

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

CONSOLIDATED FINANCIAL STATEMENTS

**as of December 31, 2024 and 2023
together with Independent Auditor's Report**

THE NEBRASKA HUMANE SOCIETY
and
NEBRASKA HUMANE SOCIETY FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Nebraska Humane Society and Nebraska Humane Society Foundation as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis 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 The Nebraska Humane Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Nebraska Humane Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Nebraska Humane Society's ability to continue as a going concern for a reasonable period of time.

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

Messine, Myerson & Associates, P.C.

Omaha, Nebraska
September 26, 2025

THE NEBRASKA HUMANE SOCIETY
and
NEBRASKA HUMANE SOCIETY FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 6,928,127	\$ 6,980,376
Short-term investments	5,140,688	6,681,538
Promises to give	52,451	249,889
Accounts receivable	71,354	751,328
Prepaid expenses	225,223	176,567
Inventory	23,395	23,112
Total current assets	<u>12,441,238</u>	<u>14,862,810</u>
Investments	3,992,626	3,757,142
Promises to give	-	135,039
Foundation investments:		
Cash and cash equivalents	1,699,222	478,154
Investments	31,702,734	29,470,681
Investments restricted for investment in building	102,272	14,774
Promises to give restricted for investment in building	2,700,000	4,806
Beneficial interest in perpetual trust	354,280	338,457
Land, buildings and equipment at cost - net of accumulated depreciation	24,446,476	23,527,184
Right to use asset operating leases net of accumulated amortization	174,524	219,795
Intangible assets, net of amortization	4,169	4,169
Goodwill	150,000	150,000
Total other assets	<u>65,326,303</u>	<u>58,100,201</u>
 Total assets	 <u>\$ 77,767,541</u>	 <u>\$ 72,963,011</u>

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, 2024 AND 2023

LIABILITIES AND NET ASSETS	<u>2024</u>	<u>2023</u>
Current liabilities:		
Accounts payable	\$ 320,954	\$ 959,863
Accrued liabilities	662,360	460,376
Prepaid licenses and other deferred revenue	102,874	66,297
Right to use liability operating lease - current portion	<u>47,095</u>	<u>45,272</u>
Total current liabilities	<u>1,133,283</u>	<u>1,531,808</u>
Right to use liability operating lease, net of current portion	<u>127,429</u>	<u>174,523</u>
Net assets:		
Without donor restrictions		
Available for general operations and programs	36,234,616	36,578,425
Board -designated endowment	<u>32,759,319</u>	<u>29,177,895</u>
Total net assets without donor restrictions	<u>68,993,935</u>	<u>65,756,320</u>
With donor restrictions	<u>7,512,894</u>	<u>5,500,360</u>
Total net assets	<u>76,506,829</u>	<u>71,256,680</u>
Total liabilities and net assets	<u>\$ 77,767,541</u>	<u>\$ 72,963,011</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, 2024 AND 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
City and county services	\$ 6,512,725	\$ -	\$ 6,512,725
Program fees	1,931,413	-	1,931,413
Contributions of cash and other financial assets	4,553,862	3,445,823	7,999,685
Contributions of nonfinancial assets	965,781	-	965,781
Special events	1,115,683	-	1,115,683
Less: Costs of direct benefits to donors	(47,857)	-	(47,857)
Gift shop sales	129,986	-	129,986
Less: Cost of sales	(50,849)	-	(50,849)
Other operating expenses	(100,728)	-	(100,728)
Operating investment income	923,621	-	923,621
Other income	34,184	-	34,184
Gain (loss) on disposal of assets	(160,900)	-	(160,900)
Net assets released from restrictions	1,955,265	(1,955,265)	-
	<u>17,762,186</u>	<u>1,490,558</u>	<u>19,252,744</u>
EXPENSES:			
Program services			
Animal control	6,910,032	-	6,910,032
Animal welfare services	7,196,482	-	7,196,482
Community outreach	1,789,716	-	1,789,716
Supporting activities			
Management and general	1,337,849	-	1,337,849
Fundraising	1,500,404	-	1,500,404
	<u>18,734,483</u>	<u>-</u>	<u>18,734,483</u>
Change in net assets before nonoperating activities	(972,297)	1,490,558	518,261
NONOPERATING ACTIVITIES:			
Net investment return on endowment and Board-designated investments	3,979,346	506,153	4,485,499
Change in fair value of beneficial interest in perpetual trust	-	15,823	15,823
Casualty gain	230,566	-	230,566
	<u>4,209,912</u>	<u>521,976</u>	<u>4,731,888</u>
Change in net assets from nonoperating activities	4,209,912	521,976	4,731,888
Change in net assets	3,237,615	2,012,534	5,250,149
NET ASSETS:			
Balances, beginning of year	<u>65,756,320</u>	<u>5,500,360</u>	<u>71,256,680</u>
Balances, end of year	<u>\$ 68,993,935</u>	<u>\$ 7,512,894</u>	<u>\$ 76,506,829</u>

