The Humane Society of the United States and Affiliates

Consolidated Financial Statements and Supplemental Schedules

Year Ended December 31, 2017

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Supplemental Schedules
Year Ended December 31, 2017

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, 2017, and the related consolidated statements 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, 2017, 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 18, 2018

Consolidated Financial Statements

The Humane Society of the United States and Affiliates

Consolidated Statement of Financial Position

As of December 31, 2017

Assets		
Cash and cash equivalents	$	**53,552,262**
Investments		**204,298,686**
Investments to fund deferred compensation liability		**375,865**
Accrued interest receivable		**161,238**
Prepaid expenses and other assets		**4,694,845**
Contributions, bequests and other receivables, net		**22,840,116**
Property and equipment, net		**33,110,578**
Total assets	$	**319,033,590**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	**24,321,511**
Annuities and unitrusts		**12,522,196**
Accrued severance obligation		**843,125**
Deferred compensation liability		**375,865**
Accrued retirement benefit obligation		**349,423**
Total liabilities		**38,412,120**
Commitments and contingencies (Notes 13 and 14)		
Net Assets		
Unrestricted		
Board designated		**84,355,303**
Undesignated		**97,133,363**
Total unrestricted net assets		**181,488,666**
Temporarily restricted		**68,123,004**
Permanently restricted		**31,009,800**
Total net assets		**280,621,470**
Total liabilities and net assets	$	**319,033,590**

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, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions	$ 116,588,079	$ 55,418,107	$ 81,314	$ 172,087,500
Bequests	25,256,483	4,649,404	168,193	30,074,080
Interest and dividends	2,204,422	610,548	-	2,814,970
Royalty income	424,732	9,039	-	433,771
Event income	1,888,249	259,357	-	2,147,606
Other income	1,435,927	616,738	-	2,052,665
Net assets released from restrictions	38,460,399	(38,460,399)	-	-
Total support and revenue	186,258,291	23,102,794	249,507	209,610,592
Expenses				
Program services	141,697,895	-	-	141,697,895
Management and general	6,502,430	-	-	6,502,430
Fundraising	41,732,981	-	-	41,732,981
Total expenses	189,933,306	-	-	189,933,306
Change in net assets from operations	(3,675,015)	23,102,794	249,507	19,677,286
Realized and unrealized gains on investments, net	21,511,942	1,387,649	-	22,899,591
Change in net assets before annuity, foreign currency and retirement benefits adjustment	17,836,927	24,490,443	249,507	42,576,877
Annuity liability change in valuation	(1,049,846)	63,146	-	(986,700)
Foreign currency loss	(169,280)	-	-	(169,280)
Pension-related changes other than other than net periodic benefit cost	74,695	-	-	74,695
Change in net assets	16,692,496	24,553,589	249,507	41,495,592
Net assets, January 1, 2017	164,796,170	43,569,415	30,760,293	239,125,878
Net assets, December 31, 2017	$ 181,488,666	$ 68,123,004	$ 31,009,800	$ 280,621,470

See accompanying notes to the consolidated financial statements.

The Humane Society of the United States

Consolidated Statement of Functional Expenses

Year ended December 31, 2017	Program Services: Direct Care	Program Services: Public Policy	Program Services: Corporate Policy	Program Services: Education	Total Program Services	Management and General	Fundraising	Total
Expenses								
Salaries	$ 9,427,973	$ 12,804,380	$ 1,151,422	$ 9,278,882	$ 32,662,657	$ 1,159,297	$ 5,896,171	$ 39,718,125
Employee benefits	2,586,668	3,728,485	340,352	2,758,021	9,413,526	299,187	1,807,254	11,519,967
Total compensation	12,014,641	16,532,865	1,491,774	12,036,903	42,076,183	1,458,484	7,703,425	51,238,092
Education material, publications and campaigns	4,267,606	6,498,297	513,679	24,393,300	35,672,882	511,048	7,705,293	43,889,223
Mailing costs	4,642,889	6,179,601	536,267	4,585,938	15,944,695	883,596	14,639,031	31,467,322
Consultant and contracted services	6,019,171	4,849,886	665,775	6,723,012	18,257,844	664,543	5,957,034	24,879,421
Professional fees	843,705	2,230,004	89,802	767,852	3,931,363	546,556	617,902	5,095,821
Contributions and grants	3,117,402	4,793,001	191,529	1,128,454	9,230,386	-	-	9,230,386
Travel and events	1,459,346	1,658,743	236,007	1,490,688	4,844,784	29,106	379,056	5,252,946
Supplies and field expenses	3,796,540	717,595	45,856	649,712	5,209,703	202,664	1,469,804	6,882,171
Bank and trustee fees	-	-	-	-	-	792,445	2,602,558	3,395,003
Occupancy and building expense	1,534,971	612,035	14,509	741,914	2,903,429	547,674	228,013	3,679,116
Depreciation and amortization	958,709	9,418	-	14,041	982,168	651,212	-	1,633,380
Postage and shipping	170,817	70,183	9,919	667,253	918,172	9,206	159,767	1,087,145
Telephone	196,235	177,501	16,856	136,785	527,377	53,289	69,541	650,207
Insurance and bonds	595,957	264,776	22,094	188,840	1,071,667	145,474	164,445	1,381,586
Miscellaneous taxes	74,419	26,957	1,341	24,525	127,242	7,133	37,112	171,487
Total expenses	$ 39,692,408	$ 44,620,862	$ 3,835,408	$ 53,549,217	$ 141,697,895	$ 6,502,430	$ 41,732,981	$ 189,933,306

