



Humane Colorado

LEADING WITH COMPASSION

Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

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Independent Auditor's Report

To the Board of Directors
Humane Colorado
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Humane Colorado, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Humane Colorado as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Humane Colorado 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 these 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 Humane Colorado's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the 2024 financial statements of Humane Colorado d/b/a Denver Dumb Friends League, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Denver, Colorado
October 21, 2025

Humane Colorado
Statement of Financial Position
June 30, 2025
(with comparative totals for 2024)

	2025	2024
Assets		
Cash and cash equivalents	\$ 3,174,799	\$ 2,044,580
Operating investments	119,558,664	60,548,863
Promises to give, net	505,188	532,761
Prepaid expenses and other assets	1,035,964	541,677
Operating lease right of use asset	1,658,935	1,872,102
Property and equipment, net	48,912,483	49,472,339
Beneficial interests in charitable trusts and net assets of a community foundation	5,496,626	5,236,579
Total assets	\$ 180,342,659	\$ 120,248,901
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 1,188,278	\$ 1,163,861
Accrued compensation and benefits	1,168,047	1,882,885
Deferred compensation liability	204,270	225,873
Operating lease liability	1,659,023	1,872,203
Debt	1,537,298	2,270,892
Total liabilities	5,756,916	7,415,714
Net Assets		
Without donor restrictions		
Undesignated	120,485,027	59,607,008
Invested in property and equipment, net of related debt	47,375,185	47,201,447
Total without donor restrictions	167,860,212	106,808,455
With donor restrictions	6,725,531	6,024,732
Total net assets	174,585,743	112,833,187
Total liabilities and net assets	\$ 180,342,659	\$ 120,248,901

Humane Colorado
Statement of Activities
Year Ended June 30, 2025
(with comparative totals for 2024)

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	2024
Revenue, Support and Gains				
Contributions	\$ 6,238,084	\$ 724,416	\$ 6,962,500	\$ 6,777,904
In-kind contributions	698,087	-	698,087	833,115
Legacy and bequest contributions	71,732,365	1,079,370	72,811,735	4,950,150
Gross special events revenue	1,138,865	415	1,139,280	1,259,615
Less cost of direct benefits to donors	(378,371)	-	(378,371)	(483,418)
Net special events revenue	760,494	415	760,909	776,197
Shelter and service fees	6,743,423	-	6,743,423	6,166,952
Other income	126,967	-	126,967	133,624
Net assets released from restrictions	1,422,749	(1,422,749)	-	-
Total revenue, support, and gains	87,722,169	381,452	88,103,621	19,637,942
Expenses				
Program services expense				
Shelter veterinary services	18,700,630	-	18,700,630	19,201,552
Community veterinary services	5,152,183	-	5,152,183	5,914,870
Community and educational services	2,366,375	-	2,366,375	2,520,360
Equine Rehabilitation services	1,403,461	-	1,403,461	1,712,655
Investigative services	346,181	-	346,181	624,828
Total program services expenses	27,968,830	-	27,968,830	29,974,265
Supporting services expense				
Management and general	2,427,436	-	2,427,436	2,530,150
Fundraising and development	3,810,657	-	3,810,657	3,467,871
Total supporting services expenses	6,238,093	-	6,238,093	5,998,021
Total expenses	34,206,923	-	34,206,923	35,972,286
Other Gains and Losses				
Distributions from and change in value of charitable trusts and net assets of a community foundation	194,866	260,047	454,913	643,677
Net investment return	7,340,952	59,300	7,400,252	7,939,970
Gain (loss) on disposal of assets	693	-	693	(264,752)
Total other gains and losses	7,536,511	319,347	7,855,858	8,318,895
Change in Net Assets	61,051,757	700,799	61,752,556	(8,015,449)
Net Assets, Beginning of Year	106,808,455	6,024,732	112,833,187	120,848,636
Net Assets, End of Year	\$ 167,860,212	\$ 6,725,531	\$ 174,585,743	\$ 112,833,187

See Notes to Financial Statements

Humane Colorado
Statement of Functional Expenses
Year Ended June 30, 2025
(with comparative totals for 2024)

