The Humane Society of the United States and Affiliates

Consolidated Financial Statements and Supplemental Schedules
Year Ended December 31, 2019

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The Humane Society of the United States and Affiliates

Contents

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Independent Auditor's Report

Board of Directors
The Humane Society of the United States
Washington, D.C.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Humane Society of the United States and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statement of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Humane Society of the United States and Affiliates as of December 31, 2019, and the change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

May 5, 2020

Consolidated Financial Statements

The Humane Society of the United States and Affiliates

Consolidated Statement of Financial Position

As of December 31, 2019

Assets		
Cash and cash equivalents	$	20,346,143
Investments		258,610,282
Investments to fund deferred compensation liability		270,384
Accrued interest receivable		196,144
Prepaid expenses and other assets		2,349,937
Contributions, bequests and other receivables, net		22,419,668
Property and equipment, net		32,614,198
Total assets	$	336,806,756
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	17,482,938
Annuities and unitrusts		11,572,687
Deferred rent and related lease incentives		3,515,714
Refundable advance		2,350,000
Accrued severance obligation		660,308
Deferred compensation liability		270,384
Total liabilities		35,852,031
Commitments and contingencies (Note 14 and 15)		
Net assets		
Without donor restrictions		
Board designated		90,900,124
Undesignated		117,026,688
		207,926,812
With donor restrictions		93,027,913
Total net assets		300,954,725
Total liabilities and net assets	$	336,806,756

See accompanying notes to the consolidated financial statements.

The Humane Society of the United States and Affiliates

Consolidated Statement of Activities and Change in Net Assets

Year ended December 31, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	$ 128,699,417	$ 26,323,141	$ 155,022,558
Bequests	30,304,209	5,375,803	35,680,012
Royalty income	322,424	21,859	344,283
Event income	1,972,431	387,498	2,359,929
Other income	2,024,801	176,961	2,201,762
Net assets released from restrictions	37,318,762	(37,318,762)	-
Total support and revenue	200,642,044	(5,033,500)	195,608,544
Expenses			
Program services	154,507,263	-	154,507,263
Management and general	15,586,583	-	15,586,583
Fundraising	36,573,333	-	36,573,333
Total expenses	206,667,179	-	206,667,179
Change in net assets from operations	(6,025,135)	(5,033,500)	(11,058,635)
Investment return, net	52,377,163	6,994,656	59,371,819
Change in net assets before annuity and foreign currency	46,352,028	1,961,156	48,313,184
Annuity liability change in valuation	(10,935)	71,755	60,820
Foreign currency gain	15,033	-	15,033
Change in net assets	46,356,126	2,032,911	48,389,037
Net assets, Beginning of the year	161,570,686	90,995,002	252,565,688
Net assets, End of the year	$ 207,926,812	$ 93,027,913	$ 300,954,725

See accompanying notes to the consolidated financial statements.

The Humane Society of the United States and Affiliates

Consolidated Statement of Functional Expenses

Year ended December 31, 2019	Program Services: Direct Care	Program Services: Public Policy	Program Services: Corporate Policy	Program Services: Education	Program Services: Total Program	Management and General	Fundraising	Total
Expenses								
Salaries	$ 10,959,991	$ 12,164,669	$ 1,731,001	$ 10,945,322	$ 35,800,983	$ 4,401,189	$ 5,063,037	$ 45,265,209
Employee benefits	2,781,049	3,162,115	438,174	2,818,941	9,200,279	1,268,676	1,318,050	11,787,005
Total compensation	13,741,040	15,326,784	2,169,175	13,764,263	45,001,262	5,669,865	6,381,087	57,052,214
Education material, publications and campaigns	1,631,286	1,954,056	373,014	28,342,585	32,300,941	73,395	5,522,317	37,896,653
Mailing costs	4,554,480	5,356,819	667,633	4,564,303	15,143,235	2,909	15,225,775	30,371,919
Consultant and contracted services	8,519,131	6,213,008	1,058,414	9,680,108	25,470,661	2,933,090	4,774,507	33,178,258
Professional fees	455,505	5,188,291	63,609	344,779	6,052,184	240,131	303,147	6,595,462
Contributions and grants	2,743,142	2,955,030	157,064	1,180,346	7,035,582	-	-	7,035,582
Travel and events	1,656,716	1,348,643	523,636	1,875,264	5,404,259	83,683	381,933	5,869,875
Supplies and field expenses	7,681,277	585,589	91,819	3,520,811	11,879,496	444,772	851,624	13,175,892
Change in donor intent	-	-	-	-	-	4,000,000	-	4,000,000
Bad debt expense	-	-	-	-	-	418,674	-	418,674
Bank and trustee fees	-	-	-	-	-	517,494	2,397,456	2,914,950
Occupancy and building expense	1,449,758	631,958	18,280	783,550	2,883,546	528,206	197,021	3,608,773
Depreciation and amortization	868,252	62,135	-	51,503	981,890	397,683	-	1,379,573
Postage and shipping	116,801	108,112	9,456	619,401	853,770	14,795	158,319	1,026,884
Telephone	168,805	172,216	23,130	158,496	522,647	100,053	121,287	743,987
Insurance and bonds	312,656	219,023	30,733	205,471	767,883	149,125	191,953	1,108,961
Real estate and other taxes	131,781	41,150	4,968	32,008	209,907	12,708	66,907	289,522
Total expenses	$ 44,030,630	$ 40,162,814	$ 5,190,931	$ 65,122,888	$ 154,507,263	$ 15,586,583	$ 36,573,333	$ 206,667,179

See accompanying notes to the consolidated financial statements.

The Humane Society of the United States and Affiliates

Consolidated Statement of Cash Flows

Year ended December 31, 2019

Cash flows from operating activities:	
Change in net assets	$ 48,389,037
Adjustments to reconcile change in net assets	
to net cash used in operating activities:	
Decrease in allowance for uncollectible contributions and bequests	(726,825)
Bad debt expense	418,674
Change in donor intent	4,000,000
Change in discount on multi-year contributions and bequests	(429,527)
Depreciation and amortization	1,379,573
Realized and unrealized gain on investments, net	(56,079,039)
Donated stock	(3,437,421)
Contributions restricted to perpetuity:	
Property	(856,436)
Cash	(854,843)
Changes in assets and liabilities:	
(Increase) decrease in:	
Accrued interest receivable	(5,091)
Prepaid expenses and other assets	294,508
Contributions, bequests, and other receivables, gross	(2,761,020)
Increase (decrease) in:	
Accounts payable and accrued expenses	1,991,078
Actuarial gain on annuities and unitrusts	233,286
Deferred rent and related lease incentives	(85,864)
Refundable advance	1,550,000
Accrued severance obligation	53,987
Net cash used in operating activities	(6,925,923)
Cash flows from investing activities:	
Net increase in cash and cash equivalents held in investments	28,261,367
Proceeds from sale of investments	15,608,786
Purchases of investments	(32,368,923)
Purchases of property and equipment	(1,602,332)
Net cash provided by investing activities	9,898,898
Cash flows from financing activities:	
Investments subject to annuity agreements	425,530
Payments on annuity agreements	(1,085,987)
Contributions restricted to perpetuity	854,843
Net cash provided by financing activities	194,386
Net change in cash and cash equivalents	3,167,361
Cash and cash equivalents	
Beginning of year	17,178,782
End of year	$ 20,346,143

See accompanying notes to the consolidated financial statements.