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, 2017	
Cash flows from operating activities:	
Change in net assets	$ 41,495,592
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in allowance for uncollectible contributions and bequests	165,639
Bad debt expense	658,224
Change in discount on multi-year contributions and bequests	442,145
Depreciation and amortization	1,633,380
Realized and unrealized gains on investments, net	(22,899,591)
Donated stock	(3,114,866)
Donated property	(1,300,000)
Permanently restricted contributions	(249,507)
Changes in assets and liabilities:	
(Increase) decrease in:	
Accrued interest receivable	(44,409)
Prepaid expenses and other assets	265,512
Contributions, bequests, and other receivables, gross	(2,050,133)
Increase (decrease) in:	
Leasehold improvements	(2,257,920)
Accounts payable and accrued expenses	8,293,303
Annuities and unitrusts	1,677,978
Accrued severance obligation	(218,665)
Accrued postretirement benefit obligation	(7,271,454)
Net cash provided by operating activities	**15,225,228**
Cash flows from investing activities:	
Proceeds from sale of investments	50,803,369
Purchases of investments	(38,682,352)
Proceeds from property sold	6,441
Purchases of property and equipment	(1,742,776)
Net cash provided by investing activities	**10,384,682**
Cash flows from financing activity:	
Permanently restricted contributions	249,507
Net cash provided by financing activity	**249,507**
Net increase in cash and cash equivalents	**25,859,417**
Cash and cash equivalents	
Beginning of year	27,692,845
End of year	$ 53,552,262
Supplemental schedules of noncash investing and financing activities	
Donated property	$ 1,300,000

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 nonprofit 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, for 2017, the Cleveland Amory Black Beauty Ranch (TX), the Cape Wildlife Center (MA), 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 Cape Wildlife Center in Barnstable, Massachusetts is a five-acre facility and model rehabilitation program that rehabilitates native and transitory wildlife, providing medical and rehabilitative treatment to injured and orphaned animals and releasing them back into the wild. FFA no longer manages the Cape Wildlife Center activities as of early 2017. The facilities are being leased to a local nonprofit organization that is continuing the wildlife rehabilitation activities. 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.

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 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, advocating for humane alternatives in veterinary education, and a direct care program, RAVS (Rural Area Veterinary Service), offers veterinary medical treatment for animals on Native American reservations in the United States and remote locations abroad.

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.

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 112 permanent wildlife sanctuaries comprising over 19,000 acres and has been involved in the protection and conservation of habitat in nearly 40 states and nine 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 31 chimpanzees coming out of biomedical research to a beautiful sanctuary on 236 acres in Georgia. PC has an agreement with New Iberia Research Center (NIRC) to move nearly all 300 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 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

The Society recognizes revenue in accordance with FASB ASC 958-605 *Not-for-Profit Entities – Revenue Recognition*.

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 temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Temporarily restricted contributions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as unrestricted contributions.

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 as revenue when the conditions on which they depend have been substantially met.

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 unrestricted bequests 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 receipt. 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

The Society recognizes in-kind revenue in accordance with FASB ASC 958-605-25-16 *Not-for-Profit Entities – Revenue Recognition – Contributions Received – Contributed Services*. 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, 2017, The Society recorded $24,769,735 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, 2017, The Society received $3,754,951 in donated services and $1,605,799 in donated equipment and supplies. These amounts are recorded in contributions revenue and program expenses in the consolidated financial statements.

Event income

Registration and exhibit fees are recognized upon completion of the related event.

Other revenue

Other revenues are recognized when earned.

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, 2017, cash and cash equivalents consisted of checking accounts and depository accounts.

Investments

The Society reports investments in accordance with FASB ASC 958-320 *Not-for-Profit Entities – Investments*. The Society generally reports investments at fair value. 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 unrestricted net assets unless their use is temporarily or permanently 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 and bequests receivable

Contributions and bequests receivable 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 $1,426,533 at December 31, 2017. Total bad debts written-off was $658,224 for the year ended December 31, 2017.

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

The Society records charitable gift annuities in accordance with FASB ASC 958-30 *Not-for-Profit Entities – Split Interest Agreements*. 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

The Society classifies its net assets into the three categories: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets – undesignated

Unrestricted net assets are those net assets that are not subject to donor-imposed stipulations or board designations.