	Program Services										
	Animal Shelter and Veterinary Services	Community Veterinary Services	Community and Educational Services	Equine Rehabilitation Services	Investigative Services	Total	Management and General	Fundraising and Development	Cost of Direct Benefits to Donors	2025	2024
Salaries and related expenses	\$ 12,844,835	\$ 3,732,284	\$ 1,448,588	\$ 701,842	\$ 303,311	\$ 19,030,860	\$ 2,042,402	\$ 2,039,665	\$ -	\$ 23,112,927	\$ 23,269,713
Facilities expenses	1,118,651	318,116	16,032	200,831	63	1,653,693	22,240	19,886	-	1,695,819	1,888,090
Professional services	382,483	107,170	189,363	61,283	3,574	743,873	150,939	533,677	-	1,428,489	1,118,622
Medical supplies and diagnostics	843,272	533,860	-	24,194	-	1,401,326	-	-	-	1,401,326	1,733,907
Animal care, food and supplies	936,318	43,975	-	116,469	9	1,096,771	-	-	-	1,096,771	1,457,789
Printing and publications	3,073	3,546	136,627	85	506	143,837	113	768,487	-	912,437	713,066
IT and communications	294,218	110,433	71,139	18,869	6,025	500,684	38,607	137,451	-	676,742	791,669
Dues and contributions	48,971	10,050	405,324	1,436	1,632	467,413	25,206	10,980	-	503,599	907,030
Direct special event costs	-	-	-	-	-	-	-	-	378,371	378,371	483,417
Vehicles and mileage	161,121	12,093	15,419	25,870	20,058	234,561	25,090	47,446	-	307,097	480,107
Insurance	179,633	28,827	22,316	25,498	9,971	266,245	26,247	7,572	-	300,064	284,015
Bank and merchant services fees	49,619	66,966	1,054	2,730	150	120,519	65,602	89,672	-	275,793	292,962
Miscellaneous	33,245	69,740	32,432	4,725	882	141,024	2,909	121,510	-	265,443	724,073
Depreciation	1,805,191	115,123	28,081	219,629	-	2,168,024	28,081	34,311	-	2,230,416	2,311,240
	18,700,630	5,152,183	2,366,375	1,403,461	346,181	27,968,830	2,427,436	3,810,657	378,371	34,585,294	36,455,700
Less expenses included with revenues on the statement of activities											
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	(378,371)	(378,371)	(483,417)
Total expenses included in the expense section on the statement of activities	<u>\$ 18,700,630</u>	<u>\$ 5,152,183</u>	<u>\$ 2,366,375</u>	<u>\$ 1,403,461</u>	<u>\$ 346,181</u>	<u>\$ 27,968,830</u>	<u>\$ 2,427,436</u>	<u>\$ 3,810,657</u>	<u>\$ -</u>	<u>\$ 34,206,923</u>	<u>\$ 35,972,283</u>

Humane Colorado
Statement of Cash Flows
Year Ended June 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ 61,752,556	\$ (8,015,449)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	2,230,416	2,311,240
Amortization of right of use operating lease asset	213,167	206,999
Amortization of discount on promises to give	(5,843)	(77,984)
(Gain) loss on disposal of assets	(693)	264,752
Contribution of investments	(40,443,162)	(110,335)
Unrealized gain on operating investments	(6,829,653)	(7,535,175)
Change in value of beneficial interest in charitable trusts and net assets of a community foundation	(260,047)	(449,657)
Changes in operating assets and liabilities		
Promises to give, net	33,416	540,500
Prepaid expenses and other assets	(494,287)	454,917
Accounts payable and accrued expenses	24,417	420,604
Accrued compensation and benefits	(714,838)	739,775
Deferred compensation liability	(21,603)	(33,866)
Operating lease liability	(213,180)	(207,011)
Net Cash from (used for) Operating Activities	<u>15,270,666</u>	<u>(11,490,690)</u>
Investing Activities		
Purchases of investments	(53,790,388)	(18,362,247)
Proceeds from sales of investments	42,053,402	28,433,679
Purchases of property and equipment	(1,671,579)	(559,677)
Proceeds from sales of property and equipment	1,712	3,067,699
Net Cash (used for) from Investing Activities	<u>(13,406,853)</u>	<u>12,579,454</u>
Financing Activities		
Principal payments on debt	(733,594)	(719,732)
Net Cash used for Financing Activities	<u>(733,594)</u>	<u>(719,732)</u>
Net Change in Cash and Cash Equivalents	1,130,219	369,032
Cash and Cash Equivalents, Beginning of Year	<u>2,044,580</u>	<u>1,675,548</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,174,799</u>	<u>\$ 2,044,580</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 65,674</u>	<u>\$ 79,539</u>