1. The Organization and Summary of Significant Accounting Policies

The Humane Society of the United States and Affiliates (collectively, the Society) is a not-for-profit organization whose primary purpose is the worldwide advancement of humane treatment of animals through public education, awareness, and direct animal care programs. The accompanying consolidated financial statements include the activities of the following entities:

The Humane Society of the United States (The HSUS)

The HSUS seeks to prevent and bring an end to animal cruelty in all of its forms, and to celebrate and strengthen the human-animal bond. The HSUS is the nation's most influential animal protection organization, with a distinct mission, helping animals through direct care, corporate reform, education, disaster response, emergency relief and rescue, fieldwork, investigations, litigation, research, scientific and technical analysis, media outreach, public advocacy, and legislative and policy initiatives. From its founding in 1954, the HSUS has complemented and enhanced the work of local and regional humane societies, promoting the protection of animals at the national (and global) level, tackling issues whose scope and magnitude exceed the capacity of local organizations, and working to expand the humane movement throughout the United States and abroad. The founders of the HSUS did not seek to replicate the activities of local groups but chose instead to be a national voice in the fight against cruelty and the celebration of the human-animal bond. Today, The HSUS confronts large-scale national and international problems, such as animal fighting, puppy mills, companion animal overpopulation, seal killing, commercial trade in wildlife and wildlife parts and products, trophy hunting, trapping and raising of animals for fur, suffering of horses via soring and other abuses, and inhumane slaughter and factory farming of animals raised for food.

Doris Day Animal League (DDAL)

DDAL, founded in 1987 by the actress and animal advocate, Doris Day, is a nonprofit, national, citizen's lobbying organization working for the humane treatment of animals. Since its inception, DDAL, a 501(c)(4) entity, has been a leader on animal welfare legislation and public policy. DDAL works with the U.S. Congress, government agencies, state and local officials, and other policy stakeholders to secure the passage of new laws and the enforcement of existing laws that reduce or eliminate the suffering of animals.

The Fund for Animals (FFA)

FFA, since 2005, has been the entity responsible for most HSUS animal care facilities, including the Cleveland Amory Black Beauty Ranch (TX), the Duchess Sanctuary (OR), and the Fund for Animals Wildlife Center (CA). These facilities focus on rehabilitation and release, and other hands-on care and rescue of injured, orphaned, and abandoned animals, as well as promoting the humane treatment of all animals and the prevention of cruelty through education and advocacy. The Cleveland Amory Black Beauty Ranch in Murchison, Texas is a 1,437-acre sanctuary that cares for approximately 1,000 animals year-round, representing 42 species, rescued from abuse or abandonment. The 1,120-acre Duchess Sanctuary in Oakland, Oregon cares for about 200 formerly abused, abandoned, and neglected horses. The Fund for Animals Wildlife Center in Ramona, California is a 13-acre facility that provides medical treatment, care, and rehabilitation of native wildlife, and releases them back into the wild. FFA also includes RAVS (Rural Area Veterinary Services), which offers veterinary medical treatment for animals on Native American reservations in the United States and remote locations abroad.

Humane Society International, Inc. (HSI)

HSI, founded in 1991, educates audiences worldwide about compassion toward animals, carries out direct animal care, rescue, and disaster response; provides technical and scientific support to local partners; and seeks to increase the priority given to animal protection issues by policy-makers, industry, and civil society worldwide. HSI's core campaigns focus on the humane management of street animals via sterilization and vaccination in much of Asia, Latin America, and South America; the elimination of the dog meat trade in Asia; an end to the confinement of farm animals in battery cages and gestation crates in India, Brazil, Mexico, and elsewhere; a phase-out of animal testing for human and environmental hazard and risk assessment; a halt to the killing of seals for commercial purposes; the cessation of shark finning and shark fin soup consumption; and the restriction of mercy release programs that encourage the capture and subsequent release of wild animals. HSI works aggressively against the illicit global wildlife trade, advances efforts to stop commercial whaling (via the International Whaling Commission), and seeks to improve wildlife protection mechanisms in international trade negotiations. HSI also campaigns against the trapping and ranching of animals for fur garments, and promotes wildlife contraception as a humane way to manage wildlife populations (particularly elephants) without the stress of capture and translocation or culling. In addition, HSI responds to cases of companion animal suffering (e.g. rescuing dogs from the dog meat trade in Asia or from puppy mills in Canada) and to major disasters that affect animals by sending skilled responders and funding support when disasters occur. HSI encompasses the below related affiliates throughout the world:

- Humane Society International (UK)
- Humane Society International Latin America
- Humane Society International / Canada
- Friends of Humane Society International for the Protection and Conservation of Animals
- Humane Society International - India
- Humane Society International – Europe
- Humane Society International - Mexico
- Humane Society International – Africa
- Humane Society International – Korea

Humane Society Veterinary Medical Association Inc. (HSVMA)

The HSVMA, incorporated in 1982, promotes and provides veterinary leadership in animal advocacy, public education and direct care to aid animals in need. HSVMA's main program areas include communication, educational, legislative and regulatory efforts to promote animal welfare, continuing education events focusing on animal welfare issues, and advocating for humane alternatives in veterinary education.

South Florida Wildlife Center, Inc. (SFWC)

SFWC, incorporated in 1969, helps animals in South Florida's tri-county region (Palm Beach, Broward, and Miami-Dade). Staff members rescue, rehabilitate, and release harmed or displaced native wildlife; treat and place domestic, exotic and farm animals in need; and teach the public about living alongside our wild neighbors. The largest wildlife trauma hospital and rehabilitation center in the nation, based on intake numbers, the SFWC daily performs field rescues of injured, orphaned, and imperiled animals. SFWC personnel restore mobility and function to injured wildlife, provide rehabilitative care in enriched, species-specific habitats, and release rehabilitated animals back into the wild. See Note 20.

Humane Society Wildlife Land Trust (HSWLT)

HSWLT, founded in 1993, celebrates and protects wild animals by creating and managing permanent sanctuaries; by preserving and enhancing natural habitat; and by confronting cruelty. HSWLT protects natural habitat in perpetuity and seeks to ensure that animals living on protected lands are not hunted or trapped. HSWLT maintains a portfolio of more than 118 permanent wildlife sanctuaries comprising over 21,085 acres and has been involved in the protection and conservation of habitat in nearly 40 states and 9 countries, sanctuaries where recreational and commercial hunting and a variety of practices threatening to animals and their habitat will always be prohibited. HSWLT also works in collaboration with other non-governmental organizations throughout the United States and abroad to promote and advance the protection of habitat and wildlife. HSWLT has been involved in 30 such projects, involving two million acres in total.

Project Chimps (PC)

Founded in 2014, PC seeks to end the use of chimpanzees in invasive biomedical research, and provide lifetime sanctuary care to chimpanzees in need. As part of this mission, PC has retired 79 chimpanzees coming out of biomedical research to a sanctuary on 236 acres in Georgia. PC has an agreement with University of Louisiana-Lafayette New Iberia Research Center (NIRC) to move nearly all 200 NIRC chimpanzees to sanctuary, bringing an end to chimpanzee research at that facility.

The significant policies followed by the Society are described below.

Basis of accounting

The accompanying consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of consolidation

The consolidated financial statements include the accounts of the Humane Society of the United States, Doris Day Animal League, the Fund for Animals, Humane Society International, Inc. and its related international affiliates, Humane Society Veterinary Medical Association, South Florida Wildlife Center, Inc., Humane Society Wildlife Land Trust, and Project Chimps. All significant inter-organizational balances and transactions have been eliminated in consolidation.

Basis of presentation

The Society follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (“ASC”) ASC 958-605 *Not-for-Profit Entities – Presentation of Financial Statements*. The Society is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting year. Actual results could differ from estimates under different assumptions and conditions.

Revenue recognition

Contribution revenue

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period, or are restricted by the donor for specific purposes are reported as contributions with donor restrictions. These contributions also increase net assets with donor 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 consolidated statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as contributions without donor restrictions.

Contributions are reported at fair value, which is net of estimated uncollectible amounts. The Society uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contributions, including multi-year pledges and split interest agreements, to be received after one year, are recorded at the present value of the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years. Revenue under charitable gift annuity arrangements is reduced by the estimated annuities to be paid by the Society over the beneficiary's lifetime. Irrevocable split-interest agreements, including charitable remainder trusts, charitable lead trusts and perpetual trusts, are recorded as revenue when the trust agreements become irrevocable.

Conditional promises to give, including those received under multi-year grant agreements are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before the Society is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise. A transfer of assets from a donor that contains donor conditions is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor.

