

**LEXINGTON HUMANE SOCIETY, INC.**

**Audit of Consolidated Financial Statements**

**For the years ended**

**June 30, 2025 and 2024**

**LEXINGTON HUMANE SOCIETY, INC.**

**June 30, 2025 and 2024**

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**SUMMERS, MCCRARY & SPARKS, P.S.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Lexington Humane Society, Inc.  
Lexington, Kentucky

**Opinion**

We have audited the accompanying consolidated financial statements of Lexington Humane Society, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lexington Humane Society, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Lexington Humane Society, Inc. 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted

in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidating Statements of Financial Position and Consolidating Statements of Activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Summers, McCrary & Sparks, PSC*

Lexington, KY  
February 3, 2026

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
June 30, 2025 and 2024

**ASSETS**

	<u>2025</u>	<u>2024</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,254,653	\$ 2,170,257
Investments	4,920,552	3,805,070
Inventory	47,497	36,375
Prepaid expenses and other assets	50,060	63,626
Lease receivable- current portion	72,553	71,159
Total Current Assets	<u>7,345,315</u>	<u>6,146,487</u>
<b>NONCURRENT ASSETS:</b>		
Beneficial interest in perpetual trust	358,813	337,790
Lease receivable- noncurrent portion	149,400	221,953
Property, buildings and equipment, net	1,914,243	2,048,039
Total Noncurrent Assets	<u>2,422,456</u>	<u>2,607,782</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,767,771</u>	<u>\$ 8,754,269</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 108,084	\$ 77,761
Accrued expenses	102,300	84,994
Deferred revenues	67,517	33,332
Deferred lease revenue- current portion	71,331	71,331
Finance lease liability- current portion	1,597	1,559
Total Current Liabilities	<u>350,829</u>	<u>268,977</u>
<b>NONCURRENT LIABILITIES:</b>		
Deferred lease revenue- noncurrent portion	142,662	213,993
Finance lease liability- noncurrent portion	405	2,002
Total Noncurrent liabilities	<u>143,067</u>	<u>215,995</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 493,896</u>	<u>\$ 484,972</u>
<b>NET ASSETS:</b>		
Without donor restrictions:		
Net investment in property, buildings and equipment	1,912,241	2,044,478
Undesignated	6,012,827	5,149,343
Total without donor restrictions	<u>7,925,068</u>	<u>7,193,821</u>
With donor restrictions	1,348,807	1,075,476
<b>TOTAL NET ASSETS</b>	<u>9,273,875</u>	<u>8,269,297</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 9,767,771</u>	<u>\$ 8,754,269</u>

See Accompanying Notes

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
For the Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues, gains and other support:</b>			
Contributions	\$ 1,536,282	\$ 958,811	\$ 2,495,093
In kind contributions	124,744	-	124,744
Adoption fees	551,136	-	551,136
Metro contract	2,045,999	-	2,045,999
License, rabies and service fees	306,436	-	306,436
Fundraising	1,350,314	-	1,350,314
Investment return	522,526	9,142	531,668
Other income (loss)	20,505	-	20,505
Gain (loss) on sale	(923)	-	(923)
Change in value in perpetual trust	-	19,172	19,172
Net assets released from restrictions	713,794	(713,794)	-
<b>Total revenues, gains and other support</b>	<u>7,170,813</u>	<u>273,331</u>	<u>7,444,144</u>
<b>Expenses:</b>			
Program services:			
Adoption services	1,535,189	-	1,535,189
Humane services	1,937,290	-	1,937,290
Animal care control	1,879,468	-	1,879,468
Total program expenses	<u>5,351,947</u>	<u>-</u>	<u>5,351,947</u>
Support Services:			
General and administrative	274,187	-	274,187
Fundraising	813,432	-	813,432
Total support expenses	<u>1,087,619</u>	<u>-</u>	<u>1,087,619</u>
<b>Total expenses</b>	<u>6,439,566</u>	<u>-</u>	<u>6,439,566</u>
<b>Change in net assets</b>	731,247	273,331	1,004,578
<b>Net assets, beginning of year</b>	<u>7,193,821</u>	<u>1,075,476</u>	<u>8,269,297</u>
<b>Net assets, end of year</b>	<u>\$ 7,925,068</u>	<u>\$ 1,348,807</u>	<u>\$ 9,273,875</u>

See Accompanying Notes

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues, gains and other support:</b>			
Contributions	\$ 1,091,804	\$ 330,621	\$ 1,422,425
In kind contributions	87,738	-	87,738
Adoption fees	576,438	-	576,438
Metro contract	1,871,590	-	1,871,590
License, rabies and service fees	268,394	-	268,394
Fundraising	1,230,916	-	1,230,916
Investment return	717,050	9,143	726,193
Other income	23,115	-	23,115
Change in value in perpetual trust	-	20,063	20,063
Net assets released from restrictions	649,697	(649,697)	-
<b>Total revenues, gains and other support</b>	<u>6,516,742</u>	<u>(289,870)</u>	<u>6,226,872</u>
<b>Expenses:</b>			
Program services:			
Adoption services	1,395,427	-	1,395,427
Humane services	1,743,200	-	1,743,200
Animal care control	1,746,366	-	1,746,366
Total program expenses	<u>4,884,993</u>	<u>-</u>	<u>4,884,993</u>
Support Services:			
General and administrative	251,045	-	251,045
Fundraising	753,547	-	753,547
Total support expenses	<u>1,004,592</u>	<u>-</u>	<u>1,004,592</u>
<b>Total expenses</b>	<u>5,889,585</u>	<u>-</u>	<u>5,889,585</u>
<b>Change in net assets</b>	627,157	(289,870)	337,287
<b>Net assets, beginning of year</b>	<u>6,566,664</u>	<u>1,365,346</u>	<u>7,932,010</u>
<b>Net assets, end of year</b>	<u>\$ 7,193,821</u>	<u>\$ 1,075,476</u>	<u>\$ 8,269,297</u>

