assets	<u>\$ 9,334,402</u>	<u>\$ 3,554,555</u>	<u>\$ -</u>	<u>\$ (3,554,555)</u>	<u>\$ 9,334,402</u>

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