As of December 31, 2019, the Society has conditional promises to give in the amount of $1,050,000. $750,000 of the conditional promise to give is conditioned upon the opening of new satellite offices or initiating new international programs. $300,000 of the conditional promise to give is conditioned upon the building of a new structure at a care center. The Society plans to meet these conditions over the next fiscal year.

During 2018, a major donor made a $4 million pledge to SFWC that was recorded in contribution revenue in 2018. SFWC received $800,000 in fulfillment of the pledge in 2019. Due to potential management changes at SFWC (see Note 20), the donor terminated the agreement with SFWC on December 24, 2019. Correspondingly, the $4 million contribution has been removed from SFWC and the funds received have been classified as a refundable advance pending finalization of a new contribution agreement between the donor and the Society. The donor and the Society are negotiating a new agreement for use of the funds received to-date. No agreement has been finalized as of the date of this report.

Bequest revenue

The Society is the beneficiary under various wills. Legacy and bequest income is recognized when the Society has an irrevocable right to the gift and the proceeds are readily measurable.

Individual bequests without donor restriction in excess of $25,000 are recognized as revenue in the undesignated net assets at the rate of 20% and in the board designated investment fund net assets at the rate of 80% in the year of recognition. The 80% reported as revenue in the board designated net assets is transferred to the undesignated net assets equally over the following four years. The effect of this policy is to apportion individual bequests to the undesignated net assets over a five-year period. This policy applies only to The Humane Society of the United States entity.

In-kind contributions

Contributed services and in-kind contributions are recognized if they create or enhance non-financial assets or require specialized skills and would need to be purchased if not provided by donation.

The Society produces and distributes public service television, radio, and newspaper announcements that focus attention on Companion Animal and Wildlife issues. These public service announcements (PSAs) are distributed to radio stations and newspapers nationwide and are presented free of charge. The Society has contracted with an independent outside agency to track the date and time that each PSA is presented. The estimated value of the PSA and related placement is based on the date, time, and market of the placement. For the year ended December 31, 2019, the Society recorded $25,674,898 of contributed PSAs and other advertising related expenses. These amounts are recorded in contributions revenue and program expenses in the consolidated financial statements.

The Society also receives donations of in-kind services, as well as donations of equipment and supplies in the daily operations of its programs. For the year ended December 31, 2019, the Society received $6,297,393 in donated services and $7,771,599 in donated equipment and supplies. These amounts are recorded in contributions revenue and program expenses in the consolidated financial statements.

Event income and other revenue

Revenue from contracts with customers consists of event registrations and related exhibit fees recorded as event income as well as publication subscriptions and advertising and sales of products recorded as other revenue. Revenues are recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Society expects to be entitled to in exchange for those goods or services. These revenues are recognized net of discounts, waivers, and refunds. Revenue is recognized using the five-step approach, as follows:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied

Performance Obligations and Significant Judgments

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation is satisfied. If a distinct good or service does not have an observable standalone selling price, then the primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

Event revenues are recognized at a point in time when the related events are held. Attendees are required to pay in advance of attending an event. Publication subscriptions and related advertising revenue are recognized over time using the output method as periodical issues are published and distributed. Subscription payments are required in advance of the subscription period; advertisers are billed on terms of net 30 days. Sales of products are recognized as revenues at a point in time when the products are handed to or shipped to customers and must be paid for in advance of shipping. Transaction prices are based on gross prices, net of discounts or refunds.

Contract Balances

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities reported in the statement of financial position as contributions, bequests and other receivables and accounts payable and accrued expenses, respectively. Contract assets consist primarily of advertising receivables, which are recognized only to the extent that it is probable that the Society will collect substantially all of the consideration to which it is entitled in exchange for the goods or services that will be or have been transferred. Contract liabilities consist entirely of deferred revenue that results when the Society receives advance payments from our customers before revenue is recognized. Contract assets and liabilities are considered immaterial to the consolidated financial statements as of December 31, 2019.

Costs to Obtain a Contract

The Society has elected the practical expedient available, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Cash and cash equivalents

Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less. At December 31, 2019, cash and cash equivalents consisted of checking accounts and depository accounts.

Investments

The Society generally reports investments at fair value. Investment return reported in the statement of activities and changes in net assets is net of all external and direct internal investment management expenses. Interest and dividend income is accounted for on the accrual basis. Gains and losses on investments, including changes in market value, are reported in the consolidated statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation.

Investments in equity securities with readily determinable fair values as well as investments in mutual and exchange-traded funds are reported at quoted market prices. Investments in debt securities are reported at estimated fair value based on quoted interest rates for securities of similar terms and risks.

Investments in hedge funds, funds of funds, equity funds and private equity funds are reported at fair values as estimated by their respective investment managers, unless the investments report at net asset value, in which case net asset value is used as the basis for determining fair value. In all instances, the estimated fair values for these types of investments reflect the Society's interest in the fair values of the underlying investments.

Contributions, bequests and other receivables

Contributions, bequests and other receivables are carried at original amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis and discounts for any long-term receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The provision for doubtful accounts was $606,969 at December 31, 2019. Total bad debts written-off was $418,674 for the year ended December 31, 2019.

Property and equipment

Property and equipment with a cost of $5,000 or more are capitalized. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation and amortization is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Donated property is recorded at fair value at the time of donation. Improvements to property and equipment that extend the useful lives of the assets are also capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives range from (i) 10 to 40 years for building and improvements, and (ii) up to 5 years for automobiles, and office furniture and equipment. Depreciation is not calculated on land and construction-in-progress.

Charitable gift annuities

Annuity obligations arising from split-interest gifts are recognized as charitable gift annuities in the accompanying consolidated statements of financial position. The initial liabilities resulting from these gifts are measured at fair value using the present value of the future payments to be made to beneficiaries. These liabilities are subsequently remeasured at the present value of future payments to beneficiaries based on changes in life expectancy and other actuarial assumptions. The Society holds the underlying annuity assets in a separate investment account.

Net assets

Net assets are classified into the two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – undesignated

Undesignated net assets without donor restrictions are those net assets that are not subject to donor-imposed stipulations or board designations.

Net assets without donor restrictions – board designated

The Society's board of directors has set aside a portion of net assets without donor restrictions as board designated fund assets, and has implemented an investment policy that includes an annual discretionary transfer of amounts to undesignated net assets to support operations.

Net assets with donor restrictions

Net assets with donor restrictions generally result from net contributions and other inflows of assets whose use by the Society is limited by donor-imposed stipulations that either expire by passage of time or are fulfilled and the restriction removed by actions of the Society pursuant to those stipulations. 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 accompanying consolidated statements of activities and changes in net assets as net assets released from restrictions. Donor contributions with restrictions that will be fulfilled in the same fiscal year that contributions are received are reported in the accompanying consolidated statements of activities and change in net assets as contributions without donor restrictions.

The Society also has net assets with donor restrictions that generally result from contributions and other inflows of assets whose use by the Society is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Society. Generally, the donors of these assets permit the Society to use the income earned on related investments for general or specific purposes.

Tax status

The HSUS, FFA, HSI, HSVMA, SFWC, HSWLT, and PC qualify under Section 501(c)(3) of the Internal Revenue Code (IRC) and are classified as organizations that are not private foundations. DDAL qualifies under Section 501(c)(4) of the IRC. Therefore, the Society is generally not subject to tax under present income tax laws; however, any unrelated business income may be subject to federal and state income taxes. Total unrelated business income tax for the year ended December 31, 2019 was not significant to the financial statements.

Humane Society International (UK) is a company limited by guarantee, registered in England and Wales, as a registered charity. The organization was incorporated on December 5, 2002 and was registered as a charity on August 11, 2003.
Humane Society International - Latin America is an association, registered in San Jose, Costa Rica. The organization was incorporated on February 2, 2004.

Humane Society International / Canada was incorporated on September 14, 2005 under the Canada Corporations Act as a corporation without share capital. The organization is continued under the Canada Not-for-Profit Act and is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).