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THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
City and county services	\$ 5,811,037	\$ -	\$ 5,811,037
Program fees	2,030,302	-	2,030,302
Contributions of cash and other financial assets	8,136,580	804,957	8,941,537
Contributions of nonfinancial assets	555,701	-	555,701
Special events	397,633	-	397,633
Less: Costs of direct benefits to donors	-	-	-
Gift shop sales	135,536	-	135,536
Less: Cost of sales	(58,475)	-	(58,475)
Other operating expenses	(63,381)	-	(63,381)
Operating investment income	920,831	-	920,831
Other income	25,440	-	25,440
Gain (loss) on disposal of assets	-	-	-
Net assets released from restrictions	621,118	(621,118)	-
	<u>18,512,322</u>	<u>183,839</u>	<u>18,696,161</u>
Total support and revenue			
EXPENSES:			
Program services			
Animal control	6,433,984	-	6,433,984
Animal welfare services	6,136,486	-	6,136,486
Community outreach	1,076,051	-	1,076,051
Supporting activities			
Management and general	1,037,686	-	1,037,686
Fundraising	1,270,328	-	1,270,328
	<u>15,954,535</u>	<u>-</u>	<u>15,954,535</u>
Total expenses			
Change in net assets before nonoperating activities	2,557,787	183,839	2,741,626
NONOPERATING ACTIVITIES:			
Net investment return on endowment and Board-designated investments	3,986,332	508,709	4,495,041
Change in fair value of beneficial interest in perpetual trust	-	20,771	20,771
Casualty gain	310,067	-	310,067
	<u>4,296,399</u>	<u>529,480</u>	<u>4,825,879</u>
Change in net assets from nonoperating activities			
Change in net assets	6,854,186	713,319	7,567,505
NET ASSETS:			
Balances, beginning of year	58,902,134	4,787,041	63,689,175
Balances, end of year	<u>\$ 65,756,320</u>	<u>\$ 5,500,360</u>	<u>\$ 71,256,680</u>

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THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>Program Services</u>	2024			
	Animal Control	Animal Welfare	Community Outreach	Total
Salaries and wages	\$ 3,086,948	\$ 3,018,490	\$ 558,615	\$ 6,664,053
Payroll taxes	227,948	225,419	41,123	494,490
Other employee benefits	609,811	524,395	106,240	1,240,446
Pension plan contributions	65,827	66,563	13,674	146,064
Advertising and outreach	103,489	328	195,425	299,242
Animal care	132,458	162,397	191,010	485,865
Animal feed	270,770	275,158	28,084	574,012
Animal medical	418,333	578,122	184,002	1,180,457
Auto	145,963	21,013	1,965	168,941
Bad debt (recovery)	(60)	(945)	(30)	(1,035)
Banking expense	113,879	40,082	6,631	160,592
Computer support and maintenance	125,241	148,587	82,802	356,630
Conferences	28,626	37,034	5,391	71,051
Contracted services	61,513	70,652	33,310	165,475
Depreciation	254,374	803,287	66,941	1,124,602
Dues and subscriptions	7,134	7,778	776	15,688
Equipment rental	418	26,840	81	27,339
Humane education materials	-	-	4,373	4,373
Insurance	176,724	147,892	35,504	360,120
Legal and accounting	23,134	278	464	23,876
License printing and postage	241,647	101	2,493	244,241
Marketing	-	-	5	5
Meals	-	-	14	14
Occupancy	421,395	616,742	62,039	1,100,176
Pet tag expense	5,555	-	56	5,611
Postage and shipping	16,017	2,436	53,738	72,191
Printing	1,975	724	81,139	83,838
Repairs and maintenance	67,561	131,179	12,722	211,462
Security	197,284	48,527	6,453	252,264
Special event expenses	-	1,644	87	1,731
Supplies	62,509	208,736	9,147	280,392
Telephone	29,485	10,806	3,445	43,736
Uniforms	13,163	2,753	723	16,639
Volunteer expense	911	19,464	1,274	21,649
	<u>\$ 6,910,032</u>	<u>\$ 7,196,482</u>	<u>\$ 1,789,716</u>	<u>\$ 15,896,230</u>

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THE NEBRASKA HUMANE SOCIETY
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>Program Services</u>	2023			
	Animal Control	Animal Welfare	Community Outreach	Total
Salaries and wages	\$ 2,824,182	\$ 2,569,515	\$ 408,439	\$ 5,802,136
Payroll taxes	210,719	192,428	30,528	433,676
Other employee benefits	475,460	352,613	50,761	878,834
Pension plan contributions	62,558	57,278	10,675	130,510
Advertising and outreach	85,923	30	125,731	211,684
Animal care	139,219	118,177	308	257,704
Animal feed	241,143	241,851	37	483,031
Animal medical	346,379	481,267	20	827,666
Auto	179,272	14,409	1,381	195,063
Bad debt (recovery)	(49)	(777)	(24)	(849)
Banking expense	101,288	44,812	4,360	150,461
Computer support and maintenance	132,159	149,777	59,691	341,626
Conferences	16,864	22,474	975	40,314
Contracted services	47,778	65,638	13,309	126,725
Depreciation	423,912	629,812	121,118	1,174,842
Dues and subscriptions	6,477	8,637	130	15,244
Equipment rental	1,893	28,807	368	31,068
Humane education materials	-	-	5,784	5,784
Insurance	134,173	110,503	25,179	269,855
Legal and accounting	30,195	12,030	6,804	49,029
License printing and postage	146,780	-	-	146,780
Marketing	19	-	67	86
Meals	34	40	285	359
Occupancy	408,921	620,087	59,935	1,088,943
Pet tag expense	5,391	-	-	5,391
Postage and shipping	15,298	2,542	37,237	55,077
Printing	2,419	1,582	80,974	84,975
Repairs and maintenance	92,020	169,973	16,845	278,838
Security	192,085	20,144	2,371	214,601
Special event expenses	-	426	-	426
Supplies	51,848	208,111	4,533	264,492
Telephone	46,172	7,633	2,102	55,906
Uniforms	12,369	2,874	173	15,416
Volunteer expense	1,083	3,790	5,955	10,828
	<u>\$ 6,433,984</u>	<u>\$ 6,136,486</u>	<u>\$ 1,076,051</u>	<u>\$ 13,646,521</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, 2024 AND 2023