See Accompanying Notes

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2025**

	Adoption Services	Humane Services	Animal Care Control	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 893,991	\$ 687,176	\$ 1,355,735	\$ 2,936,902	\$ 152,603	\$ 273,068	\$ 3,362,573
Employee benefits	153,198	73,322	139,780	366,300	22,406	33,623	422,329
Payroll taxes	97,670	46,746	102,182	246,598	14,285	21,436	282,319
Workers' compensation	1,279	612	30,717	32,608	186	281	33,075
<b>Total salaries and benefits</b>	<b>1,146,138</b>	<b>807,856</b>	<b>1,628,414</b>	<b>3,582,408</b>	<b>189,480</b>	<b>328,408</b>	<b>4,100,296</b>
Adoption refunds	2,532	-	-	2,532	-	-	2,532
Advertising	5,309	715	2,492	8,516	5,954	-	14,470
Animal health and welfare	-	184,981	18,410	203,391	-	-	203,391
Auto and truck expense	10,469	-	34,140	44,609	-	-	44,609
Bank and credit card fees	20,181	15,160	2,870	38,211	3,284	-	41,495
Beastie Ball expense	-	-	-	-	-	18,067	18,067
Chipping	16,488	-	728	17,216	-	-	17,216
Contract Labor	-	-	-	-	-	-	-
Depreciation	108,740	81,685	2,990	193,415	13,528	4,162	211,105
Direct mail expenses	-	-	-	-	-	240,582	240,582
Dues and subscriptions	-	6,765	1,120	7,885	-	-	7,885
Equipment lease expenses	-	-	408	408	-	-	408
Insurance	30,345	22,795	24,990	78,130	4,936	-	83,066
Kennel maintenance and supplies	34,797	20,055	-	54,852	-	-	54,852
Merchandise	-	-	-	-	-	55,715	55,715
Miscellaneous	-	-	5,336	5,336	33,005	-	38,341
Mutt Strut expense	-	7,224	-	7,224	-	7,886	15,110
Outside services	-	4,126	-	4,126	-	9,008	13,134
Postage and shipping	2,334	1,753	2,570	6,657	380	-	7,037
Printing and copying	2,088	1,568	3,250	6,906	340	-	7,246
Professional fees	19,608	14,729	11,276	45,613	3,189	-	48,802
Project Purrfect expenses	-	234,444	-	234,444	-	-	234,444
Rent	-	-	-	-	-	-	-
Repairs and maintenance	66,142	49,686	82,441	198,269	10,760	-	209,029
Second Chance expenses	-	286,033	-	286,033	-	-	286,033
Spay and We'll Pay expenses	-	138,674	-	138,674	-	-	138,674
Special events expenses	-	-	-	-	-	147,542	147,542
Supplies	4,163	3,127	9,524	16,814	678	-	17,492
Telephone	5,332	4,006	32,842	42,180	868	-	43,048
Training and education	-	3,651	3,355	7,006	-	-	7,006
Travel	1,262	948	455	2,665	206	-	2,871
Uniform expenses	-	2,792	11,857	14,649	-	-	14,649
Utilities	53,880	40,475	-	94,355	6,703	2,062	103,120
Website	5,381	4,042	-	9,423	876	-	10,299
<b>Total Expenses</b>	<b>\$ 1,535,189</b>	<b>\$ 1,937,290</b>	<b>\$ 1,879,468</b>	<b>\$ 5,351,947</b>	<b>\$ 274,187</b>	<b>\$ 813,432</b>	<b>\$ 6,439,566</b>