Friends of Humane Society International for the Protection and Conservation of Animals was incorporated on October 6, 2005 under the Canada Corporations Act as a corporation without share capital. The organization is continued under the Canada Not-for-Profit Act and is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

Humane Society International - India was incorporated on October 23, 2012 under Section 25 of the Companies Act (India), 1956 (No. 1 of 1956) and the company is a private limited entity.

Humane Society International - Europe is a non-profit association without lucrative purpose governed by the Act of June 27, 1921 (Belgium) incorporated in Belgium on May 16, 2014.

Humane Society International - Mexico is a Civil Association incorporated in Mexico on July 30, 2015.

Humane Society International - Africa is a Trust organized in South Africa on June 13, 2016.

Humane Society International - Korea is a foundation (non-profit organization) established under the laws of the Republic of Korea on August 29, 2018.

In accordance with FASB ASC 740 *Income Taxes*, the Society recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. With a few exceptions, the Society is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ended December 31, 2016 and prior. Management has evaluated the Society's tax positions and has concluded that the Society has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Donated securities

Donated securities are reported at their fair value as of the date of donation. Sales are reflected on a trade-date basis.

Valuation of long-lived assets

The Society reviews the valuation of its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No indicators of impairment were identified as of December 31, 2019.

Functional allocation of expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statement of activities and change in net assets and consolidated statement of functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Certain categories of expenses that are attributable to one or more program or supporting functions of the organization are allocated. The method of allocation is listed below by allocation name. Management and general costs include the Office of the President, Office of General Counsel, Information Technology and other general costs such as insurance.

The table below provide details around each functional expense allocation of the Society:

Allocation Name	Method/Basis of Calculation
Building costs	Headcount
Depreciation	Asset ownership by department
Contributions and grant expense	Individual assessment of each award
Bank and lockbox fees	Direct allocation
Management and general costs	Salary per functional expense divided by total salaries

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, annuities and unitrusts, accrued severance obligation, deferred compensation liability and accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. Investments are generally reported at fair value.

Concentrations of credit risk

The Society's assets that are exposed to credit risk consist primarily of cash and cash equivalents; investments; and contributions, bequests and other receivables. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Society has historically not experienced losses related to these balances. Amounts on deposit in excess of federally insured limits approximate $16 million at December 31, 2019. 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 investment balances and the amounts reported in the consolidated statement of financial position. The Society's contributions, bequests and other receivables balance consists primarily of amounts due from individuals and corporations. Historically, the Society has not experienced significant losses related to the bequests and contributions receivable balances and, therefore, believes that the credit risk related to them is minimal.

The Society records foreign currency translation in accordance with FASB ASC 830 *Foreign Currency Matters*. The financial statements and transactions of various international subsidiaries are generally maintained in the respective local currencies. For the consolidated financial statements, foreign entities' assets and liabilities are translated at exchange rates in effect as of the date of the consolidated statement of financial position. Revenue and expenses are translated at the exchange rates in effect at the end of the reporting period, which approximates translation at the average exchange rate during each period. Translation adjustments, which result from the process of translating the consolidated financial statements into U.S. dollars, are accumulated in net assets without donor restriction. Gains and losses from foreign currency transactions are included in the consolidated statements of activities as changes in net assets in the period in which they are realized.

Recently adopted authoritative guidance

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update, along with ASU 2016-08, *Revenue from Contracts with Customers (Topic 606), Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10, *Revenue from Contracts with Customers (Topic 606), Identifying Performance Obligations and Licensing*, and ASU 2016-12, *Revenue from Contracts with Customers (Topic 606), Narrow-Scope Improvements and Practical Expedients*, establishes a comprehensive revenue recognition standard. The updates require that revenue should be recognized to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additional disclosure is also required to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Society adopted these updates (collectively "ASC 606") on January 1, 2019 under the modified retrospective method. This initial application was applied to all contracts as of December 31, 2019.

The Society opted to apply the practical expedient which allows for application of the guidance to a portfolio of contracts (or performance obligations) with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within the portfolio. An analysis was performed of the various provisions of this standard and no significant changes resulted in the way the Society recognizes revenue; however, the presentation and disclosures of revenue has been enhanced. As part of the adoption of ASC 606, the Society elected the practical expedient not to disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations relate to contracts with an expected duration of less than one year. The timing and amount of revenue recognized by the Society in the consolidated financial statements was not materially impacted by the adoption of ASC 606.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall* (Subtopic 825-10), *Recognition and Measurement of Financial Assets and Financial Liabilities* The update affects the accounting for equity investments and financial liabilities, and the presentation and disclosure requirements for financial instruments. The adoption of ASU 2016-01 removed disclosure of the fair value financial instruments in the notes to the consolidated financial statements in 2019. The Society has adopted ASU 2016-01 and there was no effect on the change in net assets reported at December 2019 and 2018.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. ASU 2018-08 provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. ASU 2018-08 will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The Society adopted ASU 2018-08 in 2019 under the modified prospective basis. The adoption of this update did not materially impact the consolidated financial statements.

Recent accounting pronouncements not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842*). ASU 2016-02 requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. The guidance is effective for the Society for the fiscal year ending December 31, 2022. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. The Society is evaluating the effect that adoption of ASU 2016-02 will have on the Society's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. ASU 2018-13 is effective for the Society's consolidated financial statements for fiscal years beginning after December 15, 2019. The Society is currently evaluating the impact of ASU 2018-13 on the Society's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU will assist in the determination of the nature of the transaction which will then govern the expense recognition methodology and timing of the transaction. The ASU is effective for contributions made by the Society in periods beginning after December 15, 2019.The Society is currently evaluating the impact of this ASU on the Society's grant expense in the consolidated financial statements.

In March 2020 the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU provides optional guidance for a limited period of time to ease the potential burden in accounting for or recognizing the effects of reference rate reform on financial reporting. The ASU applies only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of the reference rate reform. The ASU is effective for the Society's consolidated financial statements as of March 12, 2020 through December 31, 2022.

2. Liquidity and Availability of Resources

The following table represent the Society's financial assets available to meet cash needs for general expenditures within one year following December 31, 2019.

Total assets, December 31, 2019		$ 336,806,756
Less: Non-financial assets		
Prepaid expenses and other assets	$ (2,349,937)	
Net property and equipment	(32,614,198)	
Financial assets, December 31, 2019		301,842,621
Adjustment for amounts not available for general expenditures		
Mission-related investments	(930,000)	
Investments to fund deferred compensation liability	(270,384)	
Investments to fund liability and related reserves for charitable annuities and remainder unitrust	(13,958,881)	
Investment to fund severance and retirement obligations	(660,308)	
Net assets with donor restrictions less non-income producing assets (Note 18)	(83,428,253)	
Receivables not collectible within one year	(3,068,611)	
Board designated net assets	(90,900,124)	
Financial assets not available for general expenditures within one year		(193,216,561)
Financial assets available for general expenditures within one year		$ 108,626,060

As part of the Society's liquidity management policy, its financial assets are structured to be available as its general expenditures, liabilities, and other obligations are due. Cash in excess of daily requirements are invested in a portfolio of investments designed to maximize earnings with acceptable risk to the investment principal.

To help manage unanticipated liquidity needs, the Society designated a portion of its net assets without donor restriction as a reserve to be invested long-term. Although the Society does not intend to spend from this reserve, the designation is voluntary and may be reversed by the governing board at any time to meet immediate cash requirements. Other items not available for general expenditures within one year include mission-related investments not readily liquidated, deferred compensation and severance obligations set aside by Board action, investments to fund annuities and unitrusts as well as endowments and net assets with donor-imposed restrictions extending beyond one year, and receivables not collectible within one year.

To further supplement liquidity, the Society also has a $20 million line-of-credit with the Bank of New York Mellon, which it can draw upon if conditions dictate (See Note 12).