Note 1 - Principal Activity and Significant Accounting Policies

Nature of Business

Humane Colorado, previously operating as Denver Dumb Friends League, a nonprofit organization, is a national model in animal welfare, serving as a compassionate voice and advocating for community pets and the people who care about them. Humane Colorado's mission is: "Working with our compassionate community, we will end pet homelessness and animal suffering."

Humane Colorado provides care through comprehensive, high-quality, direct services for pets and horses in Colorado who have experienced or are vulnerable to experiencing homelessness, suffering, neglect, and abuse. These services – which include shelter services, veterinary care, behavioral support and enrichment, rehabilitation, foster care (including for families experiencing hardship), lost and found, adoption, and education and outreach – are provided at the following Humane Colorado locations: the Leslie A. Malone Center in Denver, the Buddy Center™ in Castle Rock, the San Luis Valley Animal Center in Alamosa, the Harmony Equine Center™ in Franktown, and Veterinary Hospital at CSU Spur (see below for more details).

Humane Colorado's programs include the following:

Animal Shelter and Veterinary Services (SVS)

Humane Colorado is a Socially Conscious Shelter. Socially Conscious Sheltering (SCS) is a transparent and thoughtful model of how shelters can best support vulnerable companion animals by providing respectful treatment and placement for every healthy and safe animal. Humane Colorado works with its community, city, county, and state policymakers and other shelters to create the best possible outcomes for pets, while nurturing the human-animal bond and ensuring that no animal is turned away due to age, health status, or behavioral challenges. As a Socially Conscious Shelter, Humane Colorado assesses the behavior and medical needs of each animal, treats these needs whenever possible, alleviates suffering, makes appropriate and humane euthanasia decisions, and places all healthy and safe animals in loving homes.

Humane Colorado provides all needed medical care to the animals in its shelters. Before an animal's adoption and during their stay, the skilled SVS team examines, evaluates, vaccinates, implants microchips, and spays/neuters cats and dogs. A variety of specialized surgeries and other lifesaving treatments are also provided to cats, dogs, and small mammals.

Community Veterinary Services (CVS)

Humane Colorado believes that veterinary care is essential to keeping pets healthy and with the people who love them most. Humane Colorado's Veterinary Hospital at CSU Spur, located in Denver's Globeville-Elyria-Swansea neighborhood, provides urgent care services for ill or injured pets whose families would not otherwise have access to veterinary care because of economic, language, and other barriers. The fees at CSU Spur are highly subsidized, with flexible payment options available if needed. If a family can afford market rates to provide care for their pet, they are directed to other excellent veterinarians in the community.

As part of Humane Colorado's commitment to reducing the number of free-roaming cats and homeless pets, the Humane Colorado Spay/Neuter Clinic, located on the CSU Spur campus, offers subsidized spay/neuter surgeries and core vaccinations for Colorado cats (including owned cats and community cats brought to the hospital by its Metro Cat Street Team via humane Trap-Neuter-Return services) and owned dogs. Moreover, Humane Colorado hosts regular pop-up vaccine clinics for owned cats and dogs and their families in underserved communities across the Denver Metro Area.

Community and Educational Services

Humane education and community engagement play an essential role in fulfilling Humane Colorado's mission to end pet homelessness and animal suffering. By sharing messages of compassion, kindness, and respect for animals, Humane Colorado is planting seeds for a world where all living beings are cared for and valued. League educators travel to schools, lead youth camps and volunteer days, and teach virtual and onsite classes for children and adults alike. Humane Colorado is also home to a dedicated Call Center team, who provide vital resources and bilingual support to people and pets throughout the community.

In addition, Humane Colorado partners with legislators, policymakers, community leaders, and other changemakers to help shape laws and policies that support the welfare of animals across Colorado.

