**ROUTT COUNTY HUMANE SOCIETY**

Financial Statements

December 31, 2025

**ROUTT COUNTY HUMANE SOCIETY**

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CATTERSON
& COMPANY, P.C.
Certified Public Accountants
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Independent Auditor's Report

The Board of Directors
Routt County Humane Society
Steamboat Springs, Colorado

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the Routt County Humane Society (the Organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Routt County Humane Society as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP).

***Basis for Opinion***

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

**Report on Summarized Comparative Financial Information**

We have previously audited the Organization's December 31, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2025. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cattlerm + Company, P.C.

Steamboat Springs, Colorado
June 22, 2026

**ROUTT COUNTY HUMANE SOCIETY**
**Statement of Financial Position**
**December 31, 2025**
**(with summarized financial information as of December 31, 2024)**

| | 2025 | 2024 |
|---|---|---|
| **Assets:** | | |
| Cash and cash equivalents | $ 263,772 | $ 180,301 |
| Certificates of deposit | 428,309 | 419,875 |
| Accounts receivable | 1,255 | 522 |
| Other assets | 22,591 | 14,506 |
| Security deposit | 3,500 | 3,500 |
| Operating lease right-of-use asset | 171,321 | 228,113 |
| Property and equipment, net of accumulated depreciation | 262,187 | 304,354 |
| Total assets | $ 1,152,935 | $ 1,151,171 |
| **Liabilities and net assets:** | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | $ 11,554 | $ 15,181 |
| Operating lease liability | 180,708 | 235,244 |
| Finance lease liability | 128,466 | 150,871 |
| Total liabilities | 320,728 | 401,296 |
| Net assets: | | |
| Without donor restrictions | 713,606 | 646,515 |
| With donor restrictions | 118,601 | 103,360 |
| Total net assets | 832,207 | 749,875 |
| Total liabilities and net assets | $ 1,152,935 | $ 1,151,171 |

See accompanying notes to financial statements.

**ROUTT COUNTY HUMANE SOCIETY**
**Statement of Activities**
**For the Year Ended December 31, 2025**
**(with summarized financial information for the year ended December 31, 2024)**

| | 2025 | | | |
|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | 2024 Total |
| **Revenues and other support:** | | | | |
| Contributions and grants | $ 483,674 | $ 30,000 | $ 513,674 | $ 306,605 |
| Shelter contract services | 204,263 | - | 204,263 | 199,510 |
| Program fees: | | | | |
| Wellness | 164,467 | - | 164,467 | 151,571 |
| Adoptions | 46,008 | - | 46,008 | 40,148 |
| Vaccine clinic | 13,450 | - | 13,450 | 12,482 |
| Licenses | 6,854 | - | 6,854 | 7,621 |
| Cremations | 6,805 | - | 6,805 | 3,503 |
| Other | 11,383 | - | 11,383 | 24,568 |
| Fundraising events, net of direct costs | 180,170 | - | 180,170 | 234,951 |
| Interest income | 16,163 | - | 16,163 | 18,436 |
| Other | 9,704 | - | 9,704 | 7,580 |
| Net assets released from restrictions | 14,759 | (14,759) | - | - |
| Total revenues and other support | 1,157,700 | 15,241 | 1,172,941 | 1,006,975 |
| **Operating expenses:** | | | | |
| Program services | 823,164 | - | 823,164 | 805,697 |
| Supporting services: | | | | |
| Management and general | 162,770 | - | 162,770 | 142,755 |
| Fundraising | 104,675 | - | 104,675 | 104,024 |
| Total operating expenses | 1,090,609 | - | 1,090,609 | 1,052,476 |
| Change in net assets | 67,091 | 15,241 | 82,332 | (45,501) |
| Net assets, beginning of year | 646,515 | 103,360 | 749,875 | 795,376 |
| Net assets, end of year | $ 713,606 | $ 118,601 | $ 832,207 | $ 749,875 |

See accompanying notes to financial statements.