3. Investments

Investments consist of the following:

December 31,	2019
Investments measured at fair value (Note 4)	$ 232,452,261
Charitable annuities (Note 4 and Note 8)	24,037,103
Charitable remainder unitrusts (Note 4 and Note 8)	1,190,918
Total investments measured at fair value	257,680,282
Mission-related investments	930,000
Total investments	$ 258,610,282

Mission-related investments are the Society's direct investments in various entities whose purpose aligns with the Society's mission. The Society records these investments using the equity method, reviewing the investment annually for impairment. No indicators of impairment were identified as of December 31, 2019.

4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- **Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

- **Level 2** - Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  - If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- **Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The Society reports certain investments using the net asset value per share ("NAV") as determined by investment managers under the so-called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

Assets held in the Society's defined benefit plan are also subject to the fair value measurement requirements and are separately disclosed (Note 11). Therefore, they are not included in the level summaries or tables presented below.

Fair value on a recurring basis - assets

The table below presents of assets measured at fair value on a recurring basis by level within the hierarchy:

	As of December 31, 2019				
	Assets Measured at Net Asset	Fair Value Hierarchy Level			
Description	Value*	Level 1	Level 2	Level 3	Total
Hedge funds					
Equity long/short	$ 6,026,285	$ -	$ -	$ 43,677,248	$ 49,703,533
Fund of funds					
Equity long/short	6,477,160	-	-	-	6,477,160
Equity funds					
International long/short	6,890,589	-	-	-	6,890,589
Domestic	18,372,221	-	-	-	18,372,221
Other	17,678,021	-	-	-	17,678,021
Private equity funds					
Energy and real estate	-	-	-	3,007,631	3,007,631
Global opportunities	10,831,329	-	-	8,351,917	19,183,246
Other	5,921,511	-	-	21,913,333	27,834,844
Fixed income securities					
U.S. government and agency obligations	-	-	59,850	-	59,850
Asset-backed fixed income securities (AAA)	-	-	3,645,185	-	3,645,185
Other (BBB rated)	-	-	7	-	7
Equity mutual funds					
Commodities	-	216,705	-	-	216,705
Large cap blend	-	6,054,527	-	-	6,054,527
Emerging markets	-	1,057,683	-	-	1,057,683
Global opportunities	-	6,444	-	-	6,444
Mutual fund futures	-	-	560,270	-	560,270
International	-	14,776,309	-	-	14,776,309
Balanced	-	439,542	-	-	439,542
Small cap blend	-	874,445	-	-	874,445
Real estate	-	322,376	-	-	322,376
Other	-	3,298,424	-	-	3,298,424
Fixed income	-	6,724,813	-	-	6,724,813
Exchange traded	-	32,094,567	-	-	32,094,567
Equity securities	-	685,969	-	-	685,969
Cash and cash equivalents	-	37,715,921	-	-	37,715,921
Total fair value investments	$ 72,197,116	$104,267,725	$ 4,265,312	$ 76,950,129	$ 257,680,282

*Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

In accordance with the guidance for fair value measurements, the Society maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value. In those cases, the Society estimates prices based on available historical and near-term future price information that reflects its market assumptions.

For contracts with unique characteristics, the Society estimates fair value using a discounted cash flow approach deemed appropriate in the circumstances and applied consistently from period to period.

Changes in fair value levels

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. The Society's management evaluates the significance of transfers between levels based upon the nature of the investment. For the year ended December 31, 2019, there were no material transfers in or out of Level 3.

Level 3 gains and losses

For assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3), a reconciliation is required of the beginning and ending balances, separately, for each major category of assets and liabilities, except for derivative assets and liabilities, which may be presented net. The table below represents the reconciliation of the Society's assets measured at fair value on a recurring basis using significant unobservable inputs:

	Hedge Funds	Private Equity Funds	Total
Balance at January 1, 2019	$ 32,182,339	$ 27,217,537	$ 59,399,876
Purchases	9,140,000	4,855,329	13,995,329
Sales	(1,024,549)	(4,216,623)	(5,241,172)
Realized gains	724,549	1,938,528	2,663,077
Unrealized gains	2,654,909	3,478,110	6,133,019
Balance at December 31, 2019	$ 43,677,248	$ 33,272,881	$ 76,950,129

The major categories of the Society's investments that are valued at net asset value or its equivalent or are measured using Level 3 inputs, including general information related to each category, are as follows at December 31, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds - Equity long/short (a)	$ 49,703,533	$ 930,000	Monthly, Quarterly, Annually	30-60 days
Fund of funds - Equity long/short (b)	6,477,160	-	Quarterly, Monthly	30 days
Private equity funds (c)	50,025,721	6,917,375	Quarterly, Semi-Annually	30-90 days
Equity funds (d)	42,940,831	-	Monthly, Semi-Annually	60 days
	$ 149,147,245	$ 7,847,375		

(a) This category includes investments in hedge funds that invest both long and short in various domestic and international common stocks. Management of the hedge fund have the ability to shift from value to growth strategies, from small to large capitalization, and from a net short position to a net long position. The fair value of the investments in this category have been estimated using the net asset value per share of the investments or the Society's ownership interest in the partners' capital. The redemption policies of each alternative investment vary within the terms stated as to the conditions set forth within the offering memorandum of the respective alternative investment.

(b) This category includes investment funds that invest both long and short in various domestic and international common stocks. The fair value of the investments in this category have been estimated using the net asset value per share of the investments. The redemption policies of each alternative investment vary within the terms stated as to the conditions set forth within the offering memorandum of the respective alternative investment.

(c) These are investments in private equity funds that invest in various instruments that hold the majority of the funds' investments in common stocks, debt instruments and diversified currencies. The fair value of the investments in this category has been estimated using the net asset value per share of the investments, or the Society's ownership interest in partners' capital. The redemption policies of each alternative investment vary within the terms stated as to the conditions set forth within the offering memorandum of the respective alternative investment.

(d) This category includes investments in international equities invested to seek both long and short-term growth. The fair value of the investments in this category has been estimated using net asset value per share of the investment. The redemption policies of each alternative investment vary within the terms stated as to the conditions set forth within the offering memorandum of the respective alternative investment.

Quantitative information as of December 31, 2019 with respect to assets measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

Description	Fair Value	Principal Valuation Technique	Unobservable Inputs	Weighted Average
Hedge funds	$ 43,677,248	Market Approach	Values assigned to underlying funds/assets less liabilities	N/A
Private equity funds	$ 33,272,881	Market Approach	Values assigned to underlying funds/assets less liabilities	N/A

Valuation Process for Level 3 Investments

In estimating fair value of the investments in Level 3, management may use third-party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, management evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

5. Contributions, Bequests and Other Receivables

Contributions, bequests, and other receivables consist of the following at December 31, 2019:

Bequests	$ 5,742,768
Contributions and other receivables	15,008,024
Grants	2,544,745
	23,295,537
Less: allowance for uncollectible contributions, bequests and anniversary campaign (5%, and 7% respectively)	(606,969)
Less: discount on multi-year contributions and bequests (1.62% to 3.30%)	(268,900)
Total contributions, bequests and other receivables, net	$ 22,419,668

Contributions, bequests and other receivables are expected to be collected in:

Less than one year	$ 19,351,057
One to five years	3,068,611
	$ 22,419,668

6. Property and Equipment

Property and equipment consists of the following at December 31, 2019:

Land	$ 18,737,555
Buildings and improvements	21,854,235
Tenant leasehold improvements	2,257,921
Office furniture and equipment	2,858,776
Automobiles	2,889,968
Construction-in-progress	439,387
	49,037,842
Less: accumulated depreciation and amortization	(16,423,644)
	$ 32,614,198

Depreciation and amortization expense totaled $1,379,573 for the year ended December 31, 2019.

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at December 31, 2019:

Accounts payable and other accrued expenses	$ 13,318,188
Accrued vacation	2,573,365
Accrued wages	1,591,385
	$ 17,482,938

8. Annuities and Unitrusts

The annuities and unitrusts liability represents the future annuity payments due under charitable gift annuities and charitable remainder unitrusts determined by an actuary.