Humane Colorado has also focused its recent advocacy efforts on expanding access to veterinary care for pets and people across Colorado. This past year, Humane Colorado's advocacy team has worked with veterinarians, animal welfare partners, pet owners, and statewide volunteers to lead a ballot measure seeking to expand access to care through the creation of a Veterinary Professional Associate (PA) position. Like a PA in human medicine, this new role would increase overall workforce capacity by allowing highly-trained professionals with a master's degree in veterinary clinical care to conduct routine wellness exams, diagnose minor conditions, and treat patients under the supervision of a licensed veterinarian.

Equine Rehabilitation Services at Harmony Equine Center™

The Humane Colorado Harmony Equine Center™ (Harmony) is a rehabilitation and adoption facility for abused and neglected horses, ponies, donkeys, and mules who have been removed from their owners by law enforcement authorities. As capacity allows, Harmony also accepts owned Colorado equines in need of rehoming from people who can no longer care for them.

When abused and neglected horses and other equines arrive at Harmony, they are examined and given immediate medical care to support their comfort, health, and safety. Once they have been permanently surrendered to Harmony, they are evaluated, trained and socialized, rehabilitated, and adopted, as appropriate.

Investigative Services

Humane Colorado's Animal Protection program works to prevent abuse and neglect and promote animal welfare statewide. This dedicated team also assists law enforcement with investigations and educates owners to help them bring the care of their animals into compliance with the law.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with Humane Colorado's audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments held in the investment portfolio are excluded from this definition.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Promises to Give

Humane Colorado records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2025, there was no allowance for uncollectable promises to give.

Right of Use Leased Assets and Liabilities

Right of use leased assets and the related liabilities are recognized at the lease commencement date and represent Humane Colorado's right to use an underlying asset and lease obligations for the lease term. Right of use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right of use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

Beneficial Interests in Charitable Trusts and Net Assets of a Community Foundation

Beneficial Interest in Charitable Trust Held by Others

Humane Colorado has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by a donor and is administered by an outside agent designated by the donor. Humane Colorado has neither possession nor control over the assets of the trust; however, at sole discretion of the trust, distributions of principal may be made to Humane Colorado as is deemed necessary or advisable by the trustee to assist Humane Colorado in achieving its objectives. At the date Humane Colorado receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statement of activities and a beneficial interest in charitable trust held by others is recorded in the statement of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interest in the trust is reported at fair value in the statement of financial position, with changes in fair value recognized in the statement of activities.

Beneficial Interest in Perpetual Trusts Held by Others

Humane Colorado has been named as an irrevocable beneficiary of several perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to Humane Colorado; however, Humane Colorado will never receive the assets of the trusts. At the date Humane Colorado receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statement of activities and a beneficial interest in perpetual trust is recorded in the statement of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statement of financial position, with trust distributions and changes in fair value recognized in the statement of activities.

Beneficial Interest in Net Assets of a Community Foundation

In previous years, Humane Colorado established an endowment fund that is perpetual in nature (the Fund) under the Community First Foundation (the Foundation) and named itself as beneficiary. Humane Colorado granted variance power to the Foundation, which allows the Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the Foundation for Humane Colorado's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Humane Colorado reports unconditional and conditional contributions once conditions expire as restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contract Revenue and Revenue Recognition

Revenue from contracts with customers is composed of the adoption and service fees, government contracts, and other sales. The nature of Humane Colorado's operations gives rise to variable consideration, including discounts that generally decrease the transaction price which reduces revenue. These variable amounts are credited to the customer based on price concessions.

Adoption Fees

Humane Colorado prepares animals for adoption through the behavior program and provides health exams, vaccinations, spay and neuter services for unaltered cats and dogs, and microchips. For the year ended June 30, 2025, total adoption revenue was approximately \$2,328,000. Adoption fees are recognized at the point in time the customer pays for the animal and the animal is transferred to the customer.

Service Fees

Humane Colorado provides services for clients, which include veterinary hospital services, spay and neuter clinics, euthanasia, cremation, and return-to-owner services. For the year ended June 30, 2025, total service fee revenue was approximately \$4,251,000 and is recognized as the performance obligation is satisfied, as payments are due at the time services are rendered.