Unrestricted net assets - board-designated

The Society's board of directors has set aside unrestricted amounts received from various donors 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.

Temporarily restricted net assets

Temporarily restricted net assets 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 can be 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Temporarily restricted contributions with restrictions that are 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 unrestricted contributions.

Permanently restricted net assets

Permanently restricted net assets 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.

For the year ended December 31, 2017, the Society earned $441,189 of unrelated business income from magazine and website advertising.

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 nonprofit 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 nonprofit 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.

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, 2014 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.

Operations

Operating revenues and expenses include all transactions that increase or decrease net assets except those associated with net investment return, asset transactions and other pension-related changes.

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, 2017.

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 consolidated statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Certain costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include those costs that are not directly identifiable with any specific function, but which provide for the overall support and direction of The Society.

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 never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits approximate $27 million at December 31, 2017. 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 unrestricted net assets. 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.

Recent accounting pronouncements not yet adopted

In May 2014, the FASB issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606).* This update supersedes previously issued guidance on revenue recognition and will apply to virtually all industries. The core principle of this new guidance is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligation. The new standard will be effective for nonpublic entities for annual reporting periods beginning after December 15, 2018. The Society is evaluating the effect the adoption of this new standard will have on The Society's consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall* (Subtopic 825-10). This update requires an entity to: (i) measure equity investments at fair value through net income, with certain exceptions; (ii) present in other comprehensive income ("OCI") the changes in instrument-specific credit risk for financial liabilities measured using the fair value option; (iii) present financial assets and financial liabilities by measurement category and form of financial asset; (iv) calculate the fair value of financial instruments for disclosure purposes based on an exit price and; (v) assess a valuation allowance on deferred tax assets related to unrealized losses of available for sale ("AFS") debt securities in combination with other deferred tax assets. The Update provides an election to subsequently measure certain nonmarketable equity investments at cost less any impairment and adjusted for certain observable price changes. The Update also requires a qualitative impairment assessment of such equity investments and amends certain fair value disclosure requirements. The new standard will be effective for nonpublic entities for annual reporting periods beginning after December 15, 2018. Early adoption is only permitted for the provision related to instrument-specific credit risk and the fair value disclosure exemption provided to nonpublic entities. The Society is evaluating the effect the adoption of this new standard will have on The Society's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842*). This update 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. 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. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Society is evaluating the effect the adoption of this new standard will have on The Society's consolidated financial statements.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities.* The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Society's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. The Society is currently evaluating the effect the adoption of this new standard will have on the Society's consolidated financial statements.

In March 2017, FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This update applies to any employer that sponsors a defined benefit pension plan, other postretirement benefit plan, or other types of benefits accounted for under Topic 715. The amendments in this ASU require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost, as defined in Topic 715, are required to be presented in the consolidated statement of activities separately from the service cost component and outside a subtotal of income from operations, if one is presented. If a separate line item or items are used to present the other components of net benefit cost, that line item or items must be appropriately described. If a separate line item or items are not used, the line item or items used in the consolidated statement of activities to present the other components of net benefit cost must be disclosed. The amendments in this ASU also allow only the service cost component to be eligible for capitalization when applicable. The guidance is effective for the Society's year ending December 31, 2019. Early adoption is permitted. The Society is currently evaluating the effect the adoption of this new standard will have on the Society's consolidated financial statements.

2. Investments

Investments consist of the following at December 31, 2017:

Portfolio investments	$ 184,157,062
Charitable annuities (Note 7)	18,995,781
Charitable remainder unitrusts (Note 7)	1,145,843
	$ 204,298,686

3. 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.

The Society reports certain investments using the net asset value per share 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.

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.

Assets held in The Society’s defined benefit plan are also subject to the fair value measurement requirements and are separately disclosed (Note 10). Therefore, they are not included in the level summaries or tables presented below.

Fair value on a recurring basis - assets

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

	As of December 31, 2017				
	Assets Measured At Net Asset Value*	Fair Value Hierarchy Level			
Description		Level 1	Level 2	Level 3	Total
Hedge funds					
Equity long/short	$ 103,234	$ -	$ -	$ 37,339,180	$ 37,442,414
Fund of funds					
Equity long/short	6,241,002	-	-	-	6,241,002
Global opportunities	6,429,620	-	-	-	6,429,620
Equity funds					
International long/short	19,463,190	-	-	-	19,463,190
Other	6,723,196	-	-	-	6,723,196
Private equity funds					
Energy and real estate	-	-	-	6,542,781	6,542,781
Global opportunities	11,338,887	-	-	5,818,151	17,157,038
Other	6,255,076	-	-	16,919,003	23,174,079
Fixed income securities					
U.S. government and agency obligations (AAA rated)	-	-	3,555,453	-	3,555,453
Asset-backed fixed income securities (AAA rated)	-	-	405,189		405,189
Corporate bonds (AAA to A rated)	-	-	59,851	-	59,851
Other (BBB rated)	-	-	40	-	40
Equity mutual funds					
Commodities	-	353,799	-	-	353,799
Large cap blend	-	5,551,158	-	-	5,551,158
Emerging markets	-	7,704,086	-	-	7,704,086
Global opportunities	-	9,179,304	-	-	9,179,304
Mutual fund futures	-	-	895,689	-	895,689
International	-	14,119,501	-	-	14,119,501
Balanced mutual funds	-	21,815	-	-	21,815
Small cap blend	-	913,160	-	-	913,160
Real estate	-	315,272	-	-	315,272
Other	-	5,870,048	-	-	5,870,048
Fixed income mutual fund	-	4,783,820	-	-	4,783,820
Exchange traded fund	-	26,764,296	-	-	26,764,296
Equity securities	-	632,885	-	-	632,885
Total fair value investments	$ 56,554,205	$ 76,209,144	$ 4,916,222	$ 66,619,115	$ 204,298,686

