

**GREENVILLE HUMANE SOCIETY**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**GREENVILLE HUMANE SOCIETY**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Greenville Humane Society  
Greenville, South Carolina

**Opinion**

We have audited the accompanying financial statements of Greenville Humane Society (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenville Humane Society as of December 31, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greenville Humane Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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

Members  
American Institute of Certified Public Accountants  
S.C. Association of Certified Public Accountants



The Board of Directors  
Greenville Humane Society  
June 29, 2022

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

***McKinley, Cooper & Co., LLC***

Greenville, South Carolina  
June 29, 2022

**GREENVILLE HUMANE SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$	4,163,838
Promises to give, net		5,000
Prepaid expenses and other current assets		33,603
Total current assets		4,202,441
Non-current assets		
Investments		95,773
Beneficial interest in perpetual trusts		3,247,590
Property and equipment, net		5,473,218
Total non-current assets		8,816,581
<b>Total assets</b>	<b>\$</b>	<b>13,019,022</b>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$	14,705
Accrued liabilities		39,845
Deferred revenue		6,000
Total liabilities		60,550
Net assets		
Without donor restrictions		9,610,109
With donor restrictions		3,348,363
Total net assets		12,958,472
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>13,019,022</b>

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

**GREENVILLE HUMANE SOCIETY**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 1,758,763	\$ 607	\$ 1,759,370
Fundraisers	172,586	-	172,586
Program service fees			
Adoptions	1,308,594	-	1,308,594
Vaccine Clinic	794,905	-	794,905
Spay/Neuter Clinic	1,168,148	-	1,168,148
Admissions	908,499	-	908,499
Income on investments, net of fees	390	(350)	40
Change in value of beneficial interest in perpetual trust	-	266,013	266,013
Other	6,336	-	6,336
Net assets released from restrictions			
Restrictions satisfied by payments/reclassifications	10,107	(10,107)	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>6,128,328</b>	<b>256,163</b>	<b>6,384,491</b>
<b>EXPENSES</b>			
Program services	4,789,593	-	4,789,593
Supporting services			
Management and general	161,761	-	161,761
Fundraising	248,061	-	248,061
<b>TOTAL EXPENSES</b>	<b>5,199,415</b>	<b>-</b>	<b>5,199,415</b>
<b>INCREASE IN NET ASSETS</b>	928,913	256,163	1,185,076
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>8,681,196</b>	<b>3,092,200</b>	<b>11,773,396</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 9,610,109</b>	<b>\$ 3,348,363</b>	<b>\$ 12,958,472</b>

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

GREENVILLE HUMANE SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Employee compensation and related expenses				
Salaries	\$ 2,332,536	\$ -	\$ 122,765	\$ 2,455,301
Employee benefits	22,424	-	-	22,424
Payroll taxes	188,041	-	-	188,041
<b>Total employee compensation and related expenses</b>	<b>2,543,001</b>	<b>-</b>	<b>122,765</b>	<b>2,665,766</b>
Other expenses				
Admissions	708,471	-	-	708,471
Adoptions expense	304,165	-	-	304,165
Animal food	12,482	-	-	12,482
Bank	-	83,746	-	83,746
Clinic expense	224,884	-	-	224,884
Dues and licenses	15,084	-	-	15,084
Education	27,342	-	-	27,342
Healing Place expense	67,611	-	-	67,611
Fundraising	-	-	120,599	120,599
Insurance	39,773	-	-	39,773
IT/website	44,392	-	-	44,392
Office supplies and uniforms	38,676	-	-	38,676
Other	1,731	55,080	-	56,811
Professional fees	-	22,935	4,697	27,632
Rent	54,222	-	-	54,222
Repairs and maintenance	77,114	-	-	77,114
Telephone	8,608	-	-	8,608
Utilities	65,193	-	-	65,193
Veterinary supplies and services	307,814	-	-	307,814
Volunteer expense	4,979	-	-	4,979
<b>Total expenses before depreciation</b>	<b>4,545,542</b>	<b>161,761</b>	<b>248,061</b>	<b>4,955,364</b>
Depreciation	244,051	-	-	244,051
<b>Total expenses</b>	<b>\$ 4,789,593</b>	<b>\$ 161,761</b>	<b>\$ 248,061</b>	<b>\$ 5,199,415</b>