See Accompanying Notes

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2024**

	Adoption Services	Humane Services	Animal Care Control	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 813,333	\$ 634,947	\$ 1,282,834	\$ 2,731,114	\$ 146,221	\$ 272,881	\$ 3,150,216
Employee benefits	145,415	69,597	142,353	357,365	21,268	31,915	410,548
Payroll taxes	89,185	42,685	94,819	226,689	13,044	19,574	259,307
Workers' compensation	<u>(4,453)</u>	<u>(2,131)</u>	<u>33,600</u>	<u>27,016</u>	<u>(651)</u>	<u>(977)</u>	<u>25,388</u>
Total salaries and benefits	1,043,480	745,098	1,553,606	3,342,184	179,882	323,393	3,845,459
Adoption refunds	599	-	-	599	-	-	599
Advertising	936	1,501	1,246	3,683	6,479	-	10,162
Animal health and welfare	-	131,109	16,102	147,211	-	-	147,211
Auto and truck expense	8,082	-	38,250	46,332	-	-	46,332
Bank and credit card fees	17,190	12,913	2,078	32,181	2,797	-	34,978
Beastie Ball expense	-	-	-	-	-	3,302	3,302
Chipping	13,224	-	456	13,680	-	-	13,680
Contract Labor	-	-	-	-	-	1,400	1,400
Depreciation	103,974	78,105	2,990	185,069	12,934	3,980	201,983
Direct mail expenses	-	-	-	-	-	228,712	228,712
Dues and subscriptions	-	3,462	214	3,676	-	-	3,676
Equipment lease expenses	-	-	1,404	1,404	-	-	1,404
Insurance	27,649	20,770	20,000	68,419	4,497	-	72,916
Kennel maintenance and supplies	24,692	17,402	1,455	43,549	-	-	43,549
Merchandise	-	-	-	-	-	60,443	60,443
Miscellaneous	-	-	2,434	2,434	21,078	-	23,512
Mutt Strut expense	-	6,640	-	6,640	-	3,553	10,193
Outside services	-	4,506	-	4,506	-	5,862	10,368
Postage and shipping	1,217	914	1,893	4,024	198	-	4,222
Printing and copying	1,467	1,102	2,971	5,540	240	-	5,780
Professional fees	18,563	13,945	12,624	45,132	3,020	-	48,152
Project Purrfect expenses	-	163,663	-	163,663	-	-	163,663
Rent	-	-	-	-	-	-	-
Repairs and maintenance	62,285	46,788	47,908	156,981	10,133	-	167,114
Second Chance expenses	-	324,670	-	324,670	-	-	324,670
Spay and We'll Pay expenses	-	112,599	-	112,599	-	-	112,599
Special events expenses	-	-	-	-	-	120,967	120,967
Supplies	3,312	2,488	5,484	11,284	538	-	11,822
Telephone	5,211	3,915	24,358	33,484	848	-	34,332
Training and education	-	2,688	3,832	6,520	-	-	6,520
Travel	2,528	1,899	2,209	6,636	411	-	7,047
Uniform expenses	-	1,187	4,852	6,039	-	-	6,039
Utilities	50,552	37,974	-	88,526	6,288	1,935	96,749
Website	10,466	7,862	-	18,328	1,702	-	20,030
Total Expenses	<u>\$ 1,395,427</u>	<u>\$ 1,743,200</u>	<u>\$ 1,746,366</u>	<u>\$ 4,884,993</u>	<u>\$ 251,045</u>	<u>\$ 753,547</u>	<u>\$ 5,889,585</u>

See Accompanying Notes

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2025 and 2024

	2025	2024
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 1,004,578	\$ 337,287
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	211,105	201,983
Donations in-kind	(124,744)	(87,738)
Unrealized (gains) losses on investments	(356,869)	(457,128)
Realized (gains) losses on investments	(53,152)	(143,252)
Change in value of perpetual trust	(21,023)	(20,063)
Gain (loss) on sale of fixed assets	(923)	-
Changes in operating assets and liabilities:		
(Increase) decrease in inventory	(11,122)	4,193
(Increase) decrease in receivables	71,159	70,692
(Increase) decrease in prepaid expenses	13,566	(24,852)
Increase (decrease) in accounts payable	30,323	(51,329)
Increase (decrease) in accrued expenses	17,306	23,051
Increase (decrease) in deferred revenues	(37,146)	(47,719)
Net cash provided by operating activities	743,058	(194,875)
<b>Cash flows from investing activities:</b>		
Purchases of property, buildings and equipment	(77,309)	(76,937)
Investment purchases	(758,613)	(583,637)
Investment proceeds	178,819	525,886
Net cash provided by (used in) investing activities	(657,103)	(134,688)
<b>Cash flows from financing activities:</b>		
Finance lease principal payments	(1,559)	(1,522)
Net cash provided by financing activities	(1,559)	(1,522)
<b>Increase in cash and cash equivalents</b>	84,396	(331,085)
<b>Cash and cash equivalents, beginning of year</b>	2,170,257	2,501,342
<b>Cash and cash equivalents end of year</b>	\$ 2,254,653	\$ 2,170,257
<b>Supplemental information:</b>		
Interest paid	\$ 69	\$ 106

See Accompanying Notes

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

NOTE 1 - NATURE OF ACTIVITIES

The purpose of the Lexington Humane Society, Inc. (the Society) is to prevent cruelty to animals and cultivate public sentiment toward the humane treatment of all forms of animal life. The Society has also entered into a contract with the local government to provide animal control services within Fayette County through its subsidiary, Lexington-Fayette Animal Care & Control, LLC, in accordance with specific local government ordinances.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Society is presented to assist in understanding the Society's operations and financial position. The consolidated financial statements and notes are representations of the Society's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Principles of Consolidation:

The consolidated financial statements include the accounts and disclosures of the Lexington Humane Society, Inc. and the Lexington-Fayette Animal Care & Control, LLC. All material intra-entity accounts and transactions are eliminated in the consolidation.

Basis of Accounting:

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation:

The Society prepares its financial statements in accordance with generally accepted accounting principles, which requires the Society to report information regarding its financial position and activities according to the following net asset classifications:

- Net Assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society.
- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets without donor restrictions in the statement of activities.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions:

The Society reports gifts of cash and other assets received without donor stipulations as unrestricted revenue and net assets. Gifts received with donor stipulation that limits their use are reported as donor restricted revenue and net assets. When a donor stipulated restriction expires or is accomplished, donor restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. If the restriction expires in the same accounting period as the gifts and investment income are received, the revenue is reported as unrestricted.

Fair Value of Financial Measurements:

The Society's framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Cash & Cash Equivalents:

For purposes of the consolidated statement of cash flows, the Society considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments:

The Society accounts for investments in equity securities having readily determinable fair values, mutual funds, and all investments in debt securities are measured at market value in the consolidated statement of financial position. The fair values for equity securities, mutual funds, and debt securities are based on quoted market prices, Level 1 inputs. Investment returns includes dividends, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value. Net realized and unrealized gains and losses are included in the consolidated statement of activities. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in donor restricted and then released from the restriction.

Inventory:

The Society maintains inventory consisting of clothing and miscellaneous pet supplies that are sold to help further the Society's exempt purpose. Inventory is valued at cost on the first in first out method.