Government Contracts

Humane Colorado has contracts with Douglas County and Alamosa County, Colorado, to provide services for stray, abandoned, or impounded animals and a contract with the City and County of Denver, Colorado for spay and neuter services. For the year ended June 30, 2025, total government contract revenue was approximately \$164,000 and is recognized at the point in time when services are rendered.

Contribution Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no such conditional promises to give at June 30, 2025.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Humane Colorado recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. Humane Colorado recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated veterinary supplies, donated pet food, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 9). Contributed goods are recorded at fair value at the date of donation. Humane Colorado does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contributed 178,760 hours during the year ended June 30, 2025 to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$350,000 during the year ended June 30, 2025.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Costs have been allocated between the various program and support services on several bases and estimates. Certain salaries and related benefits have been allocated based on time and effort. Facilities costs have been allocated based on square footage.

Income Taxes

Humane Colorado is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Humane Colorado is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Humane Colorado may be subject to income tax on net income that is derived from business activities that are unrelated to the exempt purpose. Humane Colorado has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that Humane Colorado has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Humane Colorado would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. Humane Colorado's Form 990 and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2022.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Humane Colorado to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed by Humane Colorado to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025, Humane Colorado had approximately \$2,941,000 in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts.

Credit risk associated with accounts receivable and promises to give are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals, corporations, and foundations supportive of Humane Colorado's mission. Investments are made by diversified investment managers whose performance is monitored by Humane Colorado and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, Humane Colorado believes that the investment policies and guidelines are prudent for the long-term welfare of Humane Colorado.

Subsequent Events

Humane Colorado has evaluated subsequent events through October 21, 2025, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Humane Colorado regularly monitors the availability of resources required to meet operating needs and other contractual commitments, while also working to maximize the investment of its reserves. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2025:

Financial Assets	
Cash and cash equivalents	\$ 3,174,799
Operating investments	119,558,664
Promises to give, net	505,188
Accounts receivable included with other assets	548,753
Beneficial interest in charitable trusts and net assets of a community foundation	<u>5,496,626</u>
Total financial assets	<u>129,284,030</u>
Less Amounts Unavailable for General Expenditures Within One Year	
Promises to give to be collected after one year	(192,604)
Operating investments not available within one year	(3,203,573)
Net assets restricted by donors	<u>(6,725,531)</u>
Total financial assets available for general expenditures within one year	<u>\$ 119,162,322</u>

Humane Colorado's invested resources are reserves available to cover general and capital expenditures for facility improvements and maintenance over the next 12 months, if needed. Humane Colorado budgets conservatively, estimating revenue based on known and achievable sources and historical and expected costs necessary to provide its programs or typical and customary costs necessary to provide new programs to the communities it serves in Colorado. Annual contributions and estate gifts vary annually and help offset the cost of operations.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to Humane Colorado's assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds and equities with readily determinable fair values based on daily redemption values. The fair value of beneficial interests in charitable and perpetual trusts and in net assets held by the community foundation is based on the fair value of fund investments as reported by the trustees and community foundation. These are considered Level 3 measurements.

Humane Colorado uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain funds, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2025:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and money market funds	\$ 42,388,665	\$ -	\$ -	\$ -
Equities and mutual funds	20,755,375	20,755,375	-	-
Fixed-income bond fund	11,214,338	11,214,338	-	-
International equity fund	8,998,325	8,998,325	-	-
Balanced fund	803,067	803,067	-	-
Funds held at NAV				
Hedged	11,041,835	-	-	-
Absolute return	10,026,366	-	-	-
International	9,021,063	-	-	-
Small-cap	5,309,630	-	-	-
	<u>\$ 119,558,664</u>	<u>\$ 41,771,105</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interests In				
Charitable trust	\$ 2,651,827	\$ -	\$ -	\$ 2,651,827
Perpetual trusts held by others	2,656,977	-	-	2,656,977
Assets held by community foundation	187,822	-	-	187,822
	<u>\$ 5,496,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,496,626</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2025:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)			
	Beneficial Interests			Total
	Charitable Trust	Perpetual Trusts Held By Others	Assets Held by Community Foundation	
Balance Beginning of Year	\$ 2,501,884	\$ 2,553,111	\$ 181,584	\$ 5,236,579
Investment return, net	212,978	226,523	15,412	454,913
Distributions	(63,035)	(122,657)	(9,174)	(194,866)
Balance End of Year	<u>\$ 2,651,827</u>	<u>\$ 2,656,977</u>	<u>\$ 187,822</u>	<u>\$ 5,496,626</u>