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

GREENVILLE HUMANE SOCIETY

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$	1,185,076
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		244,051
Change in value of beneficial interest in perpetual trust		(266,013)
(Increase) decrease in assets		
Net promises to give		9,500
Other receivables		40,320
Prepaid expenses and other current assets		(379)
Increase (decrease) in liabilities		
Accounts payable		(25,976)
Deferred revenue		(2,250)
Accrued liabilities		12,314
		<hr/>
<b>Net cash provided by operating activities</b>		<b>1,196,643</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of improvements and equipment		(54,766)
Net decrease in value of investments		350
		<hr/>
<b>Net cash (used in) investing activities</b>		<b>(54,416)</b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

1,142,227

**CASH AND CASH EQUIVALENTS, beginning of year**

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3,021,611

**CASH AND CASH EQUIVALENTS, end of year**

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**\$ 4,163,838**

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**RECONCILIATION OF CASH**

Cash and cash equivalents	\$	<hr/> 4,163,838
<b>Total cash and cash equivalents</b>	\$	<hr/> <b>4,163,838</b> <hr/>

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



GREENVILLE HUMANE SOCIETY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 1 – Summary of Significant Accounting Policies**

**Organization** – The Greenville Humane Society (the “Society”) was organized under the laws of the State of South Carolina in 1930 as a tax-exempt, not-for-profit organization to provide proper and effective means for the prevention of cruelty to animals.

The Society’s purposes are accomplished through various programs which include providing animals for public adoption and offering low cost animal spay and neuter surgeries, as well as low cost vaccines to the general public. The Society is supported through investment income on endowed assets, contributions from the general public and from fees charged to the general public for services performed.

**Basis of Presentation** – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions as follows:

The Society has adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities, as it relates to net asset classification and liquidity disclosure. This requires the Association to report donor contributions as unrestricted support or restricted support, in accordance with donor stipulations.

Net assets without donor restrictions represent resources whose use is not limited or restricted by donors. They generally arise as a result of exchange transactions, unrestricted contributions, or restricted contributions whose restrictions have expired. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Net assets with donor restrictions are those net assets whose use has been limited by donors to specified purposes or to later periods of time.

**Contributions** – Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Society reports that support as without donor restriction.

**Use of Estimates** – The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions related to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

## GREENVILLE HUMANE SOCIETY

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

**Concentration of Credit Risk** – The Society maintains cash balances at three financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the year, the Society's bank balances may exceed insured limits. At December 31, 2021, the Society's uninsured cash balances totaled \$488,270.

**Cash Equivalents** – The Society considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Contributed Services and In-kind Contributions** – Local businesses and individuals contribute specific professional services and other items to the Humane Society. The items are reflected in the financial statements only when the donor provides documentation of the fair market value of the contribution.

**Beneficial Interest in Perpetual Trust** – The Society has beneficial interests in perpetual trusts, which are held by a third party. The Society recognizes contribution revenue equal to its proportionate share of the fair value of the trust assets upon notification and determination that its right to receive benefits under the agreement is unconditional and irrevocable. Changes in the fair value of The Society's interest in the trust assets are reflected as gains or losses in the statement of activities in the period in which they occur. The distributions are recognized as contribution income.

**Investments** – Investments consist primarily of assets invested in government and corporate bond funds, equity funds, and money-market accounts. The Society accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statement of changes in net assets.

**Property, Plant, and Equipment** – Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation is calculated by applying the straight-line method over the useful lives of the long-lived assets. Useful lives are 7 years on equipment, furniture, and fixtures and from 15 to 25 years on buildings and leasehold improvements.

**Asset Capitalization Policy** – The Society both purchases goods and receives in-kind donations of goods and services which will benefit more than one fiscal period. Goods purchased or received which have a cost of less than \$2,500 on an individual basis or less than \$1,000 on an aggregate basis for like-kind items are expensed in the respective period(s) the expenses occur.

**Promises to Give** – Promises to give represent the amount of unconditional promises to give expected to be collected during the next two fiscal years. In accordance with FASB ASC 958-605, the promises to give have been discounted to present value using a 5% discount rate. The current portion of the receivable of \$5,000 represents the amount of unconditional promises to give expected to be collected during the next fiscal year.

GREENVILLE HUMANE SOCIETY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Income Tax Status** – The Society has obtained exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization which is not a private foundation as well as an eleemosynary corporation recognized in South Carolina. Therefore, no provision for income taxes has been included in the financial statements.