<u>Gift Shop</u>	2024	2023
Salaries and wages	\$ 42,707	\$ 29,243
Payroll taxes	3,392	2,222
Other employee benefits	8,254	4,041
Pension plan contributions	822	669
Auto	176	78
Animal Medical	16	-
Bad debt (recovery)	(9)	(7)
Banking expense	3,311	263
Computer support and maintenance	5,370	5,445
Conferences	20	75
Contracted services	1,736	1,541
Depreciation	13,388	-
Dues and subscriptions	6	7
Equipment rental	17	79
Insurance	2,665	1,906
Legal and accounting	139	207
Occupancy	13,261	12,837
Postage and shipping	16	16
Printing	-	4
Repairs and maintenance	2,480	3,610
Security	1,164	513
Supplies	1,569	450
Telephone	7	130
Uniforms	39	52
Volunteer expense	182	-
	\$ 100,728	\$ 63,381

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, 2024 AND 2023

<u>Management and General:</u>	<u>2024</u>	<u>2023</u>
Salaries and wages	\$ 549,258	\$ 549,240
Payroll taxes	36,608	38,949
Other employee benefits	151,218	116,049
Pension plan contributions	10,817	13,249
Animal Medical	10	-
Auto	216	463
Bad debt (recovery)	(392)	(318)
Banking expense	15,289	9,325
Computer support and maintenance	38,112	36,381
Conferences	1,539	3,094
Contracted services	175,181	87,370
Depreciation	187,434	24,224
Dues and subscriptions	1,141	1,256
Equipment rental	12	53
Insurance	37,733	29,089
Legal and accounting	102,932	96,584
License Printing and Postage	159	-
Meals	-	64
Occupancy	8,841	8,558
Postage and shipping	867	967
Repairs and maintenance	1,653	2,406
Security	7,420	7,041
Supplies	8,472	12,153
Telephone	3,329	1,489
	<u>\$ 1,337,849</u>	<u>\$ 1,037,686</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, 2024 AND 2023

<u>Fundraising:</u>	<u>2024</u>	<u>2023</u>
Salaries and wages	\$ 779,051	\$ 675,408
Payroll taxes	55,367	48,702
Other employee benefits	123,828	73,259
Pension plan contributions	19,105	16,546
Advertising and promotion	27,145	18,626
Animal Medical	10	-
Auto	150	372
Bad debt (recovery)	(90)	(73)
Banking	40,687	27,879
Computer support and maintenance	115,770	93,552
Conferences	10,449	1,248
Contracted services	51,308	16,375
Depreciation	13,388	12,112
Dues and subscriptions	2,244	3,032
Equipment rental	12	103
Fundraising expenses	9,424	49,369
Humane educational materials	230	-
Insurance	29,442	27,480
Legal	1,391	17,371
License Printing and Postage	106	-
Meals	1,438	54
Occupancy	8,841	8,558
Postage	53,618	37,331
Printing	80,822	80,973
Repairs and maintenance	1,653	2,406
Security	1,152	336
Special events	64,936	53,389
Supplies	6,516	5,334
Telephone	2,394	586
Uniform	17	-
	<u>\$ 1,500,404</u>	<u>\$ 1,270,328</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, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 5,250,149	\$ 7,567,505
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,338,812	1,211,177
(Gain) loss on disposal of fixed assets	160,900	(309,928)
Realized (gains) losses on investments	(1,825,043)	(729,950)
Unrealized (gains) losses on investments	(2,523,521)	(3,711,883)
Amortization of discount on promises to give	3,077	2,898
Change in fair value of beneficial interest in perpetual trust	(15,823)	(20,771)
Contributions restricted for long term purposes	(2,875,000)	-
Changes in assets and liabilities:		
(Increase) decrease in promises to give	(2,365,794)	(108,606)
(Increase) decrease in accounts receivable	679,974	(709,534)
(Increase) decrease in prepaid expenses	(48,656)	(19,368)
(Increase) decrease in inventory	(283)	(2,442)
(Increase) decrease in right to use asset operating leases	45,271	(196,802)
Increase (decrease) in accounts payable	(638,909)	669,113
Increase (decrease) in accrued liabilities	201,984	(15,292)
Increase (decrease) in prepaid licenses and other deferred revenue	36,577	(84,157)
Increase (decrease) in right to use liability operating leases	(45,271)	196,802
Total adjustments	<u>(7,871,705)</u>	<u>(3,828,743)</u>
Net cash provided by (used in) operating activities	<u>(2,621,556)</u>	<u>3,738,762</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(3,505,013)	(11,772,033)
Sale of investments	6,839,391	4,860,890
Purchase of depreciable property	(2,420,803)	(2,957,289)
Proceeds from disposal of depreciable property	1,800	673,068
Net cash provided by (used in) investing activities	<u>915,375</u>	<u>(9,195,364)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long term purposes	<u>2,875,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>2,875,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,168,819	(5,456,602)
Cash, cash equivalents and restricted cash - beginning of year	<u>7,458,530</u>	<u>12,915,132</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 8,627,349</u>	<u>\$ 7,458,530</u>
Cash, cash equivalents and restricted cash presented on statement of financial position as:		
Current assets	\$ 6,928,127	\$ 6,980,376
Foundation investments	<u>1,699,222</u>	<u>478,154</u>
	<u>\$ 8,627,349</u>	<u>\$ 7,458,530</u>

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

THE NEBRASKA HUMANE SOCIETY
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NEBRASKA HUMANE SOCIETY FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

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. 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 Accounting

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.