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Buildings and Equipment:

Property, buildings and equipment are stated at cost, if purchased or at fair value at the date of gift, if donated, less accumulated depreciation, and depreciated over their estimated useful lives using the straight-line method. Additions with a cost or fair value of less than \$1,000 are expensed. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Society reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Impairment of Long-Lived Assets:

The Society evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Asset to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

In-kind Contributions:

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. During the years ended June 30, 2025 and 2024, the value of in-kind contributions totaled \$124,744 and \$87,738, respectively.

The Society recognizes services requiring specialized skills such as those provided by attorneys, accountants and other professionals if the services would need to be purchased if not donated when these services create or enhance non-financial assets. Many individuals volunteer their time and perform a variety of tasks that assist the Society. The value of this contributed time is not reflected in the accompanying consolidated financial statements since the volunteer's time does not meet this criteria.

Revenue Recognition:

The Society recognizes contributions, grants, fees as income when payments are earned and/or received. Fundraising income is recognized when the payment is received. Metro contract income is recognized within the month the payment is received. In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The intent of this FASB is to recognize revenues when a customer obtains control of a good or service, in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. In June 2021, the FASB issued ASU 2020-05, which deferred the effective date of ASU 2014-09 by one additional year. This ASU was adopted by the Society and had no impact on the financial statements.

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status:

The Society is a not-for-profit organization that is exempt from both federal and state income taxes under Section 501(C)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Society is classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b). There was no unrelated business income for 2025 and 2024.

Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Advertising:

The Society uses advertising to promote its programs. The costs of advertising are expensed as incurred. During 2025 and 2024, advertising costs were \$14,470 and \$10,162, respectively.

Leases and Lease Capitalization Policy:

The adoption of FASB ASC 842 *Leases*, requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Society expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, if the Society is not expected to consume a major part of the economic benefits of the assets the leases are classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the statement of activities, the categorization of assets and liabilities in the statement of financial position, and classification of cash flows in the statements of cash flows.

Total lease cost consists of amortization expense related to the yearly write-off of right-of-use assets and interest expense from lease liabilities. For financing leases, total lease cost is recorded on an accelerated basis whereby interest expense is recorded using the effective interest method and right-of-use assets amortized on a straight-line basis over the remaining lease term. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term. Lease liabilities are measured and recorded at the present value of future lease payments using a discount rate. The Society lease agreements usually do not contain an explicit interest rate, so the Society applies the borrowing rate of their current loan obligations. Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

The Society adopted a lease capitalization threshold of \$5,000. Lease contracts above this threshold will be represented in the Society financial statements as a right to use asset and lease liability.

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

At June 30, 2025 the Society had uninsured cash balances at three financial institutions, totaling \$1,631,430. At June 30, 2024 the Society had uninsured cash balances at three financial institutions, totaling \$1,495,234. The Society maintains its cash balances with financial institutions located in Lexington, Kentucky. Cash balances maintained in non-interest bearing transaction accounts were insured under the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee program. Cash balances maintained in any type of deposit accounts are FDIC insured up to \$250,000.

**NOTE 4 – INVESTMENTS**

Investments are stated at fair value and consist of the following at June 30:

<u>2025</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Equities	\$ 2,436,877	\$ 3,887,295	\$ 1,450,418
Bonds	666,210	630,930	(35,280)
Alternatives	221,971	310,130	88,159
Cash Equiv.	92,197	92,197	0
Total	<u>\$ 3,417,255</u>	<u>\$ 4,920,552</u>	<u>\$ 1,503,297</u>

<u>2024</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Equities	\$ 1,736,062	\$ 2,841,255	\$ 1,105,193
Bonds	563,546	557,196	(6,350)
Alternatives	221,507	270,240	48,733
Cash Equiv.	136,379	136,379	0
Total	<u>\$ 2,657,494</u>	<u>\$ 3,805,070</u>	<u>\$ 1,147,576</u>

Investment return is summarized as follows at June 30:

	<u>2025</u>	<u>2024</u>
Interest/Dividends	\$ 121,647	\$ 125,813
Realized Gains (Loss)	53,152	143,252
Unrealized Gains (Loss)	<u>356,869</u>	<u>457,128</u>
Total investment return	<u>\$ 531,668</u>	<u>\$ 726,193</u>

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 5 – BENEFICIAL INTEREST IN PERPETUAL TRUST**

The Society was named a beneficiary in a trust created under the will of John M. Reed. The covenants state that the Society is to receive 20% of the annual income each year in perpetuity and the income is to be used for operations. Fair value for the beneficial interest is determined by calculating the Society's share of the fair value of the trust's assets based on information from the trustee, JP Morgan. The June 30, 2025 and 2024, balance for this trust was \$358,813 and \$337,790, respectively.

Income recognized by the Society totaled \$16,055 as of June 30, 2025 and \$12,241 as of June 30, 2024.

**NOTE 6 – FAIR VALUE MEASUREMENTS**

Generally Accepted Accounting Principles (GAAP) defines fair value 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. One key component of the fair value measurement required by GAAP includes the development of a three-tiered fair value hierarchy. Assets and liabilities reported at fair value are placed in one of the three tiers based upon the inputs used to determine fair value at the measurement date. These inputs are summarized in the three broad levels listed below:

Level 1 - quoted prices in active markets for identical assets or liabilities

Level 2 - other significant inputs, including quoted prices of similar assets or liabilities.

Level 3 - significant unobservable inputs

The methodology of the inputs used to value investments is not necessarily an indication of the risk associated with investing in those securities.