For charitable gift annuities, donors make contributions to the Society, for which they receive an annuity from the Society. Contributions revenue is recognized as the excess of the fair value of assets received over the net present value of the future annuity payments due. For the year ended December 31, 2019, the Society has reported $1,000,084 of contributions revenue from annuities. As of December 31, 2019, the amount of assets held in charitable annuities, which is restricted for the payment of related annuities, is $24,037,103.

The liability was determined by an actuary using the Annuity Table of Mortality IAR-2015 and assumed interest rates of 1.2% to 10.2%. A portion of the monies received from these split-interest agreements is required by law to be reserved for making the annuity payments. At December 31, 2019, the actuarial calculated liability was $10,933,858, resulting in a decrease in the liability of $457,209 for the year ended December 31, 2019.

For charitable remainder unitrusts, donors make contributions to trusts that provide an income stream to the donor until a stipulated event, at which time the remaining account balance conveys to the Society. The gifts are valued at their fair market value at the time of the gift. In consideration of the gifts, donors receive an annuity from the trust based on the lesser of (a) the trust principal multiplied by a stated interest rate or (b) the actual earnings of the trust. At December 31, 2019 the future liability in the amount of $638,829 was calculated using assumed interest rates of 5.0% to 11.6%, resulting in an increase in the liability of $30,038 for the year ended December 31, 2019. The amount of assets held in charitable unitrusts, which is restricted for the payment of related annuities, is $1,190,918 as of December 31, 2019. The net assets of the trusts of $329,290 are included in net assets with donor restrictions in the accompanying statement of financial position.

9. Severance Pay Plan (Employment Longevity Retirement Enhancement Benefit)

The Society established the Humane Society of the United States Severance Pay Plan (Severance Pay Plan) on September 13, 1997, to grant severance benefits to eligible employees. These benefits and related expenses are paid from the general assets of the Society. Only employees hired in full-time or part-time positions before January 1, 1998, who have completed a minimum of 15 years of continuous full-time employment with the HSUS, are eligible to become participants in the Severance Pay Plan. Upon termination of employment (for reasons other than gross misconduct), a participant receives a lump sum equal to 2% of the average of his or her annual base salary for the three calendar years before cessation of employment, multiplied by the number of years of continuous full-time employment accrued by the employee, subject to a maximum benefit of two years base salary. The benefit obligation of the Severance Pay Plan as of December 31, 2019, was calculated by an actuary, based on a census provided by the Society, using an assumed discount rate of 2.69%. There was no assumed compensation increase. The amount of the liability related to the Severance Pay Plan was $660,308.

10. Deferred Compensation Plan

In 1983, the Society established The Humane Society of the United States Deferred Compensation Plan (Deferred Compensation Plan) for certain executive employees. The Society and the participants may elect to defer a portion of the compensation that the participants would otherwise be entitled to receive in cash, and those deferrals are invested in various mutual funds. The Society owns the mutual funds, subject to the claims of its general creditors. The obligation of the Society under the Deferred Compensation Plan is purely contractual and is not secured. All income earned by the mutual funds is added to the deferred compensation liability. The were no amounts deferred by participants of the Deferred Compensation Plan during the year ended December 31, 2019.

The Deferred Compensation Plan assets and the related liability totaled $270,384 at December 31, 2019.

11. Retirement Plans

Pension

The Society previously provided pension benefits through the Humane Society of the United States Pension Plan (the Plan), a qualified participating defined benefit pension plan subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as amended. Employees hired on or after January 1, 2008, were not eligible to participate in the Plan and, effective December 31, 2015, the Plan was fully frozen, with no additional benefits accruing after that date.

On June 14, 2017, the Board of Directors of the Society resolved to terminate the Plan effective September 1, 2017. The Society fully funded the Plan on July 17, 2017 and distributions to participants began on November 1, 2017. All participant distributions were completed by December 31, 2018 and the benefit obligation as of December 31, 2018 was zero. The Board of Directors of the Society also determined that the likelihood is remote that the Plan will return from liquidation. It is anticipated that the liquidation of the Plan will be completed by December 2020 or when the underlying assets of the Plan are fully liquidated.

The following table summarizes the fair value of Plan assets at December 31, 2019:

Change in the Plan assets		
Fair value of the Plan assets, beginning of year	$	1,295,891
Actual return on the Plan assets		72,339
Refund of excess contributions		(1,300,000)
Fair value of the Plan assets, end of year	$	68,230

As of December 31, 2019, the Plan assets consists of cash and cash equivalents in the amount of $68,230 to be returned to the Society as a refund of excess contributions made into the Plan.

Defined contribution

The Society adopted The Humane Society of the United States 401(k) Savings Plan (the 401(k) Plan), a defined contribution retirement plan qualified under Sections 401(k) and 402(a) of the IRC, as amended, effective January 1, 2008. Employees hired are eligible to participate in the 401(k) Plan on an automatic enrollment basis. Eligible participants are automatically enrolled to contribute 3% of pay their first year. This amount is automatically increased by 1% until a 6% salary deferral is achieved. Participants may elect to contribute higher amounts, up to 80% of pay, subject to annual dollar limitations.

The Society will make a matching contribution each pay period. The Society makes matching contributions at a rate of 100% of the first 1% of the participant's salary deferred into the 401(k) Plan and 50% of the next 5% of the participant’s salary deferral.

The Society will make an annual fixed contribution for all eligible participants employed on the last day of the 401(k) Plan year, based on years of service, up to 6% of compensation. The Society contributed $2,738,362 to the 401(k) Plan during the year ended December 31, 2019.

12. Line-of-Credit

The HSUS has a $20 million line-of-credit with Bank of New York Mellon. The line-of-credit accrues interest at the LIBOR Market Index Rate for one-month U.S. dollars plus 65 basis points (2.41% as of December 31, 2019). The line of credit is secured by certain investments of The HSUS and is subject to certain covenants, as defined in the agreement. There was no outstanding balance on the line-of-credit at December 31, 2019 and no advances were drawn during 2019. The line-of-credit can be terminated upon demand. The Society was in compliance with all related covenants at December 31, 2019.

13. Medical and Prescription Insurance Plans

Under the medical and prescription partially self-funded insurance plan for current employees, the Society is responsible for claims up to $135,000 (specific) per participant annually. In addition to the $135,000 specific, the Society has added a layer of coverage whereby individual claims are not reimbursed until another $100,000 is paid on any combination of individual claims exceeding the $135,000 specific, with no lifetime maximum. The Society has accrued for the expected cost of unpaid, reported claims and claims incurred but not reported. The accrual is based on historical claims experience and the number of employees. Aggregate claims for the $135,000 specific and $100,000 additional layer of coverage (combined) are currently capped at $4,491,488 annually.

As of December 31, 2019, the accrual for the unpaid claims, net of insurance recoveries, totaled $475,000 that was included in accounts payable and accrued expenses on the consolidated statement of financial position.

14. Commitments

The Society leases certain office space and equipment under long-term non-cancelable operating leases. The leases provide for payment of increases in operating expenses, sales and use taxes, and insurance.

In March 2016, the Society entered into a 15-year operating lease agreement for the office in Washington, DC. The lease agreement commenced on July 1, 2016 and will expire on June 30, 2031. The lease agreement provides for monthly lease payments subject to annual rent escalations. Rental expense for the year ended December 31, 2019 was $1,718,828.

Future minimum lease commitments under non-cancelable operating leases are the following:

Years Ended December 31,	
2020	$ 1,425,211
2021	1,323,863
2022	1,338,608
2023	1,338,385
2024	1,334,236
Thereafter	9,581,404
	$ 16,341,707

15. Contingencies

The Society is a defendant in various lawsuits wherein amounts are claimed. In the opinion of the Society's legal counsel and management, these suits are without substantial merit and are not expected to result in judgments, which, in the aggregate, would have a material adverse effect on the Society's consolidated financial statements.

16. 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 Society's 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 governing board at any time, designated net assets are included with net assets without donor restrictions.