Investments in certain funds that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2025:

	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedged	4	\$ 11,041,835	\$ -	Quarterly, limited (1)	45-60 days
Absolute return	3	10,026,366	-	Quarterly, illiquid, limited (1)	None, 60-75 days
International	2	9,021,063	-	Weekly to monthly	5-30 days
Small-cap	1	5,309,630	-	Monthly	30 days
		<u>\$ 35,398,894</u>	<u>\$ -</u>		

(1) The liquidity of three investments is limited based on continual rolling 3-5 year lockup periods, at which point the investment will become available on the anniversary with 60 days' notice. One of these rolling investments has a penalty-free option to withdraw up to 25% annually. Additionally, three other investments are limited to withdraw up to 25% quarterly.

Hedged – Funds that can invest long and short, primarily in common stocks. Fund managers may invest in value or growth-driven equity opportunities and typically are not restricted by market capitalization, industry sector, or geography. The investments dominate exposure in the U.S. market but will also take advantage of investment opportunities in Europe, Asia, and emerging markets.

Absolute return – Multi-strategy absolute return investments focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mispriced assets/securities across conventional and alternative financial strategies. Management initiates long and short positions, targeting solid absolute risk-adjusted returns.

International – Funds focused on long-only international equities. The underlying assets are liquid, and the funds' managers provide details of those assets.

Small-cap – Funds that seek to generate long-term, lower volatility returns in excess of the U.S. equity market by investing in companies that are thought to be well-positioned in attractively structured, stable industries and are less vulnerable to business disruptions. The portfolio invests primarily in common stocks and depository receipts, REITs, convertible bonds, preferred stock, rights, warrants, exchange-traded funds, and similar equity equivalents, as well as debt securities, cash, and cash equivalents.

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2025:

Within one year	\$ 312,584
In one to five years	200,000
	<u>512,584</u>
Less discount to net present value at a rate of 3.84%	<u>(7,396)</u>
	<u><u>\$ 505,188</u></u>

At June 30, 2025, two donors accounted for 90% of total promises to give. For the year ended June 30, 2025, three donors totaled approximately 83% of all contributions received.

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30, 2025:

Land and improvements	\$ 4,949,166
Buildings and improvements	57,158,207
Transportation equipment	1,218,810
Furniture and fixtures	4,456,016
Computer equipment and software	<u>1,019,797</u>
	68,801,996
Less accumulated depreciation	<u>(19,889,513)</u>
	<u><u>\$ 48,912,483</u></u>

Note 6 - Debt

During 2020, Humane Colorado borrowed \$5 million on a \$10 million financing agreement with the Colorado Housing and Finance Authority and a bank. Payments on the principal drawn to date and interest thereon are made annually beginning on June 1, 2021, with all remaining unpaid principal and interest due on June 1, 2027. The note bears interest at a fixed rate of 2.892% and is collateralized by the Leslie A. Malone Center land and building. The agreement requires Humane Colorado to comply with certain financial and non-financial covenants.

Principal payments are as follows for the year ending June 30:

2026	\$ 754,970
2027	<u>782,328</u>
	<u><u>\$ 1,537,298</u></u>

Note 7 - Leases

Humane Colorado leases an animal health facility within the CSU Spur building for an initial term through May 2027. The lease includes two five-year renewal options that provide Humane Colorado the option to renew the lease through 2037. Humane Colorado determined that it is reasonably certain to exercise the first renewal option through May 2032. The right-of-use asset and related lease liability have been calculated using a discount rate of 2.94%. Additionally, the operating lease agreement requires Humane Colorado to pay real estate taxes, insurance, utilities, and maintenance costs.

In connection with the operating lease, Humane Colorado also entered into an operating agreement with the landlord to provide veterinary internship services to the landlord through the animal health facility in exchange for a 100% discount on base rent for the leased premises. The services provided to the landlord are valued at \$90,000 per year and are considered to be commensurate in value with the base rent expense.