Fair value of assets measured on a recurring basis at June 30, 2025 is as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 92,197	\$ 92,197	\$ 0	\$ 0
Domestic Equities	3,887,295	3,887,295	0	0
Debt Securities	630,930	0	630,930	0
Alternative Investments	310,130	0	310,130	0
Beneficial Interest in Trust	358,813	0	0	358,813
<b>Total</b>	<b>\$ 5,279,365</b>	<b>\$ 3,979,492</b>	<b>\$ 941,060</b>	<b>\$ 358,813</b>

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 6 – FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair value of assets measured on a recurring basis at June 30, 2024 is as follows:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash	\$ 136,379	\$ 136,379	\$ 0	\$ 0
Domestic Equities	2,841,255	2,841,255	0	0
Debt Securities	557,196	0	557,196	0
Alternative Investments	270,240	0	270,240	0
Beneficial Interest in Trust	337,790	0	0	337,790
<b>Total</b>	<b>\$ 4,142,860</b>	<b>\$ 2,977,634</b>	<b>\$ 827,436</b>	<b>\$ 337,790</b>

All assets have been valued using the market approach. Fair values for beneficial interests in perpetual trusts are measured using the fair value of the assets held in the trust reported by the trustee as of June 30, 2025 and 2024. The Society considers the measurement of its beneficial interest in perpetual trust to be a level 3 measurement because the Society will never receive those assets or have the ability to direct the trustee to redeem them. The Society did not make changes in the valuation techniques during the current year.

**NOTE 7 – PROPERTY, BUILDINGS, AND EQUIPMENT**

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

	<u>2025</u>	<u>2024</u>
Land	\$ 3,777	\$ 3,777
Buildings	4,633,729	4,633,729
Autos and trucks	106,288	88,315
Furniture and fixtures	1,034,966	984,349
Right-to-use asset	8,035	8,035
	<u>5,786,795</u>	<u>5,718,205</u>
Less Accumulated Depreciation & Amortization	(3,872,552)	(3,670,166)
Property, buildings, and equipment, net	<u>\$ 1,914,243</u>	<u>\$ 2,048,039</u>

**NOTE 8 – NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Future fund capital campaign	\$ 233,538	\$ 122,096
Spay's the way	390,748	428,975
Project purrfect	217,996	6,998
Second chance	28,385	57,803
D&J Senior & Hospice	23,022	34,190
BGCF Endowed Funds	96,305	87,624
John M Reed Perpetual Trust	358,813	337,790
	<u>\$ 1,348,807</u>	<u>\$ 1,075,476</u>

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 8 – NET ASSETS (CONTINUED)**

In fiscal years 2025 and 2024, \$713,794 and \$649,697 were released, respectively, and/or paid in accordance with donor provisions. Net assets with donor restrictions were released as follows:

	2025	2024
Future fund capital campaign	\$ 54,185	\$ 48,354
Spay's the way	138,674	112,599
Project purrfect	234,444	163,663
Second chance	212,422	226,601
D&J Senior & Hospice	73,611	98,069
BGCF Endowed Funds	458	411
	<u>\$ 713,794</u>	<u>\$ 649,697</u>

**NOTE 9 – RETIREMENT PLAN**

Beginning January 1, 2003, the Society adopted a Savings Incentive Match Plan for Employees (Simple) IRA Plan. Under the SIMPLE IRA plan, all employees who are expected to receive at least \$5,000 in compensation during the current year are eligible to participate in the plan. Eligible employees may make elective contributions to the plan of up to \$16,500 for 2025, or up to \$20,000 for employees who will be at least age 50 by the end of 2025 and if age 60 to 63 up to \$21,750. The Society elected to make a non-elective employer contribution of 3% of compensation for each eligible employee for 2025 and 2024.

The Society's total retirement plan contribution for the years ended June 30, 2025 and 2024 was \$44,864 and \$36,536, respectively.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

Purchase of Service Agreement:

The Society entered into a Purchase of Service Agreement (the Agreement) with the Lexington Fayette Urban County Government (LFUCG) to provide animal control services within Fayette County through the year ended June 30, 2025, totaling \$2,045,999. Prior to June 30, 2025, the Society entered into another Agreement with LFUCG for animal control services through the year ended June 30, 2024, totaling \$1,871,590. The Agreement income represented 29% and 29% of the total revenue of the Society in 2025 and 2024, respectively.

**NOTE 11 – INCOME TAXES**

The Society follows the provisions of FASB ASC 740 *Income Taxes*. FASB ASC 740 prescribes a recognition threshold and measurement attribute for how an entity should recognize, measure, present and disclose in its consolidated financial statements uncertain tax positions that the entity has taken or expects to take on a tax return. FASB ASC 740 requires that the consolidated financial statements reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts, but without considering time values. The Society has determined the provisions of FASB ASC 740 have not had a material impact on the consolidated financial statements.

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 11 – INCOME TAXES(CONTINUED)**

The Society's is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress. Under federal tax statutes of limitations, the Society believes it is no longer subject to federal income tax examinations for fiscal years prior to June 30, 2022.

**NOTE 12 – AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets as of June 30, 2025 and 2024 that are available to meet general expenditures over the next twelve months:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,254,653	\$ 2,170,257
Inventory	47,497	36,375
Investments	4,920,552	3,805,070
Lease receivable- current portion	72,553	71,159
Prepaid expenses and other assets	<u>50,060</u>	<u>63,626</u>
	<u>7,345,315</u>	<u>6,146,487</u>
Current liabilities	<u>(350,829)</u>	<u>(268,977)</u>
Donor-imposed restrictions	<u>(991,843)</u>	<u>(737,684)</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>6,002,643</u>	\$ <u>5,139,826</u>

Donor restricted funds are not available for general expenditure. As part of the Society's liquidity plan, cash in excess of daily requirements are invested in money market, savings and CDs. As of June 30, 2025 and 2024, these funds totaled \$1,202,612 and \$1,063,013. In the event the Society required additional cash flow the Board would look to donors to release restrictions on needed funds.

