



**NEW HAMPSHIRE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

FINANCIAL STATEMENTS

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<u>FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3 - 4
Statements of Activities and Changes in Net Assets	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9 - 10
Notes to Financial Statements	11 - 27

INDEPENDENT AUDITORS' REPORT

December 9, 2024

To the Board of Directors
New Hampshire Society For the Prevention of Cruelty To Animals
Stratham, New Hampshire

Opinion

We have audited the accompanying financial statements of New Hampshire Society For the Prevention of Cruelty to Animals (a nonprofit organization), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Society For the Prevention of Cruelty To Animals as of March 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Hampshire Society For the Prevention of Cruelty To Animals 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, that raise substantial doubt about New Hampshire Society For the Prevention of Cruelty To Animals' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting



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from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 New Hampshire Society For the Prevention of Cruelty To Animals' 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, that raise substantial doubt about New Hampshire Society For the Prevention of Cruelty to Animals' 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.

Cummings, Lamont & The Namee, PLLC

***Certified Public Accountants
Portsmouth, New Hampshire***

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENTS OF FINANCIAL POSITION

MARCH 31,

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash	\$ 321,795	\$ 56,197
Accounts receivable	127,231	3,285
Current portion of pledges receivable, net of allowance of \$0	51,851	74,588
Bequests receivable	50,600	262,184
Inventory	19,166	15,513
Prepaid expenses	<u>68,253</u>	<u>58,680</u>
Total Current Assets	<u>638,896</u>	<u>470,447</u>
PROPERTY AND EQUIPMENT, NET	<u>12,645,715</u>	<u>12,885,886</u>
OTHER ASSETS		
Investments	2,667,402	2,270,058
Investments - charitable gift annuities	187,452	156,949
Restitution receivable, net of allowance of \$11,819 and \$11,819, respectively	4,683	5,725
Note receivable, net of current portion	50,000	50,000
Pledges receivable, net of current portion	432,292	412,292
Beneficial interest in NHSPCA trust	7,518,463	5,012,628
Beneficial interest in charitable trusts	366,801	349,019
Beneficial interest in assets held by others	16,929	15,822
Other assets	<u>500</u>	<u>500</u>
Total Other Assets	<u>11,244,522</u>	<u>8,272,993</u>
Total Assets	<u>\$ 24,529,133</u>	<u>\$ 21,629,326</u>

See Notes to Financial Statements

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENTS OF FINANCIAL POSITION

MARCH 31,

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Accounts payable	\$ 50,472	\$ 221,756
Accrued salaries and related expenses	116,784	80,579
Annuity payment liability	28,137	29,031
Deferred revenue	<u>94,756</u>	<u>55,241</u>
Total Current Liabilities	290,149	386,607
LONG-TERM LIABILITIES		
Security deposit	<u>4,800</u>	<u>4,800</u>
Total Long-term Liabilities	4,800	4,800
Total Liabilities	<u>294,949</u>	<u>391,407</u>
NET ASSETS		
Net assets without donor restrictions		
Board Designated - DiBiasio Family Scholarship Fund	100,000	100,000
Board Designated - Endowment Fund	200,000	200,000
Board Designated - Capital Reserve	786,556	751,194
Undesignated	17,693,180	16,350,481
Net assets with donor restrictions	<u>5,454,448</u>	<u>3,836,244</u>
Total Net Assets	<u>24,234,184</u>	<u>21,237,919</u>
Total Liabilities and Net Assets	<u>\$ 24,529,133</u>	<u>\$ 21,629,326</u>

See Notes to Financial Statements

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Shelter	\$ 615,242	\$ -	\$ 615,242
Other operating income	291,618	-	291,618
Contributions	2,194,990	1,770,939	3,965,929
Special events	469,743	-	469,743
Interest and dividends, net	26,625	24,402	51,027
Gains (losses) on NHSPCA Trust	1,325,298	-	1,325,298
Gains (losses) on annuity	31,653	-	31,653
Net realized and unrealized gain (loss)	319,583	-	319,583
Other income	52,346	-	52,346
In kind donations	200,158	-	200,158
Net assets released from restrictions	196,026	(196,026)	-
Total Revenue, Gains and Other Support	<u>5,723,282</u>	<u>1,599,315</u>	<u>7,322,597</u>
OPERATING EXPENSES			
Program:			
Shelter	2,588,637	-	2,588,637
Program	323,310	-	323,310
Total Program Expense	<u>2,911,947</u>	<u>-</u>	<u>2,911,947</u>
Supporting Services:			
Management and general	569,152	-	569,152
Fundraising	862,972	-	862,972
Total Supporting Services	<u>1,432,124</u>	<u>-</u>	<u>1,432,124</u>
Total Operating Expenses	<u>4,344,071</u>	<u>-</u>	<u>4,344,071</u>
Net Operating Income (Loss)	<u>1,379,211</u>	<u>1,599,315</u>	<u>2,978,526</u>
CHANGE IN BENEFICIAL INTERESTS IN TRUSTS AND ASSETS HELD BY OTHERS	<u>-</u>	<u>18,889</u>	<u>18,889</u>
CHANGE IN NET ASSETS	1,379,211	1,618,204	2,997,415
NET ASSETS, BEGINNING OF YEAR	17,401,675	3,836,244	21,237,919
DISTRIBUTIONS	<u>(1,150)</u>	<u>-</u>	<u>(1,150)</u>
NET ASSETS, END OF YEAR	<u>\$ 18,779,736</u>	<u>\$ 5,454,448</u>	<u>\$ 24,234,184</u>