Humane Colorado has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Humane Colorado elected the practical expedient to not separate lease and non-lease components for the operating lease. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

Total lease costs for the year ended June 30, 2025 are as follows:

Operating lease cost	\$ 265,352
Short-term lease cost	<u>9,411</u>
	<u><u>\$ 274,763</u></u>
Other information - Operating leases	
Cash paid for amounts included in the measurement of lease liabilities	\$ 265,365
Weighted-average remaining lease term	6.9 years
Weighted-average discount rate	2.94%

The future minimum lease payments under the operating lease are as follows:

2026	\$ 265,365
2027	265,365
2028	265,365
2029	265,365
2030	265,365
Thereafter	<u>508,616</u>
Total lease payments	1,835,441
Less interest	<u>(176,418)</u>
Present value of lease liabilities	<u><u>\$ 1,659,023</u></u>

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2025:

Subject to Expenditure for Specified Purpose	
Denver Metro Cat	\$ 307,127
Hope Fund	803,067
Other	<u>118,711</u>
	<u>1,228,905</u>
Not Subject to Spending Policy or Appropriation	
Charitable trust	2,651,827
Perpetual trusts held by others	2,656,977
Assets held by community foundation	<u>187,822</u>
	<u>5,496,626</u>
	<u><u>\$ 6,725,531</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended June 30, 2025:

Satisfaction of Purpose Restrictions	
Denver Metro Cat	\$ 194,677
Veterinary services	214,095
Other	<u>1,013,977</u>
	<u><u>\$ 1,422,749</u></u>

Note 9 - Contributed Nonfinancial Assets

For the year ended June 30, 2025, contributed nonfinancial assets recognized within the statement of activities included the following:

	Shelter Veterinary Services	Community Veterinary Services	Community and Educational Services	Management and General	Fundraising and Development	Total
Pet food	\$ 378,507	\$ -	\$ -	\$ -	\$ -	\$ 378,507
Medical supplies and equipment	225,964	3,000	-	-	-	228,964
Advertising	-	-	19,818	-	40,627	60,445
Professional services	29,772	-	-	399	-	30,171
	<u>\$ 634,243</u>	<u>\$ 3,000</u>	<u>\$ 19,818</u>	<u>\$ 399</u>	<u>\$ 40,627</u>	<u>\$ 698,087</u>

Contributed professional services are used in program and management and general services and are recognized at fair value based on current rates for similar veterinary and other professional services.

Contributed food, supplies, and advertising are valued using estimated U.S. wholesale prices (principal market) that would be received for selling similar products. Contributed pet food and medical supplies and equipment are used in program services, while contributed advertising is used for community and educational services.

All contributed nonfinancial assets received for the year ended June 30, 2025 were without donor restrictions.

Note 10 - Retirement Plans

Humane Colorado sponsors a 401(k) plan covering substantially all full-time employees. The plan is a safe harbor 401(k) plan open to employees of Humane Colorado who have attained the age of 18 and who have completed 90 days of service. Employees may begin participating in the plan on the first day of the quarter coinciding with or immediately following the date they satisfy the eligibility requirements. Under the plan agreement, Humane Colorado makes a matching contribution up to 100% of each participant's elective deferral, not to exceed 3% of the participant's compensation, plus 50% of each participant's elective deferral in excess of 3% but not in excess of 5% of the participant's compensation. Contributions to the plan totaled approximately \$635,000 for the year ended June 30, 2025.

Note 11 - Deferred Compensation

Effective December 15, 2005, Humane Colorado adopted an eligible deferred compensation plan under IRS Code Section 457(b). This plan is available to certain eligible employees. Humane Colorado may, at its sole discretion, contribute an amount on behalf of eligible employees up to the maximum amount permitted by law. No employee contributions are permitted. Participants are fully vested in all contributions made on their behalf. At June 30, 2025, the assets totaling \$204,270 are included within Humane Colorado's operating investments and represent the remaining deferred compensation liability to be paid out over a 6-year period.

Note 12 - Contingency

Humane Colorado may become involved in claims and pending litigation arising in the normal course of operations and carries liability insurance to mitigate against such risks. No amounts are recorded in the financial statements of Humane Colorado until such time that the outcome is assured and loss contingency is estimable.