**NOTE 13 – LEASES**

The Society has two lease agreements currently in effect. One lease to which the Society is lessee and one to which the Society is lessor. The lease to which the Society is lessee is for postage machines. The terms of this lease require monthly payments of \$136 for the period of July 8, 2021 to September 1, 2026. The Society implemented ASC 842 as of July 1, 2021 and recorded the transactions related to this lease in accordance therewith. Due to the lease period consuming most of the leased property's useful life this lease has been classified as a finance lease.

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 13 – LEASES (CONTINUED)**

The following summarizes the line items in the statements of financial position which include amounts for this lease:

<b>Finance Leases</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Right-of-use Asset	\$ 8,035	\$ 8,035
Accumulated Amortization	<u>(5,994)</u>	<u>(4,464)</u>
Right-of-use Asset, Net	<u>\$ 2,041</u>	<u>\$ 3,571</u>
Lease Liabilities - Current	\$ 1,597	\$ 1,559
Lease Liabilities - Non-Current	<u>405</u>	<u>2,002</u>
Total Finance Lease Liabilities	<u>\$ 2,002</u>	<u>\$ 3,561</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

<b>Finance Leases</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Weighted Average Remaining Lease Term	27 Months	39 Months
Weighted Average Discount Rate	2.41%	2.41%

The maturities of lease liabilities as of June 30, 2025 were as follows:

Year Ending June 30:	<b><u>Finance</u></b>
2026	1,628
2027	<u>407</u>
Total lease payments	2,035
Less: Interest	<u>(33)</u>
Present value of lease liabilities	<u>\$ 2,002</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30:

	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Finance lease costs:</b>		
Amortization of lease assets included in General and Administrative expenses	\$1,530	\$1,530
Interest on lease liabilities included in General and Administrative expenses	<u>69</u>	<u>106</u>
Total finance lease costs	<u>\$1,599</u>	<u>\$1,636</u>

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 13 – LEASES (CONTINUED)**

The following summarizes cash flow information related to leases for the year ended June 30:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ (69)	\$ (106)
Financing cash flows from finance leases	\$(1,559)	\$(1,522)
Lease assets obtained in exchange for lease obligations:		
Finance leases	\$ -	\$ -

The lease to which the Society is lessor is for building space leased by Lexington-Fayette Urban County Government for the Animal Care and Control services. The terms of this lease state an original lease term of five years, plus five additional one year renewals, with the original term beginning as of July 1, 2018. Payments required under this lease begin at \$63,000 for the first year, increasing 2.1% for each of the next four years. Payment for the following five additional one year terms will be calculated with an increase from the fifth year's rent based on the U.S. Bureau of Labor and Statistics Consumer Price Index for All Urban Consumers, South Region.

The Society implemented ASC 842 as of July 1, 2021 and classified this lease as an operating lease, and recorded the transactions related to this lease in accordance therewith. This lease does not transfer ownership of the leased asset and does not provide an option for the lessee to purchase the asset.

At lease inception, the Society determines whether an arrangement qualifies as a lease under ASC 842 (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Society only reassess if the terms and conditions of the contract are changed.

At lease commencement, the Society estimates the residual of the leased asset at the end of the lease term, considering the asset's remaining useful life, expected market condition, and expected use (e.g., sell or lease). The Society's ability to realize the residual value at the end of the lease term could be adversely affected by unusual wear and tear of the property. This risk is managed through periodic inspection of property for condition and possible misuse.

**Lease Revenue**

At lease commencement the Society records a lease receivable and deferred revenue. The lease receivable is reduced as lease payments are received by the Society. Revenue is recognized on a straight-line basis over the term of the lease. Lease revenue is included in the statements of activities as part of other income without donor restrictions. Cash receipts from operating leases are classified within cash flows from operating activities.

<u>For the years ended June 30</u>	<u>2025</u>	<u>2024</u>
Lease Revenue Recognized	\$ 71,331	\$ 71,331
Lease Payments Received	\$ 70,886	\$ 70,691

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 13 – LEASES (CONTINUED)**

The following is an analysis of the carrying amounts of the underlying assets related to the Society's lessor operating lease:

	<u>2025</u>	<u>2024</u>
LFACC Building	\$711,234	\$711,234
Less: Accumulated Depreciation LFACC Building	<u>(711,234)</u>	<u>(711,234)</u>
Total Cost, Net	<u>\$ -</u>	<u>\$ -</u>

The following is an analysis of the maturity of the undiscounted operating lease payments:

2026	\$ 72,553
2027	\$ 73,975
2028	<u>\$ 75,425</u>
Total	<u>\$221,953</u>

**NOTE 14 – CONTRIBUTED NONFINANCIAL ASSETS**

**Gifts-in-Kind**

The Society received gifts-in-kind for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Medical Supplies	\$ 6,466	\$ 1,603
Animal Food & Supplies	19,380	16,908
Cleaning Supplies	675	495
Office Supplies	201	820
Retail Merchandise	11,782	8,792
Special Event Supplies	86,105	59,059
Building Maintenance Supplies	<u>136</u>	<u>61</u>
	<u>\$ 124,744</u>	<u>\$ 87,738</u>

The Society's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Society. If an asset is provided that does not allow the Society to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Society received donated merchandise inventory with an estimated fair market value of \$11,782 and \$8,792 for the years ended June 30, 2025 and 2024, respectively. The donated items were made available for sale by the Society and included in Inventory and Merchandise Expense as applicable.