See Notes to Financial Statements

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2023

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT			
Shelter	\$ 265,351	\$ -	\$ 265,351
Other operating income	244,279	-	244,279
Contributions	2,490,125	78,098	2,568,223
Special events	425,080	-	425,080
Interest and dividends, net	20,151	12,316	32,467
Gains (losses) on NHSPCA Trust	(150,009)	-	(150,009)
Gains (losses) on annuity	(10,863)	-	(10,863)
Net realized and unrealized gain (loss)	(55,499)	-	(55,499)
Miscellaneous income	43,800	-	43,800
In kind donations	148,301	-	148,301
Net assets released from restrictions	396,993	(396,993)	-
	<u>3,817,709</u>	<u>(306,579)</u>	<u>3,511,130</u>
Total Revenue, Gains and Other Support			
OPERATING EXPENSES			
Program:			
Shelter	2,140,420	-	2,140,420
Program	340,658	-	340,658
Total Program Expenses	<u>2,481,078</u>	<u>-</u>	<u>2,481,078</u>
Supporting Services:			
Management and general	530,833	-	530,833
Fundraising	675,352	-	675,352
Total Supporting Services	<u>1,206,185</u>	<u>-</u>	<u>1,206,185</u>
Total Operating Expenses	<u>3,687,263</u>	<u>-</u>	<u>3,687,263</u>
Net Operating Income (Loss)	<u>130,446</u>	<u>(306,579)</u>	<u>(176,133)</u>
CHANGE IN BENEFICIAL INTERESTS IN TRUSTS AND ASSETS HELD BY OTHERS	<u>-</u>	<u>(41,205)</u>	<u>(41,205)</u>
CHANGE IN NET ASSETS	130,446	(347,784)	(217,338)
NET ASSETS, BEGINNING OF YEAR	17,272,379	4,184,028	21,456,407
DISTRIBUTIONS	<u>(1,150)</u>	<u>-</u>	<u>(1,150)</u>
NET ASSETS, END OF YEAR	<u>\$ 17,401,675</u>	<u>\$ 3,836,244</u>	<u>\$ 21,237,919</u>

See Notes to Financial Statements

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2024

	Shelter and Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,520,216	\$ 191,024	\$ 223,780	\$ 1,935,020
Employee benefits	60,592	38,846	34,003	133,441
Payroll taxes	110,973	6,188	16,507	133,668
Depreciation	490,698	22,889	4,425	518,012
Occupancy	128,786	68,812	3,897	201,495
Professional fees	-	55,985	2,149	58,134
Payroll administration fees	-	14,026	-	14,026
Animal services - other expenses	379,097	-	-	379,097
Supplies	43,282	42,021	14,620	99,923
Repairs and maintenance	21,047	60,075	27	81,149
Bank fees	17,209	1,730	1,432	20,371
Other program expense	47,848	(1,482)	-	46,366
Service contracts	7,182	47,492	49,229	103,903
Newsletter	7,735	527	22,136	30,398
Contract labor	61,053	4,400	-	65,453
Social media	3,111	4,284	4,083	11,478
Training and humane education	1,527	3,187	503	5,217
Licenses and memberships	2,938	1,115	-	4,053
Bad debt expenses	-	-	106,722	106,722
Miscellaneous	1,374	8,033	5,737	15,144
Special event expenses	7,279	-	373,722	381,001
	<u>\$ 2,911,947</u>	<u>\$ 569,152</u>	<u>\$ 862,972</u>	<u>\$ 4,344,071</u>

See Notes to Financial Statements

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2023

	Shelter and Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,279,843	\$ 148,332	\$ 204,876	\$ 1,633,051
Employee benefits	69,472	26,621	33,839	129,932
Payroll taxes	93,873	35,569	15,053	144,495
Depreciation	478,247	21,774	4,487	504,508
Occupancy	131,385	67,987	4,362	203,734
Professional fees	105	48,660	2,555	51,320
Payroll administration fees	-	9,290	-	9,290
Campaigns and appeals	-	-	877	877
Animal services - other expenses	181,052	124	-	181,176
Supplies	52,293	23,219	17,897	93,409
Repairs and maintenance	24,291	50,936	21	75,248
Bank fees	8,079	4,540	1,640	14,259
Protective custody	748	-	-	748
Other program expense	56,393	-	-	56,393
Service contracts	10,888	49,533	46,622	107,043
Newsletter	37,937	2,587	2,587	43,111
Mortgage interest expense	-	161	2,625	2,786
Contract labor	41,975	4,263	-	46,238
Social media	1,425	359	8,522	10,306
Training and humane education	300	7,897	-	8,197
Licenses and memberships	3,579	1,459	-	5,038
Bad debt expenses	-	14,849	-	14,849
Miscellaneous	66	12,607	6,409	19,082
Special event expenses	9,127	66	322,980	332,173
	<u>\$ 2,481,078</u>	<u>\$ 530,833</u>	<u>\$ 675,352</u>	<u>\$ 3,687,263</u>

See Notes to Financial Statements

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31,

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,997,415	\$ (217,338)
Adjustments to reconcile changes in net assets to cash provided by (used in) operating activities:		
Depreciation and amortization	518,013	504,508
Change in allowance of doubtful pledges receivable	-	(250,000)
Noncash donation	25,496	12,680
Bad debt expense on pledge receivable	20,935	-
Bad debt expense on bequest receivable	85,787	15,082
Amortization of discount of pledges receivable restricted for long-term purposes	-	(42,728)
Realized and unrealized (gain) losses	(319,581)	(55,559)
(Gain) loss on NHSPCA Trust	(1,213,037)	(216,262)
(Gain) loss on Annuity	(27,861)	(14,849)
Net (increase) decrease in beneficial interests in trusts and assets held by others	(18,889)	41,205
Net cash transfer (to) from NHSPCA Trust	(677,145)	587,645
Contributions designated for investment	322,822	478,306
Changes in operating assets and liabilities:		
Accounts receivable	(123,946)	(3,285)
Restitution receivable	1,042	719
Pledges receivable	(18,198)	402,559
Bequests receivable	125,797	847,725
Inventory	(3,653)	(9,152)
Prepaid expenses	(9,573)	20,041
Accounts payable	(171,284)	61,212
Accrued salaries and related expenses	36,205	(15,840)
Annuity payment liability	(894)	(894)
Deferred revenue	39,515	(39,229)
Net cash provided by (used in) operating activities	<u>1,588,966</u>	<u>2,106,546</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Contributions restricted for investment in endowment	1,500,000	-
Proceeds from sales of securities	2,415,508	1,114,923
Purchase of securities	(4,959,884)	(2,832,059)
Surety bond	-	35,404
Purchase of property and equipment	(277,842)	(428,657)
Net cash provided by (used in) investing activities	<u>(1,322,218)</u>	<u>(2,110,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to annuity beneficiary	(1,150)	(1,150)
Repayments of short-term debt	-	(285,378)
Net cash provided by (used in) financing activities	<u>(1,150)</u>	<u>(286,528)</u>
NET INCREASE (DECREASE) IN CASH	265,598	(290,371)

See Notes to Financial Statements

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31,

	<u>2024</u>	<u>2023</u>
CASH, BEGINNING OF YEAR	56,197	346,568
CASH, END OF YEAR	<u>\$ 321,795</u>	<u>\$ 56,197</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest expense	<u>\$ -</u>	<u>\$ 2,786</u>

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

There were no noncash investing and financing activities in 2024 or 2023.