* 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, 2017, 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, 2017	$ 35,028,028	$ 28,235,876	$ 63,263,904
Purchases	11,000,000	7,627,697	18,627,697
Sales	(9,775,295)	(8,516,955)	(18,292,250)
Realized and unrealized gains	1,086,447	1,933,317	3,019,764
Balance at December 31, 2017	$ 37,339,180	$ 29,279,935	$ 66,619,115

The following table presents the amount of total gains for the corresponding year included in the change in net assets attributable to unrealized gains or losses relating to assets held at December 31, 2017:

Hedge funds	$	1,086,447
Private equity funds		1,664,662

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, 2017:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds – equity long/short (a)	$ 37,442,414	$ -	Monthly, Quarterly, Annually	30-60 days
Fund of funds (b)	12,670,622	-	Quarterly, Monthly	75 days
Private equity funds (c)	46,873,898	9,280,127	Quarterly, Semi-Annually	30-90 days
Equity funds – international long/short (d)	26,186,386	-	Annually	60 days
	$ 123,173,320	$ 9,280,127		

(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 funds 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 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.

(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 investment 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, 2017 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	$ 37,339,180	Market Approach	Values assigned to underlying funds/assets less liabilities	N/A
Private equity funds	$ 29,279,935	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.

Fair Value on a Nonrecurring Basis

The fair value of The Society's cash and cash equivalents, accounts receivable, prepaid and other assets, accounts payable, notes payable accrued expenses approximate their carrying amounts due to the short maturity of these instruments.

The fair value of The Society's contributions receivables and annuity and split-interest liability is estimated using a discounted cash flow analysis based on the current U.S. Treasury rate for the applicable term.

The fair value of The Society's deferred compensation liability is based on the fair value of the deferred compensation assets and is therefore a level 2 instrument.

The following table presents the carrying values and the fair values of other significant financial assets and liabilities that qualify as financial instruments, determined in accordance with the authoritative guidance for fair value disclosures of financial instruments at December 31, 2017:

	Level in Fair Value Hierarchy	Carrying Amount	Fair Value
Contributions receivable, net	2	$ 22,840,116	$ 24,956,161
Annuity and split-interest liabilities	2	12,522,196	12,662,190

4. Contributions, Bequests and Other Receivables

Contributions, bequests, and other receivables consist of the following at December 31, 2017:

Bequests	$ 7,919,237
Contributions and other receivables	9,051,690
60th Anniversary campaign	6,536,737
Grants	1,448,497
	24,956,161
Less: allowance for uncollectible contributions, bequests and anniversary campaign (5.1%, 6.4% and 10.6% respectfully)	(1,426,533)
Less: discount on multi-year contributions and bequests (0.38%)	(689,512)
Total contributions, bequests and other receivables, net	$ 22,840,116

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

Less than one year	$ 15,420,105
One to five years	9,536,056
	$ 24,956,161

As of December 31, 2017, The Society has outstanding conditional promises receivable from foundations amounting to $3,983,074. The promises are conditioned upon the opening of new satellite offices or new programs and subject to approval of the contributing foundations.

5. Property and Equipment

Property and equipment consists of the following at December 31, 2017:

Land	$ 18,446,928
Buildings and improvements	22,509,448
Tenant leasehold improvements	2,257,920
Office furniture and equipment	3,921,070
Automobiles	2,864,355
Construction-in-progress	165,740
	50,165,461
Less: accumulated depreciation and amortization	(17,054,883)
	$ 33,110,578

Depreciation and amortization expense totaled $1,633,380 for the year ended December 31, 2017.

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at December 31, 2017:

Accounts payable	$ 11,051,886
Accrued vacation	2,140,704
Accrued wages	1,395,438
Deferred tenant improvement incentives	3,659,158
Other accrued expenses	6,074,325
	$ 24,321,511

7. 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, 2017, The Society has reported $1,464,224 of contributions revenue from annuities. As of December 31, 2017, the amount of assets held in charitable annuities, which is restricted for the payment of related annuities, is $18,995,781.