The Society received donations of various supplies needed for the operations of the Society, with an estimated fair market value of \$112,962 and \$78,946 for the years ended June 30, 2025 and 2024, respectively.

All gifts-in-kind received by the Society for the years ended June 30, 2025 and 2024 were considered without donor restrictions and able to be used by the Society as determined by the board of directors and management.

**LEXINGTON HUMANE SOCIETY, INC.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 15 – SUBSEQUENT EVENTS**

The Society has evaluated all subsequent events for accounting and disclosure requirements through February 3, 2026, the date the consolidated financial statements were available to be issued. The LFUCG agreed to a new Purchase of Service Agreement for the term of July 1, 2025 to June 30, 2026 for \$2,350,000. No other material events occurred during the evaluation period that require recognition or disclosure in the consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2025**

	<u>Lexington Humane Society, Inc.</u>	<u>Lexington-Fayette Animal Care &amp; Control, LLC</u>	<u>Eliminating Adjustments</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 2,220,814	\$ 33,839	\$ -	\$ 2,254,653
Receivable from subsidiary	104,597	-	(104,597)	-
Investments	4,920,552	-	-	4,920,552
Inventory	47,497	-	-	47,497
Prepaid expenses and other assets	34,237	15,823	-	50,060
Lease receivable- current portion	72,553	-	-	72,553
Total Current Assets	<u>7,400,250</u>	<u>49,662</u>	<u>(104,597)</u>	<u>7,345,315</u>
Noncurrent Assets:				
Beneficial interest in perpetual trust	358,813	-	-	358,813
Lease receivable- noncurrent portion	149,400	-	-	149,400
Property, buildings and equipment, net	1,903,323	10,920	-	1,914,243
Total Noncurrent Assets	<u>2,411,536</u>	<u>10,920</u>	<u>-</u>	<u>2,422,456</u>
<b>Total Assets</b>	<u>\$ 9,811,786</u>	<u>\$ 60,582</u>	<u>\$ (104,597)</u>	<u>\$ 9,767,771</u>
<b>Liabilities and Net Assets</b>				
Current Liabilities:				
Accounts payable	\$ 61,415	\$ 46,669	\$ -	\$ 108,084
Payable to parent	-	104,597	(104,597)	-
Accrued expenses	63,881	38,419	-	102,300
Deferred revenue- events	67,517	-	-	67,517
Deferred lease revenue- current portion	71,331	-	-	71,331
Finance lease liability- current portion	1,597	-	-	1,597
Total Current Liabilities	<u>265,741</u>	<u>189,685</u>	<u>(104,597)</u>	<u>350,829</u>
Noncurrent Liabilities:				
Deferred lease revenue- noncurrent portion	142,662	-	-	142,662
Finance lease liability- noncurrent portion	405	-	-	405
Total Noncurrent Liabilities	<u>143,067</u>	<u>-</u>	<u>-</u>	<u>143,067</u>
<b>Total Liabilities</b>	<u>\$ 408,808</u>	<u>\$ 189,685</u>	<u>\$ (104,597)</u>	<u>\$ 493,896</u>
<b>Net Assets:</b>				
Without donor restrictions:				
Net investment in property, buildings, and equip.	1,901,321	10,920	-	1,912,241
Undesignated	6,152,855	(140,028)	-	6,012,827
Total Without Donor Restrictions	<u>8,054,176</u>	<u>(129,108)</u>	<u>-</u>	<u>7,925,068</u>
With donor restrictions	1,348,807	-	-	1,348,807
Total Net Assets	<u>9,402,983</u>	<u>(129,108)</u>	<u>-</u>	<u>9,273,875</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 9,811,791</u>	<u>\$ 60,577</u>	<u>\$ (104,597)</u>	<u>\$ 9,767,771</u>

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2024**

	<u>Lexington Humane Society, Inc.</u>	<u>Lexington-Fayette Animal Care &amp; Control, LLC</u>	<u>Eliminating Adjustments</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 2,120,028	\$ 50,229	\$ -	\$ 2,170,257
Receivable from subsidiary	177,230	-	(177,230)	-
Investments	3,805,070	-	-	3,805,070
Inventory	36,375	-	-	36,375
Prepaid expenses and other assets	32,862	30,764	-	63,626
Lease receivable- current portion	71,159	-	-	71,159
Total Current Assets	<u>6,242,724</u>	<u>80,993</u>	<u>(177,230)</u>	<u>6,146,487</u>
Noncurrent Assets:				
Beneficial interest in perpetual trust	337,790	-	-	337,790
Lease receivable- noncurrent portion	221,953	-	-	221,953
Property, buildings and equipment, net	2,041,277	6,762	-	2,048,039
Total Noncurrent Assets	<u>2,601,020</u>	<u>6,762</u>	<u>-</u>	<u>2,607,782</u>
<b>Total Assets</b>	<u>\$ 8,843,744</u>	<u>\$ 87,755</u>	<u>\$ (177,230)</u>	<u>\$ 8,754,269</u>
<b>Liabilities and Net Assets</b>				
Current Liabilities:				
Accounts payable	\$ 72,629	\$ 5,132	\$ -	\$ 77,761
Payable to parent	-	177,230	(177,230)	-
Accrued expenses	50,987	34,007	-	84,994
Deferred revenue- events	33,332	-	-	33,332
Deferred lease revenue- current portion	71,331	-	-	71,331
Finance lease liability- current portion	1,559	-	-	1,559
Total Current Liabilities	<u>229,838</u>	<u>216,369</u>	<u>(177,230)</u>	<u>268,977</u>
Noncurrent Liabilities:				
Deferred lease revenue- noncurrent portion	213,993	-	-	213,993
Finance lease liability- noncurrent portion	2,002	-	-	2,002
Total Noncurrent Liabilities	<u>215,995</u>	<u>-</u>	<u>-</u>	<u>215,995</u>
<b>Total Liabilities</b>	<u>\$ 445,833</u>	<u>\$ 216,369</u>	<u>\$ (177,230)</u>	<u>\$ 484,972</u>
<b>Net Assets:</b>				
Without donor restrictions:				
Net investment in property, buildings, and equip.	2,037,716	6,762	-	2,044,478
Undesignated	5,284,718	(135,375)	-	5,149,343
Total Without Donor Restrictions	<u>7,322,434</u>	<u>(128,613)</u>	<u>-</u>	<u>7,193,821</u>
With donor restrictions	1,075,476	-	-	1,075,476
Total Net Assets	<u>8,397,910</u>	<u>(128,613)</u>	<u>-</u>	<u>8,269,297</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 8,843,743</u>	<u>\$ 87,756</u>	<u>\$ (177,230)</u>	<u>\$ 8,754,269</u>