See Notes to Financial Statements

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 1 – Nature of Organization

The *New Hampshire Society For The Prevention Of Cruelty To Animals* (the Society) is a not-for-profit organization incorporated under the laws of the State of New Hampshire in 1874. Its mission is to provide shelter, adoption, education, and other progressive community services to further the humane treatment of animals. The Adoption and Learning Centers of the Society are situated in Stratham, New Hampshire and service the Tri-state area. The Society is supported through public contributions, investment income, and activities revenue.

Note 2 – Summary of Significant Accounting Policies

Significant accounting policies of the Society are described below:

Method of Accounting - 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.

New Accounting Standards - On April 1, 2023 the Society adopted ASU 2016-13 *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (ASC 326)*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The adoption of CECL did not have a material impact on the Society's financial statements.

Financial Statement Presentation - The Society follows the provisions of FASB Account Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. In accordance with these provisions, the Society is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions, accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that 1) may or will be met either by actions of the Society and/or the passage of time or 2) they be maintained permanently by the Society.

Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 statement of activities as net assets released from restrictions.

Revenue Recognition - During the year ended March 31, 2024 and 2023 the Society had contract revenue consisting of humane education and training programs totaling \$200,486 and \$224,439 respectively. To best match the timing of the transfer of goods and services the Society recognizes revenue from contracts with customers at the time programs are registered and paid for. There are no significant warranties of return, refund or discount related to any contracts with customers. For the year ended March 31, 2024 the greatest economic factor effecting contract revenue has been the state of the economy and inflation. For the year ended March 31, 2023 the greatest economic factor effecting contract revenue has been the COVID pandemic.

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Accounting Estimates and Assumptions - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less that are not restricted as to use or held for investment. There were no cash equivalents at March 31, 2024 and 2023. The Society maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Society has not experienced any losses in such accounts and believes it is not exposed to any material risk with respect to those accounts.

Inventory - Inventories are stated at the lower of cost (on a first-in, first-out basis) or market and consist of merchandise held for resale at the Society's Adoption and Learning Center.

Contributions and Support - Contributions including unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Promises to give are reported as pledges receivable at the present value of the estimated future cash flows using a risk-free return rate. An allowance has been made in the financial statements for uncollectible promises to give based on what management believes is reasonable. Pledges deemed by management not to be collectible are written off against the allowance account in the year they are judged to be uncollectible.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considers accounts to be delinquent based on the date of unpaid invoices. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. The Society does not accrue interest on accounts receivable. No allowance was considered necessary at March 31, 2024 or 2023.

Bequests and Pledges Receivable - The Society records bequests receivable from decedents' estates only after having received notice from the estate administrator of their existence and minimum distribution amount. Pledges and other promises to give are recorded when pledged by the donor. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in pledges and bequests receivable. No allowance was considered necessary at March 31, 2024 or 2023.

Property and Equipment - Property and equipment is stated at cost or at fair market value if received by donation. The Society capitalizes acquisitions and improvements of \$1,000 or more with a life of more than one year, while expenditures for maintenance and repairs that do not extend the useful lives of the assets are charged to operations as incurred. The provision for depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 39 years.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the accompanying statement of activities and changes in net assets. Investment income that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the investment income is recognized.

Donated Investments - Donated investments consist of contributed stock received by the Society. It is the Society's policy to sell contributed securities soon after they are received.

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Income Taxes - The Society is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509(a), and contributions to the Society are deductible by the donors as provided in Section 170(b)(1)(A)(i).

The federal and state of New Hampshire informational tax returns of the Society are subject to examination, generally for three years after they were filed.

Advertising Costs - Advertising costs are charged to expense as incurred. Advertising expenses for 2024 and 2023 totaling \$0 and \$213, respectively, has been included in the accompanying statement of activities.

Non-Cash Donations - The Society records various types of non-cash donations, including services, supplies and materials and other intangible assets. Donated non-cash goods and services are recognized as contributions in accordance with Statement of Financial Accounting Standard, *Accounting for Contributions Received and Contributions Made*. Non-cash goods are valued at the estimated fair value at the date of gift and services are similarly valued if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. The value of these services, supplies and materials and other intangible assets are included in the accompanying financial statements and the corresponding expenses were \$200,158 and \$148,301 for the years ended March 31, 2024 and 2023, respectively.

In addition, numerous other volunteers provide substantial time and effort in support of the Society's activities. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under Statement of Financial Accounting Standard, *Accounting for Contributions Received and Contributions Made*.

Note 3 – Restitution Receivable

Restitution receivable represents judgments against individuals which require them to reimburse the Society for reasonable costs and expenses for care of the animals it has incurred during animal cruelty rescue. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. The Society does not accrue interest on restitution receivable. The Society has recorded an allowance for uncollectible accounts of \$11,819 and \$11,819 in 2024 and 2023, respectively. Ninety percent of the total restitution receivable is due from four individuals as of March 31, 2024. Eighty-eight percent of the total restitution receivable is due from four individuals as of March 31, 2023.

Note 4 – Note Receivable

In April 2016, the Society entered into an unsecured loan agreement with the NH Community Loan Fund, Inc. as an investment. The principal amount of the note is \$50,000 and pays interest at a rate of 5% per annum with a maturity date of April 2026.

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 5 – Pledges Receivable

The Society has pledge commitments from donors as described in the following table. All pledges are presented as net assets with donor restrictions.