B. 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.

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NOTE 2 – SUMMARY OF ACCOUNTING POLICIES, Continued:

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. Cash and Cash Equivalents

For purposes of the financial statements, 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 held as a part of the Society's investment portfolio, where management's intention is to use the cash to acquire investments to be held long-term, are classified as investments. Cash and cash equivalents for purposes of the statements of cash flows include a Foundation money market account (see Note 1).

E. Accounts Receivable

Accounts receivable primarily represent amounts due from individuals for services provided by Rainbow Bridge and shelter fees. Accounts receivable are stated at the amounts management expects to be collected from outstanding balances. Management has determined based on historical evidence that all amounts are fully collectible and no allowance for doubtful accounts is necessary as of December 31, 2024 and 2023,

F. Investments and Related Income

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at fair value in the statement of financial position. Whenever available, quotations from organized security exchanges are used as the basis for fair value. For investments not traded on organized exchanges, fair value estimates are provided by investment managers.

Net investment return, which includes both current return (interest and dividend income, and gains and losses on the sale of investments), as well as unrealized gains and losses, is reported as a change in net assets without donor restrictions unless otherwise restricted by the donor. Investment income from short term investments is included in operating activities on the statement of activities, as those investments are used for the Society's daily cash management activities. All other investment return is considered nonoperating. Investment income is reported net of investment expenses.

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NOTE 2 – SUMMARY OF ACCOUNTING POLICIES, Continued:

G. 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 (recovery) was \$ (1,525) and \$(1,247) in 2024 and 2023, 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.

H. Inventories

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

I. Property and Equipment

The Society capitalizes property and equipment over \$2,500. 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.

J. 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 2 – SUMMARY OF ACCOUNTING POLICIES, Continued:

K. Revenue Recognition

With regard to revenues, the Society evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets or services transferred, or (2) a nonreciprocal transfer (a contribution), where no value is exchanged.

Exchange transactions

The Society's revenue from contracts with customers, which comes from contracts with city and county governments in the metropolitan area to provide animal control and licensing services, is recognized over time based on the transfer of control. The contracts are renewed every three years, with annual payments that generally extend across one calendar year and are considered to contain one performance obligation that is satisfied over time. In addition, the Society's contracts do not contain variable consideration, and contract modifications are generally minimal.

Revenues from program services include shelter fees, adoptions, cremation, spay and neuter services, training and education. These revenues are generally recognized at the time of service delivery.

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.

Contributions

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; the restriction is met when the assets are placed in service.

L. 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.

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NOTE 2 – SUMMARY OF ACCOUNTING POLICIES, Continued:

M. 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. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

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 \$418,470 have been allocated 50% to program services and 50% to fundraising.

P. 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, 2024, 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.

Q. 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 2022.

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NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS:

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available:

Level 1 – The type of investments which would generally be included in Level 1 includes listed equities, U.S. equity funds, and fixed income funds. These investments are valued at the closing price reported on the active market on which the individual securities are traded.

Level 2 - Valuation is based upon inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly.

Level 3 - Valuation is based upon significant unobservable inputs. The beneficial interests in perpetual trust is valued utilizing fair value of the assets held in the trust as reported by the trustee, a third party administrator. The Society considers the measurement of its beneficial interest in the perpetual trust to be a Level 3 measurement because even though the measurement is based on the unadjusted fair value of the trust assets reported by the trustee, the Society will never receive those assets or have the ability to direct the trustee to redeem them.

Generally accepted accounting practices allow certain investments to be valued at net asset value (NAV) per share as a practical expedient for estimating fair value. The Foundation has committed to an investment in a private equity partnership. The interest is non-redeemable and will continue for a period of 20 years from the commencement date of April 13, 2023. The partnership was organized to realize capital gains primarily from private equity investments that are invested in private equity growth and buyout investment fund-of-funds. The investment as of December 31, 2024 is \$384,543; the remaining commitment of funds is \$1,615,457.

The following tables set forth by level, within the fair value hierarchy, the investments carried at fair value as of December 31:

ASSETS AT FAIR VALUE AS OF DECEMBER 31, 2024

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market held in brokerage				
account for investment	\$ 224,834	\$ 224,834	\$ -	\$ -
Equities	1,167,196	1,167,196	-	-
Equity funds	28,778,440	28,778,440	-	-
Fixed income funds	10,419,821	10,419,821	-	-
Total marketable securities	<u>40,590,291</u>	<u>40,590,291</u>	-	-
Beneficial interest in perpetual trust	<u>354,280</u>	<u>-</u>	-	<u>354,280</u>
Total fair value measurements	40,944,571	40,590,291	-	354,280
Investments measured at				
net asset value	348,029	-	-	-
Total	<u>\$ 41,292,600</u>	<u>\$ 40,590,291</u>	<u>\$ -</u>	<u>\$ 354,280</u>

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NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS, Continued:

