

# CPA ANTHONY W. IMBIMBO

*A Professional Corporation*

P.O. Box 33706 San Diego, California 92163

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

I have audited the accompanying financial statements of The Humane League (A Non-for-Profit Organization) which comprise the statements of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended.

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

### Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Humane League as of December 31, 2016 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Anthony W. Imbimbo, CPA, APC  
San Diego, California  
June 12, 2017

**The Humane League**  
**Statement of Financial Position**  
**As of December 31, 2016**

	<b>Total</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 2,941,835
Grants Receivable	\$ 1,500,000
<b>Other Current Assets</b>	
Investment Accounts	\$ 1,452,676
Rent Deposits	3,125
<b>Total Other Current Assets</b>	<b>\$ 1,455,800</b>
<b>Total Current Assets</b>	<b>\$ 5,897,635</b>
<b>Total Fixed Assets</b>	<b>\$ 6,304</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,903,939</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 7,316
<b>Other Current Liabilities</b>	
Credit Cards Payable	\$ 19,165
Payroll Liabilities	111,876
<b>Total Other Current Liabilities</b>	<b>\$ 131,040</b>
<b>Total Current Liabilities</b>	<b>\$ 138,356</b>
<b>Total Liabilities</b>	<b>\$ 138,356</b>
<b>Equity</b>	
Unrestricted Net Assets	\$ 3,337,546
Temporarily Restricted Net Assets	2,428,037
<b>Total Equity</b>	<b>\$ 5,765,583</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 5,903,939</b>

The accompanying notes are an integral part of these financial statements

**The Humane League**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>Income</b>			
Securities Donations	\$ 54,743	\$ -	\$ 54,743
Temporarily Restricted Grants	-	2,000,000	2,000,000
Unrestricted Donations	4,495,676	-	4,495,676
Investment Income	24,991	-	24,991
<b>Total Income</b>	<b>\$ 4,575,410</b>	<b>\$ 2,000,000</b>	<b>\$ 6,575,410</b>
<b>Expenses</b>			
Program services	\$ 1,652,588	\$ -	\$ 1,652,588
Management & General	128,212	-	128,212
Fund Raising	193,873	-	193,873
<b>Net Expenses</b>	<b>\$ 1,974,673</b>	<b>\$ -</b>	<b>\$ 1,974,673</b>
<b>Change in Net Assets</b>	<b>\$ 2,600,738</b>	<b>\$ 2,000,000</b>	<b>\$ 4,600,738</b>
<b>Net Assets, January 1, 2016</b>	<b>\$ 736,808</b>	<b>\$ 428,037</b>	<b>\$ 1,164,845</b>
<b>Net Assets, December 31, 2016</b>	<b>\$ 3,337,546</b>	<b>\$ 2,428,037</b>	<b>\$ 5,765,583</b>

The accompanying notes are an integral part of these financial statements

**The Humane League**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2016**

	Program Expenses	Support: Mgmt & General Total	Support: Fund Raising Support	Total Support Expenses	Total Functional Expenses
Grants to other organizations	\$ 32,661				\$ 32,661
Employee Salaries	722,516	20,979	98,891	119,870	842,386
Payroll Taxes	58,789	1,710	7,943	9,653	68,442
Other Employee Benefits	31,085	2,079	442	2,521	33,606
Accounting Fees	250	7,760	-	7,760	8,010
Fundraising Fees	-	-	11,335	11,335	11,335
All Other Contractor Fees	154,948	30,043	3,965	34,008	188,956
Investment Management Fees	-	14,114	-	14,114	14,114
Promotional Meals	1,580		622	622	2,202
Campaign Expenses	22,192	28	888	916	23,108
IT Expenses	11,693	20,160	665	20,825	32,518
Postage Expenses	9,657	1,449	1,877	3,326	12,983
Printing & Copying	17,579	806	2,570	3,376	20,955
Storage Fees	441	-	-	-	441
Travel	157,386	3,746	9,093	12,839	170,225
Office Expenditures	43,748	1,460	3,727	5,187	48,935
Marketing & Advertising	348,768	772	1,934	2,706	351,474
Dues & subscriptions	3,355	417	400	817	4,172
Bank Fees	-	2,247	-	2,247	2,247
Total Event	25,246	2,041	45,675	47,716	72,962
Insurance Expense	1,782	5,913	239	6,152	7,934
Promotional Merchandise	8,912	12,488	3,607	16,095	25,007
<b>Total Expenses</b>	<b>\$ 1,652,588</b>	<b>\$ 128,212</b>	<b>\$ 193,873</b>	<b>\$ 322,085</b>	<b>\$ 1,974,673</b>