Pledges receivable at March 31, 2022	\$ 891,947
Pledges received during year ended March 31, 2023	-
Pledge payments received during year ended March 31, 2023	(93,559)
Pledge written off during year ended March 31, 2023	<u>(309,000)</u>
Pledges receivable at March 31, 2023	489,388
Pledges received during year ended March 31, 2024	60,000
Pledge payments received during year ended March 31, 2024	(41,802)
Pledge written off during year ended March 31, 2024	<u>(20,935)</u>
Pledges receivable at March 31, 2024	<u>\$ 486,651</u>
Pledges expected to be collected in:	
Less than one year	\$ 51,851
One to four years	20,000
More than five years	<u>414,800</u>
	486,651
Less: discount to net present value	(2,508)
Less allowance for pledges receivable	<u>-</u>
Total pledges receivable	<u>\$ 484,143</u>

Pledges receivable are primarily from individuals. Pledges from three donors make up approximately 63% of the Society's total pledges receivable at March 31, 2024. Pledges from one donor make up 6% of the Society's total pledges receivable at March 31, 2023. Pledges are discounted to the present value of estimated future cash flows using a discount rate of 4.20% and 3.48% in 2024 and 2023, respectively.

Pledges receivable includes a gift of two charitable trusts from an individual in the amount of \$414,800 that is payable to the Society upon the donor's death. Since the date of death cannot be determined at this time, it has not been included in the discount calculation.

Note 6 – Bequests Receivable

The Society has been notified that it is the beneficiary of several estates. Bequests receivable are based on management's best estimate and judgment of the amounts to be received by these estates. The amount that will be ultimately realized could differ materially from the amount recorded in the financial statements. At March 31, 2024, 97% of bequests receivable are due from four estates. At March 31, 2023, 96% of bequests receivable is due from three estates.

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 7 – Property and Equipment

Property and equipment consists of the following at March 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 650,641	\$ 650,641
Buildings and building improvements	14,821,959	14,575,527
Computers and equipment	548,657	523,868
Furnishings and fixtures	629,178	622,556
Vehicles	<u>207,771</u>	<u>207,771</u>
	16,858,206	16,580,363
Less accumulated depreciation	<u>(4,212,491)</u>	<u>(3,694,477)</u>
Property and equipment, net	<u>\$ 12,645,715</u>	<u>\$ 12,885,886</u>

Depreciation expense amounted to \$518,013 in fiscal year 2024 and \$504,508 in fiscal year 2023.

Note 8 – Investments

Investments consisting of marketable securities are administered by the Investment Committee of the Society’s Board of Directors. Investments are recorded at fair value. Fair value is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment revenues are presented net of investment expenses that totaled \$9,120 for fiscal year 2024 and \$7,647 for fiscal year 2023. Cost and the approximate fair value of investments are summarized below as of March 31,

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Long-term investments				
Agency account				
Money market accounts	\$ 28,339	\$ 28,339	\$ 665,806	\$ 665,806
Exchange traded funds	43,151	49,170	80,907	79,391
Common stock	409,275	622,135	387,100	480,376
Bonds	538,698	518,356	350,723	327,030
Mutual funds	68,003	75,262	53,000	49,496
Other	<u>11,192</u>	<u>12,693</u>	<u>9,480</u>	<u>9,735</u>
	<u>1,098,658</u>	<u>1,305,955</u>	<u>1,547,016</u>	<u>1,611,834</u>
Lamprey CEO Chair Fund				
Money market accounts	68,670	68,670	-	-
Exchange traded funds	108,122	112,810	-	-
Common stock	284,428	342,946	-	-
Bonds	20,240	20,124	-	-
Mutual funds	21,501	24,588	-	-
Other	<u>5,732</u>	<u>6,660</u>	-	-
	<u>508,693</u>	<u>575,798</u>	-	-
Agency Charles Schwab Account	<u>60</u>	<u>60</u>	<u>9,228</u>	<u>9,228</u>
Money market accounts	<u>60</u>	<u>60</u>	<u>9,228</u>	<u>9,228</u>

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 8 – Investments (continued)

Building Project 2020 Account				
Money market accounts	<u> -</u>	<u> -</u>	<u> 2</u>	<u> 2</u>
	<u> -</u>	<u> -</u>	<u> 2</u>	<u> 2</u>
 Lori Ward Trust				
NHSPCA investment pool	<u> 18,264</u>	<u> 22,970</u>	<u> 17,078</u>	<u> 19,472</u>
	<u> 18,264</u>	<u> 22,970</u>	<u> 17,078</u>	<u> 19,472</u>
 Andy’s Fund				
NHSPCA investment pool	<u> 108,617</u>	<u> 136,604</u>	<u> 101,565</u>	<u> 115,789</u>
	<u> 108,617</u>	<u> 136,604</u>	<u> 101,565</u>	<u> 115,789</u>
 Ruth Winnick Fund				
NHSPCA investment pool	<u> 143,034</u>	<u> 179,891</u>	<u> 133,748</u>	<u> 152,498</u>
	<u> 143,034</u>	<u> 179,891</u>	<u> 133,748</u>	<u> 152,498</u>
 DiBiasio Trust				
NHSPCA investment pool	<u> 139,147</u>	<u> 175,002</u>	<u> 130,113</u>	<u> 148,353</u>
	<u> 139,147</u>	<u> 175,002</u>	<u> 130,113</u>	<u> 148,353</u>
 Koda Fund				
NHSPCA investment pool	<u> 100,900</u>	<u> 121,746</u>	<u> 75,648</u>	<u> 86,253</u>
	<u> 100,900</u>	<u> 121,746</u>	<u> 75,648</u>	<u> 86,253</u>
 Kelly Rae Stallings Fund				
NHSPCA investment pool	<u> 118,771</u>	<u> 149,376</u>	<u> 111,060</u>	<u> 126,629</u>
	<u> 118,771</u>	<u> 149,376</u>	<u> 111,060</u>	<u> 126,629</u>
 Total long-term investments	<u>\$ 2,236,144</u>	<u>\$ 2,667,402</u>	<u>\$ 2,125,458</u>	<u>\$ 2,270,058</u>