The liability was determined by an actuary using the Annuity Table of Mortality IAR-2015 and assumed interest rates of 1.0% 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, 2017, the actuarial calculated liability was $11,872,052, resulting in an increase in the liability of $1,688,386 for the year ended December 31, 2017.

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. The future liability in amount of $650,144 was calculated using assumed interest rates of 5.0% to 11.6%, resulting in a decrease in the liability of $10,407 for the year ended December 31, 2017. The amount of assets held in charitable unitrusts, which is restricted for the payment of related annuities, is $1,145,843 as of December 31, 2017. The net assets of the trusts of $520,438 are included in temporarily restricted net assets in the accompanying consolidated balance sheet.

8. Severance 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, 2017, was calculated by an actuary, based on a census provided by The Society, using an assumed discount rate of 3.15%. There was no assumed compensation increase. The amount of the liability related to the Severance Pay Plan was $843,125.

9. 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 amounts deferred by participants of the Deferred Compensation Plan during the year ended December 31, 2017, which were included in the amounts reported in the accompanying consolidated financial statements as salaries, totaled $18,000.

The Deferred Compensation Plan assets and the related liability totaled $375,865 at December 31, 2017.

10. 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.

During 2017, the Society gave participants in the Plan the option to receive their benefits in a lump sum or as a deferred annuity. The benefit obligation as of December 31, 2017 has been determined based on the estimated plan termination liability determined using an insurer quote for retirees and participants who affirmatively elected a deferred annuity, and on 2018 lump sum amounts for terminated vested participants who had not yet returned their benefit election forms. The discount rate of 2.55% (reduced from 3.85% used for the 2016 valuation) is based on the interest rate that most closely matches the insurance company quote, and participant census data as of January 1, 2018. There is an additional pension expense recognition required for 2017 under the rules for settlement accounting due to the amount of lump sum distributions paid during 2017.

The following table summarizes the pension benefit obligation, the fair value of the Plan assets, and the funded status of the Plan at December 31, 2017:

Change in pension benefit obligation	
Benefit obligation, beginning of year	$ 38,879,634
Service cost	10,385
Interest cost	1,404,270
Benefit payments	(31,301,697)
Actuarial gain	3,982,016
Benefit obligation, end of year	$ 12,974,608
Change in plan assets	
Fair value of the Plan assets, beginning of year	$ 31,258,757
Employer contributions	10,100,000
Benefit payments	(887,379)
Actual return on the Plan assets	2,568,125
Settlements	(30,414,318)
Fair value of the Plan assets, end of year	$ 12,625,185
Funded (deficit) status of the Plan, end of year	$ (349,423)

The following table provides the components of net periodic pension cost for year ended December 31, 2017:

Service cost on projected benefit obligation	$ 10,385
Interest cost on projected benefit obligation	1,404,270
Expected return on plan assets	(2,258,556)
Amortization of unrecognized loss	1,030,128
Settlement loss	10,337,891
Net periodic pension cost	$ 10,524,118

The Plan had an accumulated benefit obligation of $12,974,608 as of December 31, 2017. As of December 31, 2017, the Plan assets consists of investments in the amount of $12,625,185.

Amounts reducing net assets at December 31, 2017, not yet reported as net periodic benefit cost (expense), are $349,423. The Society expects to amortize $4,410,097 of the net loss into net periodic benefit cost in 2018.

The following assumptions were used by the actuary in determining the Plan benefit obligations as of December 31, 2017:

Long-term rate of investment return	6.75%
Discount rate for net cost	3.85%
Weighted-average discount rate for benefit obligations	2.55%

The basis for the expected long-term rate of return on the Plan assets for the year is based on a five-year rolling average of actual investment returns realized, further adjusted for anticipated future rates of return.

Fair value on a recurring basis – pension assets

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

	As of December 31, 2017				
	Assets Measured At Net Asset	Fair Value Hierarchy Level			
Description	Value*	Level 1	Level 2	Level 3	Total
Hedge funds					
Equity long/short	$ -	$ -	$ -	$ 427,753	$ 427,753
Equity funds					
International	4,081,678	-	-	-	4,081,678
Global opportunities	494,184	-	-	-	494,184
Cash and cash equivalents	-	7,621,570	-	-	7,621,570
Total fair value investments	$ 4,575,862	$ 7,621,570	$ -	$ 427,753	$ 12,625,185

* 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.