**The Humane League**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

	<b>Total</b>
<b>OPERATING ACTIVITIES</b>	
Increase in Net Assets	\$ 4,646,034
<b>Adjustments to reconcile Net Income to Net Cash provided by operations:</b>	
Grants Receivable	\$ (1,500,000)
Investment Accounts	(1,154,117)
Rent Deposits	(3,125)
Accounts Payable	7,316
Credit Cards Payable	7,134
Payroll Liabilities	111,876
	<b>\$ (2,530,916)</b>
<b>Total Adjustments to reconcile Net Income to Net Cash provided by operations:</b>	
Net cash provided by operating activities	<b>\$ 2,115,118</b>
<b>INVESTING ACTIVITIES</b>	
Computers	\$ (6,304)
Net cash provided by investing activities	<b>\$ (6,304)</b>
<b>FINANCING ACTIVITIES</b>	
Unrestricted Net Assets	\$ (439,683)
Temporarily Restricted Net Assets	428,037
Net cash provided by financing activities	<b>\$ (11,646)</b>
Net cash increase for period	<b>\$ 2,097,169</b>
Cash at beginning of period	\$ 844,666
Cash at end of period	<b>\$ 2,941,835</b>

THE HUMANE LEAGUE  
(A NON PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS YEAR  
ENDED DECEMBER 31, 2016

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Humane League's mission is to promote compassion towards animals and to reduce the suffering of animals through public education and outreach, and campaigns for policy changes.

Income Taxes

The Organization is a non-for profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

Cash and cash equivalents include bank accounts as well as certificates of deposit purchased with a maturity of three months or less. Interest income on the certificates of deposit is recorded as income when received. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Estimates

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

Public Support and Revenue

Contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Contribution of non-cash assets are recorded at fair values in the period received. Contributions received are with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Subsequent Events

Management has evaluated subsequent events through July 12, 2017, the date on which the financial statements were available to be issued.

Cash Equivalents. Holdings of highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

Marketable Securities. Management classifies all investments as available-for-sale. Available-for-sale securities are carried at fair value. The investments were contributed by donors since

These Notes are an Integral Part of the Financial Statements

THE HUMANE LEAGUE  
(A NON PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS YEAR  
ENDED DECEMBER 31, 2016

---

2013. The following is a summary of the inputs used as of December 31, 2016, in valuing investments carried at fair value:

Description	Quoted Acquisition Value	Quoted Market Value	Unrealized/ Realized Gain
Short Term Investments	\$1,599	\$1,599	\$ 0
Equity Index Mutual Funds	\$125,274	\$160,703	\$35,429
Common Stock	\$59,865	\$71,237	\$11,372
Total	\$186,738	\$233,539	\$46,801

Net gain (realized and unrealized) reported above are included in net appreciation in fair value of investments on the statement of activities for the year ended December 31, 2016. The amount of the net gains related to investments held at December 31, 2016, was approximately \$46,801.

Prior to 2015, Investments were not included on the Statement of Financial Position.

DONATED SERVICES

The Organization receives a significant amount of donated services from unpaid volunteers who assist in facilitating program activities, and fundraising events. No amounts have been recognized in the statement of activities because they do not fall under the criteria for recognition under ASC 958.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited.

LEASING COMMITMENTS

The Organization has entered into a lease commitment for its offices. The lease term is from March 1, 2015 through February 28, 2017. The lease is accounted for as an operating lease.

THE HUMANE LEAGUE  
(A NON PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS YEAR  
ENDED DECEMBER 31, 2016

---

The annual minimum lease commitments are as follows:

Year Ending December 31:		
	2015	11,655
	2016	11,923
	2017	<u>1,995</u>
		<u>\$ 25,574</u>

These Notes are an Integral Part of the Financial Statements