The Lori Ward Trust, Andy’s Fund, Ruth Winnick Fund, DiBiasio Trust, Koda Fund, and Kelly Rae Stallings Fund noted above have investments in a common pool, NHSPCA Community Pooled Fund. The types of investments in the NHSPCA investment pool consist of the following investments:

Long-term investments:	2024		2023	
	Cost	Market Value	Cost	Market Value
Money market accounts	\$ 18,826	\$ 18,826	\$ 5,762	\$ 5,762
Common stock	235,377	400,520	223,682	323,318
Bonds	239,583	225,666	193,506	175,424
Exchange traded funds	39,710	43,519	56,060	57,343
Mutual funds	89,027	88,979	84,025	79,756
Other	<u> 6,211</u>	<u> 8,078</u>	<u> 6,177</u>	<u> 7,391</u>
	<u>\$ 628,734</u>	<u>\$ 785,589</u>	<u>\$ 569,212</u>	<u>\$ 648,994</u>

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 8 – Investments (continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended March 31:

	<u>2024</u>	<u>2023</u>
Interest and dividends:		
Long-term investments	\$ 60,147	\$ 40,114
Less: investment fees	<u>(9,120)</u>	<u>(7,647)</u>
Total Interest and Dividends, net	51,027	32,467
Net realized and unrealized gains (losses) from long-term investments	<u>319,583</u>	<u>(55,499)</u>
Total Investment Return	<u>\$ 370,612</u>	<u>\$ (23,032)</u>

The investments are held by an investment brokerage firm, which at times may exceed federally insured limits by the Securities Investor Protection Corporation. However, it is the opinion of management that the solvency of the referenced brokerage firm is not of particular concern and therefore does not feel the Society is exposed to significant risk as a result of the uninsured balance.

Note 9 – Charitable Gift Annuities

The Society has entered into irrevocable agreements with donors whereby in exchange for the gift from the donor, the Society is obligated to provide an annuity to the donor or other designated beneficiaries until death. Upon the death of the beneficiary, the remaining assets are available for unrestricted use of the Society.

A liability is recognized for the estimated present value of the annuity obligation and the assets are recorded at their gross market value for agreements where the Society is the trustee. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service guidelines and actuarial tables.

The Society has segregated these assets as separate and distinct funds, independent from other funds and not to be applied to payment of the debts and obligations of the Society or any other purpose other than annuity benefits specified in the agreements.

At March 31, 2024, the total assets held under charitable gift annuities agreements were \$187,452 and total liabilities of the annuity obligation were \$28,137.

At March 31, 2023, the total assets held under charitable gift annuities agreements were \$156,949 and total liabilities of the annuity obligation were \$29,031.

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 9 – Charitable Gift Annuities (continued)

Investments consisting of marketable securities are administered by the Trustees of the NHSPCA Trust. Investments are recorded at fair value. Fair value is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment revenues are presented net of investment expenses. Investment expenses were \$0 and \$755 for fiscal years 2024 and 2023, respectively. Cost and the approximate fair value of investments are summarized below as of March 31,:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Charitable gift annuity account				
Cash and cash equivalents	\$ 2,043	\$ 2,043	\$ 4,112	\$ 4,112
Bonds	-	-	17,337	16,159
Exchange traded funds	109,166	139,742	68,575	77,897
Mutual funds	<u>40,014</u>	<u>45,667</u>	<u>58,026</u>	<u>58,781</u>
	<u>\$ 151,223</u>	<u>\$ 187,452</u>	<u>\$ 148,050</u>	<u>\$ 156,949</u>

The Society has annuity payment liability to donors as described in the following table.

	<u>2024</u>	<u>2023</u>
Annuity payment liability at beginning of the year	\$ 29,031	\$ 29,925
Proceeds from annuities	-	-
Annuity payment during year	<u>(894)</u>	<u>(894)</u>
Annuity payment liability at end of the year	<u>\$ 28,137</u>	<u>\$ 29,031</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended March 31,:

	<u>2024</u>	<u>2023</u>
Interest and dividends:		
Long-term investments	\$ 4,531	\$ 4,741
Less: investment fees	<u>(739)</u>	<u>(755)</u>
	3,792	3,986
Net realized and unrealized gains (losses) from long-term investments	<u>27,861</u>	<u>(14,849)</u>
Total Investment Return	<u>\$ 31,653</u>	<u>\$ (10,863)</u>

Note 10 – Beneficial Interest In NHSPCA Permanent Trust

The New Hampshire Society for the Prevention of Cruelty to Animals Trust (the Trust) was formed January 28, 2003 to support the vision, purpose and activities of the Society. The Trustees are made up of the Executive Committee of the Society plus four additional members at large. As of March 31, 2024, four of the eight Trustees are also members of the Board of Directors of the Society.

The Society has adopted Statement of Financial Accounting Standards, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. This statement requires that a beneficiary shall recognize its rights to the assets held by a recipient organization as an asset unless the recipient organization is explicitly granted variance power. Management of the Society and the Trust have determined that the Trust has not explicitly been granted variance power, and therefore, the Society's interest in the net assets of the Trust should be recognized as an asset held by the Trust in the Society's statement of financial position.

It is the policy of the Trust to ensure investments are made consistent with the safeguards and diversity to which a prudent investor would adhere. All transactions of the Trust must be in the sole interest of the Trust. The Trust engaged an investment

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 10 – Beneficial Interest In NHSPCA Permanent Trust (continued)

manager who was given full investment discretion consistent with the investment objectives and guidelines of the Trust. The investment manager has full discretion regarding the purchase and sale of individual securities and selection between asset classes including equity and cash equivalents in order to assure full flexibility in the management of the Trust. The objective of the Trust is a balanced portfolio comprised of common stocks, convertible bonds, cash and fixed income investments in accordance with the asset allocation guidelines of the Trust. The Trust is intended to be managed moderately for risk and return.

The Trustees of the Trust also, from time to time, may distribute to the Society as much of the income and principal of the Trust as they deem advisable. The distributions from the Trust were \$102,199 in 2024 and \$81,222 in 2023.

The Trust has been determined to be an exempt organization by the Internal Revenue Service under Code Section 501(c)(3).