In 1977 and again in 1983, The Board of Directors of the Society established two donor funds using contributions without donor restrictions of approximately $1,000,000 from two major donors to establish investment fund operating reserves. The Board resolved that the corpus of the funds would be maintained indefinitely except that the Board may at its discretion utilize the corpus for major or exceptional programs consistent with the intent and purpose of the fund. Income from the funds may be used for programs and administration of humane education. To date the Board has determined not to use the funds and they most likely would be drawn upon in the event of financial distress or an immediate liquidity need.

In 1977, the Board established the Bequest Reserve Fund, a quasi-endowment fund comprising bequests without donor restrictions, to equalize income from bequests. The entire amount of each bequest totaling $25,000 or greater is placed in this account. Twenty percent of the total annual bequests for each calendar year is credited to the total annual bequest revenue in the year of receipt and sequentially over the next four succeeding years. The Bequest Reserve Fund is held in long-term income-producing investments.

Net assets without donor restrictions are held by the following funds at December 31, 2019:

Board designated	
Investment fund	$ 89,532,344
Endowment fund (Note 18)	355,909
Special purpose funds	1,011,871
Total board designated	90,900,124
Undesignated	117,026,688
Total unrestricted net assets	$ 207,926,812

17. Net Assets with Donor Restrictions

Net assets with donor restrictions result from gifts of cash and other assets with donor-imposed restrictions to (a) support particular operating activities, (b) invest for a specified term, (c) use in a specified future period, or (d) acquire long-lived assets.

Changes in net assets with donor restrictions for the year ended December 31, 2019 were as follows:

	Balance at December 31, 2018	Additions	Released From Restriction	Balance at December 31, 2019
Subject to expenditure for a specified purpose:				
Unitrusts	$ 257,535	$ 71,755	$ -	$ 329,290
Education, training and disaster relief	24,260,805	12,652,219	13,176,206	23,736,818
Scholarships	19,741	3,963	616	23,088
Liberia chimp maintenance	5,652,519	774,209	600,528	5,826,200
Wildlife Land Trust	4,471,070	1,321,942	921,329	4,871,683
Endangered species	2,431,040	35,069	236,973	2,229,136
Doris Day Animal League	3,767,940	2,220,560	2,254,293	3,734,207
Fund for Animals	1,250,704	6,914,693	7,867,353	298,044
South Florida Wildlife Center (Note 20)	3,870,158	977,221	4,015,678	831,701
Humane Society Veterinary Medical Association	38,058	-	38,058	-
Project Chimps	1,604,416	94,393	17,485	1,681,324
Humane Society International	8,903,185	7,051,835	6,545,650	9,409,370
Subject to the passage of time:				
Support other humane organizations	1,225,699	164,768	500,002	890,465
Fund for Animals	1,323,626	38,058	500,000	861,684
Endowments (Note 18):				
Donor-restricted endowment funds	31,918,506	7,030,988	644,591	38,304,903
Total net assets with donor restrictions	$ 90,995,002	$ 39,351,673	$ 37,318,762	$ 93,027,913

During 2019, assets were released from donor restrictions by the Society incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors, as follows:

Donor-specified program expenses of the organization	$ 36,318,760
Time and purpose restricted program expenses of the organization	1,000,002
	$ 37,318,762

18. Endowments

The Codification defines an endowment as an established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit organization. Management has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of original contributions with donor restrictions as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation of the State of Delaware Act, the Society classifies as net assets with donor restrictions (a) the original value of contributions with donor restrictions, (b) the discounted value of future contributions with donor restrictions, net of allowance for uncollectible pledges, and (c) the remaining portion of contributions with donor restrictions. They are classified as such until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate contributions with donor restrictions:

- The purposes of the endowment fund
- The duration and preservation of the fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other available financial resources
- Investment policies

Investment and spending policies: The Society has adopted investment and spending policies for cash contributions with donor restrictions that attempt to provide a predictable stream of funding to programs while maintaining purchasing power. All earnings from these funds are reflected as net assets with donor restrictions, until appropriated for program expenditures.

The Society's endowment funds consist of the following as of December 31, 2019:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 34,308,465	$ 34,308,465
Accumulated investment gains	-	3,996,438	3,996,438
Board designated endowment funds	355,909	-	355,909
	$ 355,909	$ 38,304,903	$ 38,660,812

The endowment fund net asset activity consists of the following for the year ended December 31, 2019:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of the year	$ 311,479	$ 31,918,506	$ 32,229,985
Investment return, net	44,430	5,319,709	5,364,139
Amounts appropriated for expenditure	-	(644,591)	(644,591)
Contributions	-	1,711,279	1,711,279
Endowment net assets, end of year	$ 355,909	$ 38,304,903	$ 38,660,812

Endowment net assets-fund categories resulting from donor restrictions at December 31, 2019:

Income producing assets; income is expendable to support the following:	
To defray operating expenses	$ 3,576,278
To award scholarships to Connecticut secondary school students	45,033
To be used for the best interests of the organization	15,277,810
To support other humane organizations	2,464,598
20% of income to be used to support the Norma Terris Human Education and Nature Center, and 80% of income to be used for general purposes	3,679,809
To be used for the State of New Hampshire wildlife	146,911
To be used for the betterment of song birds	1,300,141
To be used for stewardship of land and easements held to preserve natural habitats for wildlife	2,214,663
	28,705,243
Non-income producing assets:	
Land and easements held to preserve natural habitats for wildlife	9,599,660
Total donor-restricted endowment net assets	$ 38,304,903

Income earned on investments in endowment is reported in the accompanying consolidated statement of activities and change in net assets as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the nature of donor-imposed restrictions on such earnings.

The Society considers an endowment 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 Society has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Society has no underwater endowment funds as of the year ended December 31, 2019.

19. Allocation of Joint Costs

For many years, the Society has relied on direct mail, email, telephone, Face to Face and other means of solicitation to recruit, expand and maintain its membership. Direct marketing and other donor channels allow the Society to share specific details about recent accomplishments and to provide information about current campaigns and priorities to its supporters. The HSUS also uses postal mail and other channels to educate and call to action the public to advance its mission and lifesaving work for animals.

The Society complies with FASB ASC 950-205 *Not-for-Profit Entities – Presentation of Consolidated Financial Statements* and FASB ASC 958-720 *Not-for-Profit Entities – Other Expenses* requirements by allocating a portion of its direct mail, email, phone and other communication costs to program services and to fundraising. Such costs are allocated to each major program, including:

1) Education and Engagement – The Society reaches tens of millions of people through its website and social media platforms, award-winning videos and magazines, training and educational conferences for animal advocates, national media coverage and more.

2) Public Policy and Enforcement – The Society seeks to strengthen legal protections for animals at the local, state and national levels. We defend our victories in court and train thousands of law enforcement officers to investigate and prosecute animal cruelty.

3) Direct Care and Service – The Society and its affiliates provide hands-on care for more than 100,000 animals every year, including horses, companion animals and wildlife. We respond to major cruelty cases, save animals from the dog meat trade, take in wild exotics confiscated from irresponsible persons, provide relief to animals during disaster, rescue animals from animal fighting rings, arrange veterinary care and spay/neuter for pets in underserved communities and much more.

4) Corporate Policy – The Society works with the world's biggest food companies, cosmetics manufacturers, fashion brands, and other industry leaders to improve the treatment of animals in their sectors.

Since only those activities that include both programmatic and fundraising components are included in this allocation, the amounts below do not include all of the expenses presented in the consolidated statement of functional expenses. This allocation is based upon the percentage of material in each mailing or television advertising related to the particular services as determined by content analysis. Total costs for mailing pieces and television advertising spots that requested financial support and served other program or management functions were allocated as follows for the year ended December 31, 2019:

Programs	$ 37,156,031
Fundraising	32,836,409
	$ 69,992,440

20. Subsequent Events

The Society has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through May 5, 2020, the date the consolidated financial statements were issued. The Society is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements, other than as described below.