ASSETS AT FAIR VALUE AS OF DECEMBER 31, 2023

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market held in brokerage				
accounts for investment	\$ 1,373,527	\$ 1,373,527	\$ -	\$ -
Equities	918,400	918,400	-	-
Equity funds	26,201,423	26,201,423	-	-
Fixed income funds	11,430,785	11,430,785	-	-
Total marketable securities	<u>39,924,135</u>	<u>39,924,135</u>	-	-
Beneficial interest in perpetual trust	338,457	-	-	338,457
Total fair value measurements	<u>40,262,592</u>	<u>39,924,135</u>	-	<u>338,457</u>
Investments measured at				
net asset value	-	-	-	-
Total	<u>\$ 40,262,592</u>	<u>\$ 39,924,135</u>	<u>\$ -</u>	<u>\$ 338,457</u>

The investments are reported as follows:

	<u>2024</u>	<u>2023</u>
Short-term investments	\$ 5,140,688	\$ 6,681,538
Investments	3,992,626	3,757,142
Foundation investments	31,702,734	29,470,681
Investments restricted for		
investment in building	<u>102,272</u>	<u>14,774</u>
Total marketable securities	40,938,320	39,924,135
Beneficial interest in perpetual trust	<u>354,280</u>	<u>338,457</u>
Total	<u>\$ 41,292,600</u>	<u>\$ 40,262,592</u>

Net investment income consists of the following:

	<u>2024</u>	<u>2023</u>
Realized gains	\$ 1,945,976	\$ 729,950
Unrealized gains (losses)	2,523,520	3,711,883
Interest and dividend income	1,175,953	1,178,631
Investment fees	(236,329)	(204,592)
Total	<u>\$ 5,409,120</u>	<u>\$ 5,415,872</u>
Operating investment income	\$ 923,621	\$ 920,831
Nonoperating investment income	<u>4,485,499</u>	<u>4,495,041</u>
Total	<u>\$ 5,409,120</u>	<u>\$ 5,415,872</u>

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NOTE 4 – BENEFICIAL INTEREST IN PERPETUAL TRUST:

The Society is a beneficiary of a perpetual trust administered by an independent financial institution. Under the terms of the trust, the Society has irrevocable rights to receive a portion of the income earned on the trust assets in perpetuity. The fair value of the beneficial interest in the trust is recognized as an asset and as a contribution with donor restrictions at the date the trust was established. The Society’s estimate of fair value at each reporting date is based on fair value information about the trust’s assets received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents, mutual funds, fixed income funds and real asset funds. These assets are not subject to control or direction by the Society. Distributions of income from the trust are reported as investment income. Gains and losses, which are not distributed by the trust, are reflected as the change in value of perpetual trusts held by others in the statement of activities.

NOTE 5 – 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>2024</u>	<u>2023</u>
Promises due in less than 1 year	\$ 2,753,500	\$ 255,810
Promises due in 1 to 5 years	-	137,000
Promises due in more than 5 years	-	-
Discount to present value	(1,049)	(3,076)
Total	<u>\$ 2,752,451</u>	<u>\$ 389,734</u>

At December 31, 2024 and 2023, promises to give are comprised of \$52,451 and \$384,928, respectively, of gifts restricted as to time. The remainder of the promises to give are restricted as to purpose.

NOTE 6 – LAND, BUILDINGS AND EQUIPMENT:

Land, buildings and equipment at December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,270,868	\$ 1,270,868
Buildings and improvements	35,564,876	34,612,585
Vehicles and equipment	3,844,808	3,456,042
	<u>40,680,552</u>	<u>39,339,495</u>
Less: Accumulated depreciation	(16,635,256)	(16,200,846)
	24,045,296	23,138,649
Construction in progress	401,180	388,535
	<u>\$ 24,446,476</u>	<u>\$ 23,527,184</u>

Depreciation expense was \$1,338,811 and \$1,211,177 for 2024 and 2023, respectively.

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NOTE 7 – LEASES:

The Society leases space and office equipment under operating leases. The leases have initial terms of 3-5 years. These leases require the Society to pay all executory costs such as taxes and insurance. The leases are renewable. Total operating lease costs for the years ended December 31, 2024 and 2023, were \$61,854 and \$56,188, respectively.

The following summarizes the line items in the statement of position which includes the amount for the operating lease as of December 31:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use asset	<u>\$ 174,524</u>	<u>\$ 219,795</u>
Current portion of operating lease liability	\$ 47,095	\$ 45,272
Operating lease liability	<u>127,429</u>	<u>174,523</u>
Total operating lease liability	<u>\$ 174,524</u>	<u>\$ 219,795</u>

The maturities of operating lease liabilities as of December 31, 2024 were as follows:

2025	\$ 59,430
2026	58,819
2027	59,470
2028	<u>19,211</u>
Total minimum lease payments	196,930
Imputed interest	<u>(22,406)</u>
Total lease liabilities	<u>\$ 174,524</u>

The weighted-average remaining lease term related to the Society's lease liabilities as of December 31, 2024 and 2023 was 3.31 and 4.27 years, respectively.

The weighted average discount rate related to the Society's lease liabilities as of December 31, 2024 and 2023 was 8.05% and 7.99%, respectively. The discount rates are generally based on estimates of the Society's incremental borrowing rate, as the discount rates implicit in the Society's leases cannot be readily determined.

The Society created non-cash right to use operating lease assets and liabilities in the amount of \$0 in 2024 and \$240,298 in 2023.

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NOTE 8– NOTES PAYABLE:

The Society has a demand bank line of credit totaling \$1,000,000, 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, 2024 and 2023. The credit agreement matures on October 31, 2025.

NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions are available to finance the general operations of the Society. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Society, the environment in which it operates, and the purposes specified in its articles of incorporation. Voluntary resolutions by the Board of Directors to designate a portion of its net assets without donor restrictions for specified purposes do not result in restricted funds. Since designations are voluntary and may be reversed by the Board at any time, designated net assets are included with net assets without donor restrictions.