**ROUTT COUNTY HUMANE SOCIETY**
**Statement of Functional Expenses**
**For the Year Ended December 31, 2025**
**(with summarized financial information for the year ended December 31, 2024)**

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | Total | 2024 Total |
| **Expenses:** | | | | | |
| Wages and benefits | $ 402,158 | $ 116,856 | $ 85,888 | $ 604,902 | $ 631,138 |
| Occupancy | 87,446 | 5,649 | - | 93,095 | 93,005 |
| Shelter medical | 9,025 | - | - | 9,025 | 30,565 |
| Shelter spay/neuter | 16,932 | - | - | 16,932 | 7,460 |
| Veterinary supplies | 102,439 | - | 258 | 102,697 | 94,357 |
| Shelter supplies | 13,616 | - | (23) | 13,593 | 14,110 |
| Professional fees | 4,964 | 17,655 | - | 22,619 | 17,583 |
| Donor solicitation | 1,013 | - | 9,994 | 11,007 | 11,744 |
| Credit card charges | 10,856 | - | 163 | 11,019 | 9,851 |
| Repairs and maintenance | 12,832 | 348 | - | 13,180 | 13,750 |
| Marketing and advertising | 20,748 | - | - | 20,748 | 17,953 |
| Contract labor | 47,241 | - | - | 47,241 | 15,219 |
| Dues and subscriptions | 11,550 | 466 | - | 12,016 | 15,949 |
| Interest expense | - | 6,940 | - | 6,940 | - |
| Depreciation | 63,628 | - | - | 63,628 | 57,098 |
| Other | 18,716 | 14,856 | 8,395 | 41,967 | 22,694 |
| Total expenses | $ 823,164 | $ 162,770 | $ 104,675 | $ 1,090,609 | $ 1,052,476 |

See accompanying notes to financial statements.

**ROUTT COUNTY HUMANE SOCIETY**
**Statement of Cash Flows**
**For the Year Ended December 31, 2025**
**(with summarized financial information for the year ended December 31, 2024)**

| | 2025 | 2024 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Change in net assets | $ 82,332 | $ (45,501) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 63,628 | 57,098 |
| Reinvestment of interest earnings | | |
| (Increase) decrease in: | | |
| Accounts receivable | (733) | 17,278 |
| Operating lease right-of-use asset | 56,792 | 54,685 |
| Other assets | (8,085) | (7,707) |
| (Decrease) increase in: | | |
| Accounts payable and accrued expenses | (3,627) | 8,231 |
| Operating lease liability | (54,536) | (49,130) |
| Net cash provided by operating activities | 135,771 | 34,954 |
| **Cash flows from investing activities:** | | |
| Payment for acquistion of equipment | (21,461) | - |
| Purchases of certificates of deposit and reinvesment of interest earnings | (8,434) | (341,375) |
| Net cash provided (used) by investing activities | (29,895) | (341,375) |
| **Cash flows from financing activities:** | | |
| Financing lease principal payments | (22,405) | - |
| Net cash provided (used) by financing activities | (22,405) | - |
| Net change in cash and cash equivalents | 83,471 | (306,421) |
| Cash and cash equivalents, beginning of year | 180,301 | 486,722 |
| Cash and cash equivalents, end of year | $ 263,772 | $ 180,301 |
| **Supplemental information:** | | |
| Interest paid | $ 6,940 | $ - |

See accompanying notes to financial statements.

## Note 1: Description of the Organization

The Routt County Humane Society (the Organization) was incorporated as a Colorado not-for-profit corporation in 1985 to serve the welfare of animals in Routt County, Colorado. The Organization's mission is to be a community resource that helps animals in need through sheltering, adoption, education, veterinary services and community outreach.

The Organization provides routine and emergency veterinary care for shelter animals and spay/neuter services in the City of Steamboat Springs, Colorado (the City). The Organization is funded primarily by shelter contract services, contributions, grants and program fees for services.

## Note 2: Summary of Significant Accounting Policies

*Basis of Presentation*

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The accounting policies of the Organization have been designed to conform to GAAP as applicable to not-for-profit organizations.

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions**:** Net assets that are not subject to donor-imposed stipulations.

With donor restrictions**:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

*Cash and Cash Equivalents*

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Certificates of Deposit*

Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

*Concentrations of Credit Risk*

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

*Accounts Receivable*

Accounts receivable consists primarily of amounts due from contract services and program fees for services. The Organization believes that all of its receivables are collectible; therefore, no provision for uncollectible accounts has been recorded as of December 31, 2025 and 2024.

**Note 2: Summary of Significant Accounting Policies (continued)**

*Leases*

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term using a risk-free rate of return. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

*Property and Equipment, Net*

Property and equipment are stated at cost at the date of acquisition or fair value if acquired through donation. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered. Depreciation is calculated using the straight-line method over the applicable estimated useful lives.

*Revenue Recognition*

Contributions and Grants

Contributions and grants are recognized when cash, securities or other assets and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend are substantially met. Payments received in advance of the conditions being met are recorded as refundable advances in the statement of financial position.