Investments consisting of marketable securities are administered by the Trustees of the NHSPCA Trust. Investments are recorded at fair value. Fair value is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment revenues are presented net of investment expenses which totaled \$26,216 for fiscal year 2024 and \$22,804 for fiscal year 2023. Cost and the approximate fair value of investments are summarized below as of March 31,:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Trust account				
Money market accounts	\$ 155,954	\$ 155,954	\$ 30,915	\$ 30,915
Bonds	1,353,741	1,312,504	880,037	821,099
Common stock	3,097,847	4,872,629	2,255,229	3,079,992
Exchange traded funds	500,960	553,450	542,823	549,678
Mutual funds	462,484	501,018	443,996	425,010
Other	<u>112,308</u>	<u>122,908</u>	<u>102,005</u>	<u>105,934</u>
	<u>\$ 5,683,294</u>	<u>\$ 7,518,463</u>	<u>\$ 4,255,005</u>	<u>\$ 5,012,628</u>

The investments are held by an investment brokerage firm, which at times may exceed federally insured limits of the Securities Investor Protection Corporation. However, it is the opinion of management that the solvency of the referenced brokerage firm is not of particular concern and therefore does not feel the Society is exposed to significant risk as a result of the uninsured balance.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended March 31,:

	<u>2024</u>	<u>2023</u>
Interest and dividends:		
Long-term investments	\$ 135,897	\$ 89,056
Less: investment fees	<u>(26,216)</u>	<u>(22,804)</u>
Total Interest and Dividends, net	109,681	66,252
Net realized and unrealized gains (losses) from long-term investments	<u>1,215,617</u>	<u>(216,261)</u>
Total Investment Return	<u>\$ 1,325,298</u>	<u>\$ (150,009)</u>

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 10 – Beneficial Interest In NHSPCA Permanent Trust (continued)

Investment net asset composition by type of fund as of March 31, 2024 is as follows:

	<u>Net Assets</u> <u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>Net Assets</u> <u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,098,996	\$ 2,098,996
Board-designated endowment funds	200,000	-	200,000
Unrestricted funds	<u>5,219,467</u>	<u>-</u>	<u>5,219,467</u>
	<u>\$ 5,419,467</u>	<u>\$ 2,098,996</u>	<u>\$ 7,518,463</u>

Changes in NHSPCA Trust’s net assets as of March 31, 2024 are as follows:

	<u>Net Assets</u> <u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>Net Assets</u> <u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
NHSPCA trust, beginning of year	\$ 3,913,632	\$ 1,098,996	\$ 5,012,628
Additions	282,822	1,000,000	1,282,822
Distributions and expenditures	(128,501)	-	(128,501)
Investment income	135,897	-	135,897
Realized and unrealized gain (loss)	<u>1,215,617</u>	<u>-</u>	<u>1,215,617</u>
NHSPCA trust, end of year	<u>\$ 5,419,467</u>	<u>\$ 2,098,996</u>	<u>\$ 7,518,463</u>

Investment net asset composition by type of fund as of March 31, 2023 is as follows:

	<u>Net Assets</u> <u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>Net Assets</u> <u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,098,996	\$ 1,098,996
Board-designated endowment funds	200,000	-	200,000
Unrestricted funds	<u>3,713,632</u>	<u>-</u>	<u>3,713,632</u>
	<u>\$ 3,913,632</u>	<u>\$ 1,098,996</u>	<u>\$ 5,012,628</u>

Changes in NHSPCA Trust’s net assets as of March 31, 2023 are as follows:

	<u>Net Assets</u> <u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>Net Assets</u> <u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
NHSPCA trust, beginning of year	\$ 3,692,995	\$ 1,098,996	\$ 4,791,991
Additions	476,776	-	476,776
Distributions and expenditures	(106,130)	-	(106,130)
Investment income	66,252	-	66,252
Realized and unrealized gain (loss)	<u>(216,261)</u>	<u>-</u>	<u>(216,261)</u>
NHSPCA trust, end of year	<u>\$ 3,913,632</u>	<u>\$ 1,098,996</u>	<u>\$ 5,012,628</u>

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 11 – Beneficial Interest in Charitable Trusts

Jean Noble-Neal Trust - The Society is a one-third beneficiary of the Jean Noble-Neal Charitable Trust, the assets of which are not in the possession of the Society. The Society has legally enforceable rights or claims to such assets, including the right to income. The fair value of the Society's share of trust assets as reported by the trust fiduciary totaled \$173,223 as of March 31, 2024 and \$162,765 as of March 31, 2023 and is presented as net assets with donor restrictions. Appreciation in the trust is not available for expenditure by the Society unless the trustee decides to appropriate it. The Society received \$7,377 in fiscal year 2024 and \$8,485 in fiscal year 2023. This income is reported in contribution income in the statement of activities. Income received from the trust is used for the care and feeding of animals in accordance with the trust requirements.

Rhoda Hogan Trust - The Society is a one-fourth beneficiary of the Rhoda Hogan Trust, the assets of which are not in the possession of the Society. The Society has legally enforceable rights or claims to such assets including the right to income. The fair value of the Society's share of trust assets as reported by the trust fiduciary totaled \$193,578 as of March 31, 2024 and \$186,254 as of March 31, 2023, and is presented as net assets with donor restrictions. Appreciation of the assets is not available for expenditure by the Society unless the trustee decides to appropriate it. The Society received \$5,040 in fiscal year 2024 and \$2,991 in fiscal year 2023. This income is reported in contribution income in the statement of activities. Income received from the trust is used for the care, feeding and medical needs of cats in accordance with the trust requirements.

Hobbs Trust - The Society is the beneficiary of a designated fund - the Dorothy and Paul Hobbs Trust at The New Hampshire Charitable Foundation (the Foundation). Pursuant to the terms of the resolution establishing this fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the Society. In accordance with its spending policy the Foundation makes distributions from the fund to the Society. The distributions are approximately 4.03% of the market value of the fund per year. The fund is not included in these financial statements, since all property in the fund was contributed to the Foundation to be held and administered for the benefit of the Society. The Society received \$1,482 in fiscal year 2024 and \$1,491 in fiscal year 2023. This income is reported in contribution income in the statement of activities. The market value of the fund assets was approximately \$41,925 at March 31, 2024 and \$39,183 at March 31, 2023.