The Financial Accounting Standards Board (FASB) ASC 740-10 prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Society has taken or expects to take on a tax return.

In accordance with ASC 740-10, the Society recognizes the tax benefits from uncertain tax positions only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Society’s income tax filings are subject to audit by various taxing authorities. Management believes there was no significant impact on the Society’s financial statements as a result of ASC 740-10.

**Fair Value of Financial Instruments** - The carrying values of cash and cash equivalents, promises to give, accounts payable and accrued liabilities approximate fair value because of the terms and relative short maturity of these financial instruments. The carrying values, which are the fair value of investments, are based on values provided by an external investment manager or comparison to quoted market values.

The carrying values of long-term pledges receivable have been discounted to present value using a 5% discount rate. The carrying value of long-term debt approximates fair value based on discounting the projected cash flows using market rates available for similar maturities. None of the financial instruments are held for trading purposes.

**Note 2 – Liquidity and Availability of Funds**

The Society’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, are as follows:

Cash and cash equivalents	\$ 4,163,838
	<u>\$ 4,163,838</u>

As part of the Society’s liquidity management it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due.

**Note 3 – Promises to Give**

During the year ended December 31, 2017, the Society began a Capital Campaign in an effort to raise funds to be used for a new shelter facility. In accordance with FASB ASC 958-605, the promises to give have been discounted to present value using a 5% discount rate.

# GREENVILLE HUMANE SOCIETY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

The current portion of the capital campaign receivable represents the amount of unconditional promises to give expected to be collected during the next fiscal year. The non-current portion of capital campaign receivable represents pledges expected to be collected between one and five years. An allowance for doubtful accounts has been established based on past experience.

Current and long-term receivables are as follows:

Due within one year	<u>\$ 5,000</u>
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### **Note 4 – Fair Value Measurements**

ASC 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, establishes a consistent framework for measuring fair value in accordance with GAAP, and expands disclosure requirements about fair value measurements. The pronouncement defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy is broken down into three levels based on inputs that market participants would use in valuing the asset or liability based on market data obtained from sources independent of the Society 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 by 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.

Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. The Society is required by the pronouncement to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3). The Society considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent

**GREENVILLE HUMANE SOCIETY**

**NOTES TO FINANCIAL STATEMENTS  
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sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Society's perceived risk of that instrument.

The following table summarizes the valuation of the Society's financial assets and liabilities measured at fair value as of December 31, 2021, based on the level of input utilized to measure fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Short-term investments				
Money market funds	\$ 95,773	\$ -	\$ -	\$ 95,773
Total investments	<u>\$ 95,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,773</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,247,590</u>	<u>\$ 3,247,590</u>

The table below sets forth a summary of changes in the fair value of the Society's Level 3 assets for the year ended December 31, 2021:

	<u>Beneficial interest in perpetual trusts</u>
Fair value as of December 31, 2020	\$ 2,981,577
Change in value of beneficial interest in perpetual trust	266,013
Fair value as of December 31, 2021	<u>\$ 3,247,590</u>

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

*Short-term investments* - The fair value of short-term investments, consisting primarily of money market funds, is classified as Level 1.

*Debt Investments* - Investments in fixed income daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets and are accordingly categorized as Level 1, with no valuation adjustment applied.

*Equity Investments* - Investments in equity vehicles are comprised of daily traded mutual funds. Securities held in daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

*Beneficial interest in perpetual trust* – The Society’s beneficial interests in perpetual trust held by third party is valued using the fair value of the assets in the trust as a practical expedient, unless facts and circumstances indicate that the fair values of the assets in the trust differ from the fair value of the beneficial interests. Perpetual trust held by third party is classified within Level 3 of the fair value hierarchy.

While the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Note 5 – Investments**

Investments are summarized as follows as of December 31:

	2021	
	Cost	Fair Value
Short-term investments		
Money market funds	\$ 95,773	\$ 95,773
Total investments	\$ 95,773	\$ 95,773

Investment income from cash equivalents and investments comprise the following for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ -	\$ -	\$ -
Realized gains (losses)	-	-	-
Unrealized gains (losses)	-	-	-
	\$ -	\$ -	\$ -

Corresponding investment expenses for the year ended December 31, 2021 were \$350.