In 2000, Nebraska Humane Society Foundation was formed to hold funds for the support of the Society. Certain restricted assets were transferred into the Foundation. In addition, a quasi-endowment fund was established for certain bequests received by the Society. The Foundation has a separate Board of Directors that oversees the management of the funds in accordance with the investment and spending policies detailed in Note 11.

In 2021, the Society established the Forever Home Fund, a quasi-endowment funded with a significant bequest, to assist families facing crisis to keep their pets. The funds can be used at the discretion of the Society Board for the support of the program.

Net assets without donor restrictions are held by the following funds at December 31:

	<u>2024</u>	<u>2023</u>
Board designated		
Foundation quasi-endowment	\$ 30,310,276	\$ 26,901,313
Forever Home	2,449,043	2,276,582
Total Board designated	<u>32,759,319</u>	<u>29,177,895</u>
Undesignated	36,234,616	36,578,425
Total net assets without donor restrictions	<u>\$ 68,993,935</u>	<u>\$ 65,756,320</u>

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NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of gifts contributed for a specified purpose, gifts restricted due to time, or gifts that have been designated by the donor to be held in perpetuity. As of December 31, 2024 and 2023, net assets with donor restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specific purpose:		
Program activities	\$ 51,987	\$ 192,467
Capital improvements	<u>2,962,498</u>	<u>546,980</u>
	<u>3,014,485</u>	<u>739,447</u>
Subject to the passage of time:		
General unrestricted use in future periods as received	<u>52,451</u>	<u>384,928</u>
Not subject to appropriation or expenditure:		
Donor-restricted endowment fund		
General activities	1,797,327	1,752,690
Humane education	71,343	66,435
Animal welfare and outreach	1,577,288	1,556,860
JVAEC facility maintenance	<u>1,000,000</u>	<u>1,000,000</u>
	<u>4,445,958</u>	<u>4,375,985</u>
Total net assets with donor restrictions	<u>\$ 7,512,894</u>	<u>\$ 5,500,360</u>

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NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS, Continued:

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

	<u>2024</u>	<u>2023</u>
Purpose restrictions accomplished:		
<u>Programs</u>		
Forever Home Fund	\$ 90,827	\$ 62,677
Medical/behavior/special needs	554,746	174,470
Various programs	10,202	10,815
	655,775	247,962
<u>Capital Projects</u>		
Judy Varner Capital Campaign	547,174	-
Total purpose restrictions released	1,202,949	247,962
Time restrictions expired	387,810	342,000
Earnings on donor-restricted endowment		
fund released by Board	335,435	-
Distributions from perpetual trust	15,200	17,000
Appropriations from underwater funds	13,871	14,156
	\$ 1,955,265	\$ 621,118

NOTE 11 –ENDOWMENT FUNDS:

The endowment funds include 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.

The Foundation holds all but two of the endowment funds. The Society holds a donor-restricted fund with investment income available for the support and maintenance of the JVAEC facility, and a second fund, the Forever Home Fund, which is a Board designated quasi-endowment fund for the support of individuals and families in crisis to enable them to keep their pets. The Society funds are managed by the Society Board of Directors. The Foundation endowments are managed by the Foundation Board of Directors; the Boards will appropriate funds based on specific needs and investment results of the funds.

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.

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NOTE 11 – ENDOWMENT FUNDS, Continued:

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.

The donor-restricted endowments are subject to the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA). The Boards of Directors have interpreted NUPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless the donor stipulates to the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the appropriate Board considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Boards have interpreted NUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law, absent specific donor stipulations to the contrary. In accordance with donor stipulations, spending is not allowed from certain underwater funds.

At December 31, 2024, funds with original gift values of \$4,513,298, fair values of \$4,445,960, and deficiencies of \$67,338 were reported in net assets with donor restrictions. During the year, the Foundation appropriated expenditures of \$13,871 from certain underwater endowments.

In accordance with NUPMIFA, the Boards of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the organization and 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 endowment investment policies.

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

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Board designated quasi-endowment funds	\$ 32,759,319	\$ -	\$ 32,759,319
Endowment funds with donor restrictions	-	4,445,960	4,445,960
Total endowment funds	<u>\$ 32,759,319</u>	<u>\$ 4,445,960</u>	<u>\$ 37,205,279</u>

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NOTE 11 – ENDOWMENT FUNDS, Continued:

Changes in endowment net assets held by the Nebraska Humane Society and Nebraska Humane Society Foundation for the year ended December 31, 2024 are as follows:

	Net Assets without Donor <u>Restrictions</u>	Net Assets with Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 29,177,895	\$ 4,375,987	\$ 33,553,882
Investment income	753,157	77,432	830,589
Net appreciation (depreciation)	3,042,236	341,223	3,383,459
Net gain on perpetual trust	-	15,824	15,824
Amounts appropriated for expenditure	(85,000)	-	(85,000)
Released from restrictions	15,200	(15,200)	-
Net transfer to Society accounts	<u>(144,169)</u>	<u>(349,306)</u>	<u>(493,475)</u>
Endowment net assets, end of year	<u>\$ 32,759,319</u>	<u>\$ 4,445,960</u>	<u>\$ 37,205,279</u>

Return Objectives, Risk Parameters and Strategies

The Boards have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowments while seeking to maintain the purchasing power of the endowment assets over the long term. The investment policies establish an achievable return objective through diversification of asset classes. The current long-term return objective is to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the boards rely on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The investment policies target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

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.