Note 12 – Beneficial Interest in Asset Held by Others

The Society is the beneficiary of an agency endowment fund - NHSPCA Endowment Fund at The New Hampshire Charitable Foundation (the Foundation). The Endowment Fund was established in January 2003 by the Society's transfer of \$10,000 to the Foundation. Pursuant to the terms of the resolution establishing this fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the Society. In accordance with its spending policy the Foundation makes distributions from the fund to the Society. The distributions are approximately 4.03% of the market value of the fund per year. The estimated value of the future distributions from the fund is included in these financial statements as required under Financial Accounting Standards Board Statement, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. All property in the fund was contributed to the Foundation to be held and administered for the benefit of the Society.

The Endowment Fund is presented in the statement of financial position as Beneficial Interest in Assets Held by Others. The fair market value of the Endowment Fund was \$16,929 at March 31, 2024 and \$15,822 at March 31, 2023. No additional transfers have been made to this Endowment Fund since 2003. The distributions from the Foundation were \$598 in fiscal year 2024 and \$602 in fiscal year 2023.

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 13 – Fair Values of Assets

Effective December 15, 2008, the Society adopted Statement of Financial Accounting Standards, *Fair Value Measurements*, which provides a framework for measuring fair value under GAAP. This standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. This standard also established a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

- 1) Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other resources;
- 2) Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- 3) Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach in which a stream of expected cash flows is discounted at an appropriate market interest rate.

For the year ended March 31, 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following table sets forth by level, within the fair value hierarchy, the Society's investments at fair value at March 31, 2024.

<u>Description</u>	<u>Fair Values</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pledges receivable	\$ 484,143	\$ -	\$ -	\$ 484,143
Bequests receivable	50,600	-	50,600	-
Cash and cash equivalents	115,895	115,895	-	-
Bond funds	764,146	764,146	-	-
Exchange traded funds	1,571,100	1,571,100	-	-
Mutual Funds	188,829	188,829	-	-
Other	27,431	27,431	-	-
Investments – Charitable Gift Annuities	187,452	187,452	-	-
Annuity payment liability	(28,137)	-	-	(28,137)
Beneficial interest in NHSPCA Trust	7,518,463	7,518,463	-	-
Beneficial interest in Charitable Trust	366,801	366,801	-	-
Beneficial interest in Assets Held by Others	<u>16,929</u>	<u>16,929</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,263,652</u>	<u>\$ 10,757,046</u>	<u>\$ 50,600</u>	<u>\$ 456,006</u>

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 13 – Fair Values of Assets (continued)

Fair value for the investments and beneficial interests are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for pledges, grants and bequests receivable are determined using present value techniques that consider historical trends of collection, the type of donor, general economic conditions, and market interest rate assumptions for individuals. See Note 5 for details on fair value of pledges receivable and Note 9 for details on annuity payment liability. There were no changes in the valuation techniques during the current year.

Note 14 – Line of Credit

The Society had an existing credit agreement with a financial institution. The credit agreement provides a maximum amount of borrowing of \$500,000 through August 2022 when this credit agreement was terminated. Borrowings bear interest at the Wall Street Journal (WSJ) prime rate which was 4.0% at March 31, 2022. The agreement requires monthly payments of interest only with the balance due on demand and interest shall not be less than 3.25%. The agreement is secured by all business assets of the Society. The amount outstanding under this line of credit was \$0 at March 31, 2023. Total interest paid on the line of credit was \$161 for the years ended March 31, 2023.

The Society entered into a new revolving line of credit agreement with a financial institution in September 2022. The credit agreement provides a maximum amount of borrowing of \$500,000. Borrowings bear interest at .5% plus the Wall Street Journal (WSJ) prime rate which was 8.5% at March 31, 2024. The agreement requires monthly payments of interest only with the balance due on demand and that interest shall not be less than 4.0%. The agreement is secured by all business assets of the Society. The amount outstanding under this line of credit was \$0 at March 31, 2024. Total interest paid on the line of credit was \$0 for the year ended March 31, 2024.

Note 15 – Designated Net Assets

During the fiscal year ended March 31, 2005, the Board of Directors designated \$100,000 of unrestricted net assets as the DiBiasio Family Scholarship Fund with the income earned from this designated amount to be used for training in animal care.

During the fiscal year ended March 31, 2002, the Board of Directors designated \$200,000 of unrestricted net assets to be used as an endowment. The income earned from this designated amount is to be used for operations.

During the fiscal year ended March 31, 2023, the Board of Directors voted to change the policy to be 25% of every planned gift to the Trust and \$350,000 for annual operations and the balance will be split 50/50 between the Trust and Agency. The Executive Director will allocate the Agency funds between the Agency and Capital Reserve. In addition, any bequest over \$250,000 would be designated at the discretion of the Board of Directors for allocation.

The Board of Directors designated \$35,362 and \$230,624 during the years ended March 31, 2024 and 2023, respectively, of unrestricted net assets to be used for future building and capital improvements. The balance in board designated net assets to be used for future building and capital improvements is \$786,556 and \$751,194 as of March 31, 2024 and 2023, respectively.