**Note 6 – Beneficial Interest in Perpetual Trust**

The Society is the income beneficiary of three perpetual trusts. The trust funds are held and controlled by a third party trustee. The Society is entitled to a specified percentage, as defined in the trust agreements, of the annual income distributions from the trusts. The Society will also be entitled to a specified percentage of the total amount of the corpus assets that will be distributed if the trusts are ever dissolved. The Society estimates the fair value of its beneficial interest in perpetual trusts at December 31, 2021 is \$3,343,363 and the estimate is based upon the Society’s respective interest in the value of the underlying assets held by the trusts. The trusts consist entirely of marketable equity securities and mutual funds,

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fixed income securities and temporary cash investments. Distributions from the perpetual trusts totaled \$124,688 for the year ended December 31, 2021, and are included in contribution income in the accompanying statement of activities.

**Note 7 – Property and Equipment**

Property and equipment consists of leasehold improvements, equipment, furniture and fixtures. The following represents property and equipment owned by the Society at December 31:

	2021
Leasehold improvements	\$ 6,159,395
Machinery and equipment	287,350
Furniture and fixtures	252,601
Vehicles	88,944
	6,788,290
Less: accumulated depreciation	(1,315,072)
	\$ 5,473,218

Depreciation expense for the year ended December 31, 2021 was \$244,051.

**Note 8 – Lease Obligations**

The Society has entered into a non-cancelable operating lease for the land and building which houses the Society operations. The lease expires in December 2035 and requires monthly payments through the term of the lease.

The following are operating lease future minimum payments:

Year Ending December 31,			
2022	\$	54,222	
2023		54,222	
2024		54,222	
2025		54,222	
2026		62,356	
Thereafter		607,970	
	\$	887,214	

**Note 9 – Endowment Assets**

At December 31, 2021, the Society’s endowment consists of five individual donor-restricted endowment funds. Net assets associated with endowment funds, including funds designated by the Board of Directors

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**NOTES TO FINANCIAL STATEMENTS  
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to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) enacted July 1, 2008 in the State of South Carolina as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as perpetual in duration (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation of earnings required to be added to the permanent endowment as stipulated by the donor-applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in perpetual duration is classified as with donor restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Society and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Society.
7. The investment policies of the Society.

Changes in endowment net assets for the year ending December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	\$ -	\$ 3,077,700	\$ 3,077,700
Investment return:			
Change in value of beneficial interest in perpetual trust	-	266,013	266,013
Contributions	-	-	-
Fees	-	(350)	(350)
Endowment net assets, December 31, 2021	\$ -	\$ 3,343,363	\$ 3,343,363



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**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. Deficiencies of this nature result from unfavorable market fluctuations and would be included in unrestricted net assets. There were no such deficiencies as of December 31, 2021.

**Return Objectives and Risk Parameters**

The Society has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable, stable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

**Strategies Employed for Achieving Objectives**

To address its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). At December 31, 2021, \$3,247,590 of the endowment funds are held in perpetual trusts, the investment of which is determined by the trustees rather than the Society.

**Endowment Investment and Spending Policies**

The Society's spending policy appropriates for distribution each year a certain percentage of its endowment funds' average fair value for the prior three years through the fiscal yearend preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the expected return on its endowment. The goal of such spending policy is to allow the endowment to maintain its purchasing power, achieve a reasonable degree of stability and predictability in income availability for operations and to achieve a balance between present and future needs. Real growth is achieved through new gifts and any excess investment return.

**Note 10 – Net Assets**

Description of amounts classified as net assets with donor restrictions is as follows:

	2021
Net assets held in perpetuity	
The portion of endowment funds that is required to be retained in perpetuity either by explicit donor stipulation or by UPMIFA	
Beneficial interest in perpetual trust	\$ 3,247,590
Total	\$ 3,247,590

GREENVILLE HUMANE SOCIETY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

	<u>2021</u>
Net assets not held in perpetuity	
The portion of endowment funds subject to a time restriction either by explicit donor stipulation or under UPMIFA:	
With purpose restrictions for spending	\$ 95,773
Total	<u>95,773</u>
Capital Campaign:	
Promises to give, net	<u>5,000</u>
Total Capital Campaign	<u>5,000</u>
Total	<u>\$ 100,773</u>

**Note 11 – Functional Allocation of Expenses**

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

**Note 12 – Risk and Uncertainties**

The Society's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with these investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

**Note 13 – Subsequent Events**

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.