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NOTE 11 – ENDOWMENT FUNDS, Continued:

The Society's target or equilibrium asset allocation is 5% cash, 25% fixed income and 70% public equity. The Foundation's target asset allocation is 5% cash, 25% fixed income, 60% public equity and 10% private equity. The Foundation Board committed \$2,000,000 to be invested in private equity in 2023, with the initial investment made in 2024.

Spending Policy

The spending rate for the Foundation portfolio is 5% per year of the average of the market value of the endowment 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. The spending policies for the Society's endowments are limited to the investment earnings on the donor-restricted endowment, and a minimum of \$50,000 per year from the quasi-endowment fund.

NOTE 12– 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 \$1,623,600 and \$1,023,700 for the years 2024 and 2023, respectively.

NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS:

For the years ended December 31, contributed nonfinancial assets recognized as contribution revenue within the statement of activities included:

	2024	2023
Animal care - food	\$ 671,078	\$ 437,693
Animal care - boarding	22,500	30,780
Other operational supplies	5,612	3,566
Animal care - medical services	51,242	57,242
Animal care - medical trailer	75,000	-
Professional services	9,275	13,805
Digital marketing	118,720	-
Special events	12,354	12,615
	\$ 965,781	\$ 555,701

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December 31, 2024 and 2023

NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS, Continued:

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Society's policy is to utilize contributed nonfinancial assets in the operations of the entity.

Contributed animal food and boarding were used in the animal control and welfare programs; operational supplies were used in various programs and management and fundraising activities. In valuing contributed food, the Society used published retail prices; boarding was valued at current rates charged by comparable facilities. Other supplies were valued at the estimated fair value.

Donated medical services were used in animal welfare programs and were valued at the estimated fair value based on current rates for similar services.

Donated professional services recognized comprise accounting services, and are reported at the estimated fair value in the financial statements based on current rates for similar accounting services.

Donated digital marketing services were used in the online marketing presence of The Society, and were valued at the current rates for the 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 41,652 volunteer hours during 2024, which are valued at approximately \$499,829.

NOTE 14 – RETIREMENT PLAN:

The Society has a multiemployer defined contribution 403(b) plan. All employees who are 21 years of age and have completed 90 days of service can make salary reduction contributions up to the maximum allowed by current tax laws. The Society matched these contributions to the extent of 3% of covered compensation. Plan expense was \$176,808 and \$160,975 for 2024 and 2023, respectively.

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 \$ 1,000,000 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, 2024, the accrued liability for self-insured losses is included in accrued expenses and approximates \$144,451.

In 2024, the Society contracted for the replacement of HVAC equipment and for renovation of the Animal Medical Department at a total cost of \$6,483,273. As of December 31, 2024, the entire balance is outstanding.

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NOTE 16 - AVAILABILITY OF FINANCIAL ASSETS:

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 8,627,349	\$ 7,458,530
Short term investments	5,242,960	6,696,312
Promises to give	2,752,451	389,734
Accounts receivable	71,354	751,328
Investments	<u>35,695,360</u>	<u>33,227,823</u>
Total financial assets	52,389,474	48,523,727
Less amounts unavailable for general expenditure within one year due to:		
Restricted by donors with purpose restrictions	(3,014,485)	(739,447)
Restricted by donors with time restrictions	(52,451)	(384,928)
Restricted by donors in perpetuity	<u>(4,091,678)</u>	<u>(4,037,528)</u>
Total amounts unavailable for general expenditures within one year	(7,158,614)	(5,161,903)
Less amounts unavailable to management without Board approval	<u>(32,759,319)</u>	<u>(29,177,895)</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 12,471,541</u>	<u>\$ 14,183,929</u>

The Society's endowment funds consist of donor-restricted endowments and Board-designated quasi-endowments. As described in Footnote 10, 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 Directors. As described in Footnote 11, the endowment held by the Foundation has an average spending rate of 5%; it is anticipated that these funds will be appropriated by the Board of Directors and available within the next twelve months. The appropriation for 2024 was \$1,992,065.

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.

To help manage unanticipated liquidity needs, the Society has a committed line of credit of \$1,000,000 which it could draw upon.

THE NEBRASKA HUMANE SOCIETY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 17 – CONCENTRATIONS OF CREDIT RISK:

The Society's financial instruments consist primarily of cash equivalents and investments, which may subject the Society to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

The Society maintains cash accounts in several commercial banks located in Omaha, Nebraska. The total cash balances are insured by the FDIC up to \$250,000 per bank. As of December 31, 2024, the Society had \$3,775,938 in cash accounts that were in excess of FDIC coverage. In addition, the Society held \$4,641,951 in cash equivalents held in investment accounts not covered by the FDIC as of December 31, 2024.

The Society invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. Investment securities and limited amounts of cash are held in brokerage accounts that are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances. The insurance does not protect against market losses on investments.

Certain receivables may also, from time to time, subject the Society to concentrations of credit risk, because substantially all of the balances are receivable from individuals and entities located within the same geographic region. At December 31, 2024, approximately 98% of the outstanding promises to give is due from three donors, of which 65% is from two related donors. At December 31, 2024, the Society considers all promises to give to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

NOTE 18 – FLOOD LOSS:

On July 21, 2023, the animal medical section of the building suffered a significant flood due to a burst pipe. Insurance proceeds of \$673,068 were received for the damages to the building and will be expended for repairs and renovations to the building.

NOTE 19 – SUBSEQUENT EVENTS:

The Society has evaluated subsequent events through September 26, 2025, which is the date the financial statements were available to be issued.