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, 2017, there were no significant 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), the Topic requires reconciliation 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:

	Level 3 Assets Hedge Funds
Balance at January 1, 2017	$ 8,322,243
Sales	(7,985,182)
Realized and unrealized gains	90,692
Balance at December 31, 2017	$ 427,753

The following table presents the amount of total losses for the corresponding year included in the change in net assets attributable to unrealized gains relating to assets held at December 31, 2017:

Hedge funds	$ (711,575)

The major categories of The Society's pension investments that are valued at net asset value or its equivalent or are measured at Level 3, including general information related to each category, are as follows at December 31, 2017:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds – equity long/short (a)	$ 427,753	$ -	Bi-Annually	15-90 days
Equity funds				
International (b)	4,081,678	-	Annually	60-120 days
Global opportunities (b)	494,184	-	Annually	60-120 days
	$ 5,003,615	$ -		

(a) This category includes investments in hedge funds that invest both long and short in various domestic and international common stocks. Management of the various funds have the ability to shift from value to growth strategies, from small to large capitalization stocks, and from a net short position to a net long position. 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.

(b) 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, or The Society's ownership interest in partners' capital.

Quantitative information as of December 31, 2017 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	$ 427,753	Market Approach	Values assigned to underlying funds/assets less liabilities	N/A

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 on or after January 1, 2008, were eligible to participate in the 401(k) Plan on an automatic enrollment basis. Employees hired prior to January 1, 2008, who had not attained age 50 by December 31, 2007, could elect to waive coverage in The Plan on an irrevocable basis and would have been eligible to participate in the 401(k) Plan. All participants became fully eligible to participate in the 401(k) Plan effective on the freeze date of the pension plan and all participants were deemed eligible for the maximum fixed contribution for the 401(k) Plan effective on the freeze date.

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 $2,271,346 to the 401(k) Plan during the year ended December 31, 2017.

11. 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 (2.22% as of December 31, 2017). 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, 2017 and no advances were drawn during 2017. The line-of-credit can be terminated upon demand. The Society was in compliance with all related covenants at December 31, 2017.

12. 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 $125,000 (specific) per participant annually. In addition to the $125,000 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 $125,000 specific, with no lifetime maximum. The Society has accrued for the expected cost of unpaid, reported claims and claims incurred but not yet reported. The accrual is based on historical claims experience and the number of employees. Aggregate claims for the $125,000 specific and $100,000 additional layer of coverage (combined) are currently capped at $4,935,723 annually.

As of December 31, 2017, the accrual for the unpaid claims, net of insurance recoveries, totaled $404,280 that was included in accounts payable and accrued expenses on the consolidated statement of financial position.

13. 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 expense, sales and use taxes, and insurance. Rental expense for the year ended December 31, 2017 was $1,844,145.

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

Years Ended December 31,	
2018	$ 1,608,553
2019	1,375,914
2020	1,264,092
2021	1,249,744
2022	1,269,986
Thereafter	12,217,401
	$ 18,985,690

14. 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.

15. Unrestricted Net Assets

Unrestricted net assets are available to finance the general operations of The Society. The only limits on the use of unrestricted net assets 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 unrestricted net assets 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 unrestricted net assets.

Unrestricted net assets are held by the following funds at December 31, 2017:

Board designated	
Investment fund	$ 83,098,239
Endowment fund	327,616
Special purpose funds	929,448
Total board designated	84,355,303
Undesignated	97,133,363
Total unrestricted net assets	$ 181,488,666

16. Temporarily Restricted Net Assets

Temporarily restricted net assets 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 temporarily restricted net assets by, restriction purpose, for the year ended December 31, 2017 were as follows:

	Balance at December 31, 2016	Additions (Reductions)	Released From Restriction	Balance at December 31, 2017
Unitrusts	$ 323,957	$ 196,481	$ -	$ 520,438
Education, training programs and disaster relief	18,564,152	27,211,009	15,896,336	29,878,825
Support for other humane organizations	2,598,723	574,722	578,457	2,594,988
Scholarships	56,702	6,094	147	62,649
Wildlife Land Trust	3,845,534	5,795,279	3,480,803	6,160,010
Liberia chimp maintenance	-	6,438,386	20,067	6,418,319
Endangered species	2,431,040	-	-	2,431,040
Doris Day Animal League	5,738,809	2,526,692	3,478,361	4,787,140
Fund for Animals	3,992,528	4,898,516	6,070,968	2,820,076
South Florida Wildlife Center	-	2,340,534	2,044,653	295,881
Humane Society Veterinary Medical Association	991,850	246,208	403,067	834,991
Project Chimps	1,004,824	725,964	425,912	1,304,876
Humane Society International	4,021,296	12,054,103	6,061,628	10,013,771
	$ 43,569,415	$ 63,013,988	$ 38,460,399	$ 68,123,004

During 2017, 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	$ 38,316,765
Restricted fund investment expenses	143,634
	$ 38,460,399

17. Endowments

The Codification defines an endowment as an established fund of cash, securities, or other assets to provide income for the maintenance of a nonprofit 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 donor-restricted contributions as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, The Society classifies as permanently restricted net assets (a) the original value of permanently restricted contributions and (b) the discounted value of future permanently restricted contributions, net of allowance for uncollectible pledges.