Sale of Headquarters

On February 25, 2020, the HSUS entered into a Purchase and Sale Agreement (the Agreement) to sell the Gaithersburg, Maryland property. The sales price is $14,750,000. The settlement date will be no earlier than 12 months from the date of the Agreement and no later than 21 months from the date of the Agreement. The HSUS has the option to lease back the property for up to 9 months.

Disaffiliation with SFWC

On May 1, 2020, the HSUS Board of Directors approved a resolution to disaffiliate SFWC from the HSUS. The transaction is scheduled to close on July 1, 2020. As part of the agreement, the HSUS will provide SFWC a one-time grant totaling $4,050,000 and transfer to SFWC all remaining unused restricted net assets subject to specific use for SFWC purposes.

Impact of COVID-19

On March 11, 2020 the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. As of the date of issuance, this public health emergency stands to substantially impact the global economy, including significant volatility in the financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Society's investment loss through March 2020 was $33.2M, a 12.8% loss from the investment balance as of December 31, 2019 and less than the Standard and Poor (S&P) 500 loss of 19.6% for the first quarter of 2020. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents potential material uncertainty and risk with respect to the Society, its performance, and its financial results.

On March 27, 2020, the President of the United States signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

We continue to examine the impact that the CARES Act may have on our business. Currently, we are unable to determine the impact that the CARES Act will have on our financial condition, results of operations or liquidity.

Supplemental Schedules

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Independent Auditor's Report on the Supplemental Schedules

To the Board of Directors
The Humane Society of the United States
Washington, D.C.

Our audit of the consolidated financial statements of The Humane Society of the United States and Affiliates included in the preceding section of this report were conducted for the purpose of forming an opinion on those consolidated statements as a whole. The supplemental schedules presented in the following section of this report are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

May 5, 2020

The Humane Society of the United States and Affiliates

Consolidating Schedule of Financial Position

As of December 31, 2019	HSUS	DDAL	FFA	HSI	HSVMA	PC	SFWC	HSWLT	Eliminations	Consolidated
Assets										
Cash and cash equivalents	$ 13,313,170	$ 82,898	$ 224,455	$ 5,757,761	$ 1,321	$ 900,256	$ 24,993	$ 41,289	$ -	$ 20,346,143
Investments	252,897,114	651,364	-	920,151	-	-	-	5,938,839	(1,797,186)	258,610,282
Investments to fund deferred compensation liability	270,384	-	-	-	-	-	-	-	-	270,384
Accrued interest receivable	190,563	307	-	-	-	-	-	5,274	-	196,144
Prepaid expenses and other assets	1,902,583	294	18,212	333,753	7,514	64,995	19,353	3,233	-	2,349,937
Contributions, bequests and other receivables, net	21,655,989	3,186,045	910,679	3,811,963	44,167	86,050	27,802	775,545	(8,078,572)	22,419,668
Property and equipment, net	8,585,506	-	7,584,748	172,874	-	6,004,232	308,933	9,957,905	-	32,614,198
Total assets	298,815,309	3,920,908	8,738,094	10,996,502	53,002	7,055,533	381,081	16,722,085	(9,875,758)	336,806,756
Liabilities and Net Assets										
Liabilities										
Accounts payable and accrued expenses	14,131,011	186,701	7,578,366	2,497,602	34,867	909,978	186,906	36,079	(8,078,572)	17,482,938
Annuities and unitrusts	11,572,687	-	-	-	-	-	-	-	-	11,572,687
Deferred rent and related lease incentives	3,515,714	-	-	-	-	-	-	-	-	3,515,714
Refundable advance	2,350,000	-	-	-	-	-	-	-	-	2,350,000
Accrued severance obligation	660,308	-	-	-	-	-	-	-	-	660,308
Deferred compensation liability	270,384	-	-	-	-	-	-	-	-	270,384
Total liabilities	32,500,104	186,701	7,578,366	2,497,602	34,867	909,978	186,906	36,079	(8,078,572)	35,852,031
Net assets										
Without donor restrictions										
Board designated	90,900,124	-	-	-	-	-	-	-	-	90,900,124
Undesignated	115,889,504	-	-	(2,707,656)	18,135	4,464,231	(637,526)	-	-	117,026,688
	206,789,628	-	-	(2,707,656)	18,135	4,464,231	(637,526)	-	-	207,926,812
With donor restrictions	59,525,577	3,734,207	1,159,728	11,206,556	-	1,681,324	831,701	16,686,006	(1,797,186)	93,027,913
Total net assets	266,315,205	3,734,207	1,159,728	8,498,900	18,135	6,145,555	194,175	16,686,006	(1,797,186)	300,954,725
Total liabilities and net assets	$ 298,815,309	$ 3,920,908	$ 8,738,094	$ 10,996,502	$ 53,002	$ 7,055,533	$ 381,081	$ 16,722,085	$ (9,875,758)	$ 336,806,756

*Eliminated in consolidation

See independent auditor's report on supplemental schedules.

The Humane Society of the United States and Affiliates

Consolidating Schedule of Activities and Change in Net Assets

Year ended December 31, 2019	HSUS	DDAL	FFA	HSI	HSVMA	PC	SFWC	HSWLT	Eliminations	Consolidated
Support and revenue										
Contributions	$ 126,301,042	$ 1,594,382	$ 3,381,703	$ 18,175,171	$ 208,268	$ 1,611,909	$ 2,424,438	$ 1,325,645	$ -	$ 155,022,558
Bequests	29,542,780	500,969	3,483,733	1,138,327	-	-	217,371	796,832	-	35,680,012
Royalty income	333,475	-	-	4,364	-	6,444	-	-	-	344,283
Event income	1,906,892	-	43,948	355,227	-	53,862	-	-	-	2,359,929
Other income	1,722,182	42,406	39,440	202,849	-	53,296	47,096	94,493	-	2,201,762
Program support	141,912	-	510,204	10,175,381	598,982	1,118,833	2,246,582	-	(14,791,894)	-
Total support and revenue	159,948,283	2,137,757	7,459,028	30,051,319	807,250	2,844,344	4,935,487	2,216,970	(14,791,894)	195,608,544
Expenses										
Program services	129,812,057	1,842,356	7,526,457	23,317,113	704,085	2,106,601	3,246,259	744,229	(14,791,894)	154,507,263
Management and general	8,787,127	12,291	738,287	1,117,418	90,456	258,496	4,474,397	108,111	-	15,586,583
Fundraising	32,568,951	399,646	612,813	2,836,189	14,485	55,971	16,288	68,990	-	36,573,333
Total expenses	171,168,135	2,254,293	8,877,557	27,270,720	809,026	2,421,068	7,736,944	921,330	(14,791,894)	206,667,179
Change in net assets from operations	(11,219,852)	(116,536)	(1,418,529)	2,780,599	(1,776)	423,276	(2,801,457)	1,295,640	-	(11,058,635)
Investment return, net	58,624,096	82,803	3,927	21,636	-	-	44,445	594,912	-	59,371,819
Change in net assets before annuity and foreign currency	47,404,244	(33,733)	(1,414,602)	2,802,235	(1,776)	423,276	(2,757,012)	1,890,552	-	48,313,184
Annuity liability change in valuation	60,820	-	-	-	-	-	-	-	-	60,820
Foreign currency (loss) gain	(61,658)	-	-	674,933	-	-	-	-	(598,242)	15,033
Change in net assets	47,403,406	(33,733)	(1,414,602)	3,477,168	(1,776)	423,276	(2,757,012)	1,890,552	(598,242)	48,389,037
Net assets, Beginning of the year	218,911,799	3,767,940	2,574,330	5,021,732	19,911	5,722,279	2,951,187	14,795,454	(1,198,944)	252,565,688
Net assets, End of the year	$ 266,315,205	$ 3,734,207	$ 1,159,728	$ 8,498,900	$ 18,135	$ 6,145,555	$ 194,175	$ 16,686,006	$ (1,797,186)	$ 300,954,725

See independent auditors report on supplemental schedules.