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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, 2024 and 2023, and have issued our report thereon dated September 26, 2025 which expressed 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, rather than to present financial position, changes in net assets, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. Such 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 consolidating 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 in Schedules I and II is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Masimore, Magnuson & Associates, P.C.

Omaha, Nebraska
September 26, 2025

THE NEBRASKA HUMANE SOCIETY AND NEBRASKA HUMANE SOCIETY FOUNDATION
SCHEDULE I - SUPPLEMENTAL STATEMENT OF CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024

<u>ASSETS</u>	The Nebraska Humane Society	Nebraska Humane Society Foundation	Humane Enterprises, Inc.	Eliminating Entries	2024 Consolidated Total
Current assets:					
Cash and cash equivalents	\$ 6,928,127	\$ -	\$ -	\$ -	\$ 6,928,127
Short-term investments	5,140,688	-	-	-	5,140,688
Promises to give	52,451	-	-	-	52,451
Accounts receivable	71,354	-	-	-	71,354
Prepaid expenses	225,223	-	-	-	225,223
Inventory	23,395	-	-	-	23,395
Total current assets	<u>12,441,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,441,238</u>
Investments	3,992,626	-	-	-	3,992,626
Foundation investments:					
Cash and cash equivalents	-	1,699,222	-	-	1,699,222
Investments	-	31,702,734	-	-	31,702,734
Investments restricted for investment in building	102,272	-	-	-	102,272
Promises to give restricted for investment in building	2,700,000	-	-	-	2,700,000
Beneficial interest in Foundation	33,756,236	-	-	(33,756,236)	-
Investment in Humane Enterprises, Inc.	4,169	-	-	(4,169)	-
Land, buildings and equipment - net	24,446,476	-	-	-	24,446,476
Beneficial interest in perpetual trust	-	354,280	-	-	354,280
Right to use asset operating leases-net	174,524	-	-	-	174,524
Intangible assets, net of amortization	-	-	4,169	-	4,169
Goodwill	150,000	-	-	-	150,000
Total other assets	<u>65,326,303</u>	<u>33,756,236</u>	<u>4,169</u>	<u>(33,760,405)</u>	<u>65,326,303</u>
Total assets	<u>\$ 77,767,541</u>	<u>\$ 33,756,236</u>	<u>\$ 4,169</u>	<u>\$ (33,760,405)</u>	<u>\$ 77,767,541</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, 2024

	The Nebraska Humane Society	Nebraska Humane Society Foundation	Humane Enterprises, Inc.	Eliminating Entries	2024 Consolidated Total
<u>LIABILITIES AND NET ASSETS</u>					
Current liabilities:					
Accounts payable	\$ 320,954	\$ -	\$ -	\$ -	\$ 320,954
Accrued liabilities	662,360	-	-	-	662,360
Prepaid licenses and other deferred revenue	102,874	-	-	-	102,874
Right to use liability operating lease	47,095	-	-	-	47,095
Total current liabilities	<u>1,133,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,133,283</u>
Right to use liability operating lease, net of current portion	<u>127,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,429</u>
NET ASSETS:					
Without donor restrictions	68,993,935	30,310,277	-	(30,310,277)	68,993,935
With donor restrictions	7,512,894	3,445,959	-	(3,445,959)	7,512,894
Total net assets	<u>76,506,829</u>	<u>33,756,236</u>	<u>-</u>	<u>(33,756,236)</u>	<u>76,506,829</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>\$ 77,767,541</u>	<u>\$ 33,756,236</u>	<u>\$ 4,169</u>	<u>\$ (33,760,405)</u>	<u>\$ 77,767,541</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, 2024

	The Nebraska Humane Society	Nebraska Humane Society Foundation	Humane Enterprises, Inc.	Eliminating Entries	2024 Consolidated Total
SUPPORT AND REVENUE					
City and county services	\$ 6,512,725	\$ -	\$ -	\$ -	\$ 6,512,725
Program fees	1,931,413	-	-	-	1,931,413
Contributions	8,965,466	-	-	-	8,965,466
Special events, net	1,067,826	-	-	-	1,067,826
Gift shop sales, net	(21,591)	-	-	-	(21,591)
Operating investment income	923,621	-	-	-	923,621
Other income	34,184	-	-	-	34,184
Loss on disposal of assets	(160,900)	-	-	-	(160,900)
Total support and revenue	<u>19,252,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,252,744</u>
EXPENSES					
Program services	15,896,230	-	-	-	15,896,230
Supporting activities:					
Management and general	1,337,849	-	-	-	1,337,849
Fundraising	1,500,404	-	-	-	1,500,404
Total expenses	<u>18,734,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,734,483</u>
Change in net assets - operating	518,261	-	-	-	518,261
NONOPERATING ACTIVITIES:					
Net investment return-endowment funds	528,913	3,956,586	-	-	4,485,499
Change in fair value perpetual trust	-	15,823	-	-	15,823
Casualty gain	230,566	-	-	-	230,566
Change in net assets before equity transfer	<u>1,277,740</u>	<u>3,972,409</u>	<u>-</u>	<u>-</u>	<u>5,250,149</u>
Equity transfers, net	-	(493,475)	-	493,475	-
Increase in beneficial interest	3,972,409	-	-	(3,972,409)	-
Change in net assets	<u>\$ 5,250,149</u>	<u>\$ 3,478,934</u>	<u>\$ -</u>	<u>\$ (3,478,934)</u>	<u>\$ 5,250,149</u>

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