The remaining portion of donor-restricted contributions is classified as temporarily restricted net assets 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 donor-restricted contributions:

- 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 permanently restricted cash contributions that attempt to provide a predictable stream of funding to programs while maintaining purchasing power. All earnings from these funds are reflected as temporarily restricted net assets, until appropriated for program expenditures.

The Society's endowment funds consist of the following as of December 31, 2017:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ 954,372	$ 1,269,299	$ 31,009,800	$ 33,233,471
Board designated endowment funds	327,616	-	-	327,616
	$ 1,281,988	$ 1,269,299	$ 31,009,800	$ 33,561,087

The endowment donor restricted fund activity consists of the following for the year ended December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net (deficit) assets, beginning of the year	$ (1,493,328)	$ 988,152	$ 30,760,293	$ 30,255,117
Investment return:				
Interest and dividends	136,274	16,708	-	152,982
Realized and unrealized gains on investments	3,484,418	376,315	-	3,860,733
Amounts appropriated for expenditure	(1,172,992)	(111,876)	-	(1,284,868)
Contributions	-	-	249,507	249,507
Endowment net assets, end of year	$ 954,372	$ 1,269,299	$ 31,009,800	$ 33,233,471

Permanently restricted net assets-fund categories at December 31, 2017:

Income producing assets; income is expendable to support the following:	
To defray operating expenses	$ 3,134,176
To award scholarships to State of Connecticut secondary school students	2,479
To be used for the best interests of the organization	14,272,959
To support other humane organizations	1,552,039
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	2,375,639
To be used for the State of New Hampshire wildlife	127,820
To be used for the betterment of song birds	802,464
	22,267,576
Non-income producing assets:	
Land and easements held to preserve natural habitats for wildlife	8,742,224
Total permanently restricted net assets	$ 31,009,800

Income earned on investments in the permanently restricted net assets class is reported in the accompanying consolidated statement of activities and change in net assets as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the nature of donor-imposed restrictions on such earnings. For all endowment funds with negative unrestricted net assets, all earnings are reflected as unrestricted net assets, until the net assets are replenished. At such time, such earnings from these funds will thereafter be reflected as temporarily restricted net assets.

18. Allocation of Joint Costs

The Society has allocated the joint costs of providing educational materials and activities that include a fundraising appeal. 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 spot that requested financial support and served other program or management functions were allocated as follows for the year ended December 31, 2017:

Programs	$ 28,833,262
Fundraising	36,657,629
Membership development	1,371,788
	$ 66,862,679

19. Related Parties

On January 6, 2015, the former HSUS Chief Executive Officer (CEO) and The HSUS entered into an agreement with Harper Collins Publishers. The former CEO wrote a book on how creative entrepreneurs, enlightened consumers, and technological innovations are driving the emergence of a humane economy with profound benefits to animals. Harper Collins published the book in 2016. Royalties are to be split equally between the former CEO and The HSUS. The former CEO and The HSUS each received royalty payments totaling $18,122 in 2017.

20. Subsequent Events

The Society evaluated subsequent events from the date of the consolidated statement of financial position through May 18, 2018, the date at which The Society's consolidated financial statements were issued. No other material subsequent events were identified for either recognition or disclosure.

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 and 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 18, 2018

The Humane Society of the United States and Affiliates

Consolidating Schedule of Financial Position

As of December 31, 2017	HSUS	DDAL	FFA	HSI	HSVMA	PC	SFWC	HSWLT	Eliminations	Consolidated
Assets										
Cash and cash equivalents	$ 50,049,640	$ 103,212	$ 149,707	$ 2,619,884	$ 53,190	$ 58,841	$ 67,583	$ 450,205	$ -	$ 53,552,262
Investments	201,215,240	541,977	-	301,704	-	-	-	2,843,171	(603,406)	204,298,686
Investments to fund deferred compensation liability	375,865	-	-	-	-	-	-	-	-	375,865
Accrued interest receivable	159,557	270	-	-	-	-	-	1,411	-	161,238
Prepaid expenses and other assets	4,915,018	-	-	49,350	-	24,875	-	1,300,000	(1,594,398)	4,694,845
Due from affiliates*	1,564,584	4,026,868	(5,588,226)	-	-	-	-	(3,226)	-	-
Contributions, bequests and other receivables, net	16,093,424	117,111	1,253,164	3,611,127	4,966	27,730	107,669	1,765,115	(140,190)	22,840,116
Property and equipment, net	10,671,295	-	8,590,290	-	86,668	4,350,692	274,176	9,137,457	-	33,110,578
Total assets	$ 285,044,623	$ 4,789,438	$ 4,404,935	$ 6,582,065	$ 144,824	$ 4,462,138	$ 449,428	$ 15,494,133	$ (2,337,994)	$ 319,033,590
Liabilities and Net Assets										
Liabilities										
Accounts payable and accrued expenses	$ 21,815,183	$ 2,298	$ 123,794	$ 1,805,496	$ 40,629	$ 39,399	$ 176,336	$ 458,566	$ (140,190)	$ 24,321,511
Notes payable*	-	-	1,461,065	-	-	-	-	-	(1,461,065)	-
Annuities and unitrusts	12,522,196	-	-	-	-	-	-	133,333	(133,333)	12,522,196
Accrued severance obligation	843,125	-	-	-	-	-	-	-	-	843,125
Deferred compensation liability	375,865	-	-	-	-	-	-	-	-	375,865
Accrued retirement benefit obligation	349,423	-	-	-	-	-	-	-	-	349,423
Total liabilities	35,905,792	2,298	1,584,859	1,805,496	40,629	39,399	176,336	591,899	(1,734,588)	38,412,120
Net Assets (Deficit)										
Unrestricted										
Board designated	84,355,303	-	-	-	-	-	-	-	-	84,355,303
Undesignated	100,609,693	-	-	(5,840,608)	(730,796)	3,117,863	(22,789)	-	-	97,133,363
Total unrestricted net assets	184,964,996	-	-	(5,840,608)	(730,796)	3,117,863	(22,789)	-	-	181,488,666
Temporarily restricted	41,906,259	4,787,140	2,820,076	10,617,177	834,991	1,304,876	295,881	6,160,010	(603,406)	68,123,004
Permanently restricted	22,267,576	-	-	-	-	-	-	8,742,224	-	31,009,800
Total net assets	249,138,831	4,787,140	2,820,076	4,776,569	104,195	4,422,739	273,092	14,902,234	(603,406)	280,621,470
Total liabilities and net assets	$ 285,044,623	$ 4,789,438	$ 4,404,935	$ 6,582,065	$ 144,824	$ 4,462,138	$ 449,428	$ 15,494,133	$ (2,337,994)	$ 319,033,590