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 16 – Restrictions and Limitations of Net Asset Balances

Net assets with donor restrictions consist of donor restricted contributions donated for specific uses or to be held indefinitely as of March 31, as follows:

Subject to expenditure for specified purpose or passage of time:

	<u>2024</u>	<u>2023</u>
Pledges receivable	\$ 446,651	\$ 489,387
Andy's fund	49,253	55,218
Koda fund	143,987	90,814
Auction Wellness	71,135	74,435
Auction Animal Enrichment	9,245	20,244
DiBiasio scholarship	-	5,848
SOS First Aid fund	1,882	171,417
Auction protective custody	201,623	124,983
Emergency intervention	97,483	1,500
Auction Program Support	83,687	100,224
Field and Farm Training	14,175	12,939
Auction - veterinary/medical equipment	133,074	-
Other	<u>8,934</u>	<u>15,005</u>
Subtotal	<u>1,261,129</u>	<u>1,162,014</u>

To be held in perpetuity:

Investments to be held in perpetuity, the income from which is expendable to support various programs and operations of the NHSPCA

NHSPCA Endowment fund	3,200,791	2,200,791
Rhoda Hogan Trust	16,929	15,822
Kelly Rae Stallings fund	193,578	186,254
Jean Noble-Neal Charitable Trust	108,798	108,598
Lamprey CEO Chair Fund	173,223	162,765
Subtotal	<u>500,000</u>	<u>-</u>
	<u>4,193,319</u>	<u>2,674,230</u>

Total net assets with donor restrictions	<u>\$ 5,454,448</u>	<u>\$ 3,836,244</u>
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NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 16 – Restrictions and Limitations of Net Asset Balances (continued)

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors were as follows for the years ended March 31,:

	<u>2024</u>		<u>2023</u>
Pledges receivable – Annual Fund	\$ 13,335	\$	36,400
Pledges receivable – BP2020	29,401		116,159
Andy’s Fund	9,020		19,619
Koda Fund	22,184		29,502
DiBiasio Scholarship	9,352		3,285
Kelly Rae Stallings Fund	3,237		-
SOS First Aid Fund	43,923		4,431
Field and Farm Training	12		-
Auction Protective Custody	27,500		17,435
Auction Wellness	3,300		
Auction Animal Enrichment	11,000		2,123
Auction Program Support	16,537		17,687
Auction FY22 X-Ray Veterinary Equipment	-		97,134
Auction Transport	1,782		-
Knoph Family Foundation	-		28,035
Other	<u>5,443</u>		<u>25,183</u>
	\$ <u>196,026</u>	\$	<u>396,993</u>

In January 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (“the Staff Position”). The Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Staff Position also requires additional disclosures about an organization's endowment funds (both donor restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA

The State of New Hampshire enacted UPMIFA effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Society has adopted the Staff Position for the year ended March 31, 2009. The Society’s endowment investment policy’s objective is to grow the fund over time to support the purposes as defined above. To achieve that objective, the Society has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes high quality equity and debt securities, intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the fund if possible. Accordingly, the Society expects its endowment assets, over time, to produce a real average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The Society spends the earnings of the above funds for their designated purposes as deemed necessary by the Society. See Notes 8 and 10 for additional information regarding the endowment fund.

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 17 – Leases

The Society's leasing activities consist primarily of leasing real property through operating leases. The Society's leases do not provide options for the lessees to purchase the assets or to extend the terms.

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC Topic 842, a contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Society reassesses the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed.

The Society entered into a new lease agreement in November 2023. Monthly payments are \$2,200 for a term of one year. The Society received \$26,400 and \$26,400 in rental income in 2024 and 2023, respectively. Future rental income under this agreement is \$15,400 for the year ending March 31, 2025.

On March 25, 2019 the Society purchased the property at 108 Portsmouth Avenue and entered into a lease agreement for the two rental units on the property. Monthly payments commenced April 1, 2019. The term of the leases are for one year with the right to vacate the premises at any time by giving the Society a sixty (60) day notice. The tenant's right of occupancy shall be extended at the same monthly rate after a one year period. Monthly payments for one of the rentals is \$1,400 per month and the other is \$1,600 per month. The Society received \$36,600 and \$36,000 in rental income at March 31, 2024 and 2023, respectively. Future rental income under these agreements is \$12,800 for the year end March 31, 2025.

Note 18 – Loss contingencies and Self-Insurance Reserves

The Society participates in a self-insurance program for unemployment claims administered by Unemployment Services Trust (UST). The UST maintains a reserve account for the Society for unemployment claims and determines the quarterly contributions needed based on current claims, claims in process and estimated future claims. Contributions to the reserve are recorded as prepaid expenses less related expenses of the UST and the amount of any unpaid claims or liabilities directly attributable to its former employees. The Society may revoke its participation in the UST upon ninety (90) days written notice to the UST. If the Society were to terminate its arrangement with the UST, the balance in the Society's reserve account would be returned to the Society after the UST receives the final report for the year in which the revocation is effective as an offset against unpaid expenses. If the account had a deficit balance the Society would have to pay the balance due in total. The reserve balance was \$29,258 at March 31, 2024 and \$21,606 at March 31, 2023.

Note 19 – Retirement Plan

The Society has a defined contribution plan covering all employees that are 21 years of age or older, work at least 500 hours, and have attained six months of service. The Society makes participation in a 401(k) retirement plan (the Plan) available to employees through a salary reduction plan. The Plan requires the Society to contribute 4% of matching contributions equal to participants' contributions to the Plan of the individual participant's compensation. The Society may, at its discretion, make contributions to the individual accounts of employees participating in the Plan. The Society made contributions of \$33,461 and \$41,184 to the Plan in fiscal year 2024 and 2023, respectively.

NEW HAMPSHIRE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

Note 20 – Joint Costs

During the year ended March 31, 2024, the Society incurred joint costs of \$30,398 for informational materials and activities that included fund raising appeals. The Society allocated \$22,136 to fundraising expense, \$7,735 to program expense, and \$527 to management and general expense.

During the year ended March 31, 2023, the Society incurred joint costs of \$43,111 for informational materials and activities that included fund raising appeals. The Society allocated \$2,587 to fundraising expense, \$37,937 to program expense, and \$2,587 to management and general expense.

Note 21 – Functional Expenses

The expenses of providing various program and supporting services have been summarized on a functional basis. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. Allocations may be direct or indirect according to the type of expense incurred. Occupancy, depreciation and amortization, and supplies expense costs have been allocated based on square footage and salaries and wages, employee benefits and payroll taxes have been allocated on a basis of time and effort.

Note 22 – Liquidity and Availability of Resources

The Society has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditure:

Cash and cash equivalents	\$ 321,795
Investments	<u>3,416,055</u>
Total	<u>\$ 3,737,850</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. 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.

Note 23 – Subsequent Events

Subsequent events have been evaluated through December 9, 2024, which is the date the financial statements were available to be issued. There were no subsequent events that were material to the financial statements at December 9, 2024 that require disclosure in the financial statements.