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATING STATEMENTS OF ACTIVITIES**  
**June 30, 2025**

	Lexington Humane Society, Inc.	Lexington-Fayette Animal Care & Control, LLC	Eliminating Adjustments	Total
<b>Net assets without donor restrictions:</b>				
Revenues, gains and other support				
Contributions	\$ 1,536,282	\$ -	\$ -	\$ 1,536,282
In kind contributions	124,744	-	-	124,744
Adoption fees	551,136	-	-	551,136
Metro contract	-	2,045,999	-	2,045,999
License, rabies and service fees	473,462	169,974	(337,000)	306,436
Fundraising	1,350,314	-	-	1,350,314
Investment return	522,526	-	-	522,526
Other income (expense)	20,505	-	-	20,505
Gain (loss) on sale	(923)	-	-	(923)
Net assets released from restrictions	713,794	-	-	713,794
Total revenues, gains and other support	5,291,840	2,215,973	(337,000)	7,170,813
Expenses:				
Program services:				
Adoption services	1,535,189	-	-	1,535,189
Humane services	1,937,290	-	-	1,937,290
Animal care control	-	2,216,468	(337,000)	1,879,468
Total program expenses	3,472,479	2,216,468	(337,000)	5,351,947
Supporting services:				
General and administrative	274,187	-	-	274,187
Fundraising expense	813,432	-	-	813,432
Total expenses	4,560,098	2,216,468	(337,000)	6,439,566
Change in net assets without donor restrictions	731,742	(495)	-	731,247
<b>Net assets with donor restrictions:</b>				
Revenues, gains and other support:				
Contributions	958,811	-	-	958,811
Investment return	9,142	-	-	9,142
Change in value in perpetual trust	19,172	-	-	19,172
Net assets released from restrictions	(713,794)	-	-	(713,794)
Total revenues, gains and other support	273,331	-	-	273,331
Change in net assets with donor restrictions	273,331	-	-	273,331
Change in net assets	1,005,073	(495)	-	1,004,578
Net assets, beginning of year	8,397,910	(128,613)	-	8,269,297
Net assets, end of year	\$ 9,402,983	\$ (129,108)	\$ -	\$ 9,273,875

**LEXINGTON HUMANE SOCIETY, INC.**  
**CONSOLIDATING STATEMENTS OF ACTIVITIES**  
**June 30, 2024**

	Lexington Humane Society, Inc.	Lexington-Fayette Animal Care & Control, LLC	Eliminating Adjustments	Total
<b>Net assets without donor restrictions:</b>				
Revenues, gains and other support				
Contributions	\$ 1,091,804	\$ -	\$ -	\$ 1,091,804
In kind contributions	87,738	-	-	87,738
Adoption fees	576,438	-	-	576,438
Metro contract	-	1,871,590	-	1,871,590
License, rabies and service fees	440,643	147,751	(320,000)	268,394
Fundraising	1,230,916	-	-	1,230,916
Investment return	717,050	-	-	717,050
Other income (expense)	23,115	-	-	23,115
Net assets released from restrictions	649,697	-	-	649,697
Total revenues, gains and other support	4,817,401	2,019,341	(320,000)	6,516,742
Expenses:				
Program services:				
Adoption services	1,395,427	-	-	1,395,427
Humane services	1,743,200	-	-	1,743,200
Animal care control	-	2,066,366	(320,000)	1,746,366
Total program expenses	3,138,627	2,066,366	(320,000)	4,884,993
Supporting services:				
General and administrative	251,045	-	-	251,045
Fundraising expense	753,547	-	-	753,547
Total expenses	4,143,219	2,066,366	(320,000)	5,889,585
Change in net assets without donor restrictions	674,182	(47,025)	-	627,157
<b>Net assets with donor restrictions:</b>				
Revenues, gains and other support:				
Contributions	330,621	-	-	330,621
Investment return	9,143	-	-	9,143
Change in value in perpetual trust	20,063	-	-	20,063
Net assets released from restrictions	(649,697)	-	-	(649,697)
Total revenues, gains and other support	(289,870)	-	-	(289,870)
Change in net assets with donor restrictions	(289,870)	-	-	(289,870)
Change in net assets	384,312	(47,025)	-	337,287
Net assets, beginning of year	8,013,598	(81,588)	-	7,932,010
Net assets, end of year	\$ 8,397,910	\$ (128,613)	\$ -	\$ 8,269,297