*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, 2017	HSUS	DDAL	FFA	HSI	HSVMA	PC	SFWC	HSWLT	Eliminations	Consolidated
Support and Revenue										
Contributions	$ 140,976,325	$ 1,702,542	$ 3,106,327	$ 18,648,711	$ 897,985	$ 1,414,928	$ 1,914,543	$ 3,426,139	$ -	$ 172,087,500
Bequests	23,806,009	740,173	1,741,046	1,529,966	6,001	-	98,888	2,151,997	-	30,074,080
Interest and dividends	2,749,240	2,428	484	6,686	-	-	-	56,132	-	2,814,970
Royalty income	431,359	-	-	2,412	-	-	-	-	-	433,771
Event income	2,083,439	-	35,893	443	30	14,395	13,406	-	-	2,147,606
Other income	1,449,426	20,161	14,766	35,078	-	311,570	63,697	157,967	-	2,052,665
Program support	-	-	518,365	1,782,305	890,741	617,863	1,646,357	2,868	(5,458,499)	-
Total support and revenue	171,495,798	2,465,304	5,416,881	22,005,601	1,794,757	2,358,756	3,736,891	5,795,103	(5,458,499)	209,610,592
Expenses										
Program services	111,619,226	2,941,024	5,578,912	17,193,830	1,773,064	1,440,841	3,387,255	3,222,242	(5,458,499)	141,697,895
Management and general	4,612,894	101,001	311,940	934,840	137,434	-	297,603	106,718	-	6,502,430
Fundraising	38,318,284	436,336	697,214	2,086,849	9,685	-	29,903	154,710	-	41,732,981
Total expenses	154,550,404	3,478,361	6,588,066	20,215,519	1,920,183	1,440,841	3,714,761	3,483,670	(5,458,499)	189,933,306
Change in net assets from operations	16,945,394	(1,013,057)	(1,171,185)	1,790,082	(125,426)	917,915	22,130	2,311,433	-	19,677,286
Realized and unrealized gains on investments	22,520,513	61,388	-	-	-	-	-	317,690	-	22,899,591
Change in net assets before annuity, foreign currency, and retirement benefits adjustment	39,465,907	(951,669)	(1,171,185)	1,790,082	(125,426)	917,915	22,130	2,629,123	-	42,576,877
Annuity liability change in valuation	(853,367)	-	-	-	-	-	-	(133,333)	-	(986,700)
Foreign currency loss	(110,702)	-	(1,267)	419,162	2	-	(1)	-	(476,474)	(169,280)
Pension-related changes other than other than net periodic benefit cost	74,695	-	-	-	-	-	-	-	-	74,695
Change in net assets	38,576,533	(951,669)	(1,172,452)	2,209,244	(125,424)	917,915	22,129	2,495,790	(476,474)	41,495,592
Net assets, January 1, 2017	210,562,298	5,738,809	3,992,528	2,567,325	229,619	3,504,824	250,963	12,406,444	(126,932)	239,125,878
Net assets, December 31, 2017	$ 249,138,831	$ 4,787,140	$ 2,820,076	$ 4,776,569	$ 104,195	$ 4,422,739	$ 273,092	$ 14,902,234	$ (603,406)	$ 280,621,470

See independent auditor's report on supplemental schedules.