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

Contributions of assets other than cash are recorded at their estimated fair value as of the date of the gift.

Shelter Contract Services

Shelter contract services are recognized as revenue ratably over the contract period.

Program Fees

Revenues from program fees are recognized as earned when the services are provided to the program participants.

*Functional Expenses*

The costs of providing program and supporting services have been summarized on a functional basis in the statement of functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also incurs expenses that are attributable to more than one function. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited. The expenses allocated include wages and benefits that are allocated on estimates of time and effort incurred by personnel.

*Advertising*

The Organization expenses the costs of advertising when incurred.

**Note 2: Summary of Significant Accounting Policies (continued)**

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

*Tax Status*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organization qualifies for the charitable contribution deduction. Income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income during 2025.

The Organization is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. The three previous tax years remain subject to examination by the IRS.

*Comparative Financial Statements*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Certain prior year amounts have been reclassified to conform to the current year presentation.

**Note 3: Liquidity and Availability of Financial Assets**

Financial assets available for general expenditure within one year of December 31, 2025:

| | |
|---|---|
| Cash and cash equivalents | $ 263,772 |
| Certificates of deposit | 428,309 |
| Accounts receivable | 1,255 |
| | 693,336 |
| Less amounts not available to be used: | |
| Net assets with donor purpose restrictions | (118,601) |
| | $ 574,735 |

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 4: Certificates of Deposit**

As of December 31, 2025 and 2024, the Organization held the following certificates of deposit:

| | 2025 | 2024 |
|---|---|---|
| Certificate of deposit (> 3 months) | $ 428,309 | $ 419,875 |

**Note 5: Property and Equipment, Net**

Property and equipment, net consisted of the following as of December 31, 2025 and 2024:

| | 2025 | 2024 | Estimated Useful Life |
|---|---|---|---|
| Leasehold improvements | $ 26,084 | $ 26,084 | 15 years |
| Vehicles | 221,739 | 221,739 | 5-7 years |
| X-Ray equipment | 65,900 | 65,900 | 15 years |
| Equipment and fixtures | 66,702 | 48,362 | 5-7 years |
| Leased equipment | 150,871 | 150,871 | 6 years |
| | 531,296 | 512,956 | |
| Less accumulated depreciation | (269,109) | (208,602) | |
| | $ 262,187 | $ 304,354 | |

**Note 6: Net Assets With Donor Restrictions**

Net assets with donor restrictions were as follows as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Crematorium operations | $ 56,481 | $ 59,170 |
| Animal transport program | 12,784 | 13,536 |
| Yellow Dog Project | 20,654 | 20,654 |
| Surgical light | 880 | 5,000 |
| Trap neuter release in Hayden | 9,852 | - |
| Veterinary care assistance | 8,287 | - |
| Behavioral support | 5,000 | - |
| Prescription diets | 4,663 | - |
| Capital campaign | - | 5,000 |
| | $ 118,601 | $ 103,360 |

Net assets released from net assets with donor restrictions during the year ended December 31, 2025 were as follows:

| | |
|---|---|
| Crematorium operations | $ 2,689 |
| Animal transport program | 752 |
| Surgical light | 4,120 |
| Capital campaign | 5,000 |
| Other | 2,198 |
| | $ 14,759 |

**Note 7: Leases**

*Operating Lease*

The Organization entered into a lease agreement for facilities and office space effective September 26, 2023 through September 25, 2028. Terms of the agreement include initial monthly rent of $5,000 increasing annually by 5%.

*Financing Lease*

The Organization entered into an agreement to use diagnostic equipment effective May 29, 2024 for six years through May 28, 2030. The agreement does not require lease payments but includes an annual minimum purchase amount of $29,345 for the lessor's related products. The diagnostic equipment transfers ownership to the Organization at the end of the term should all annual minimum purchase amounts be satisfied.

The right-of-use assets and corresponding lease liabilities associated with future lease payments as of December 31, 2025 are as follows:

| | Operating | Financing |
|---|---|---|
| Right-of-use (ROU) assets | $ 171,321 | $ 111,058 |
| Lease liability | $ 180,708 | $ 128,466 |
| Discount rate | 4.60% | 4.60% |
| Remaining lease term (years) | 2.75 | 4.42 |

Operating lease expense reported within occupancy in the statement of functional expenses for the year ended December 31, 2025 is as follows:

| | |
|---|---|
| Operating lease expense | $ 69,905 |

Amortization of the right-of-use asset from the financing lease reported within depreciation expense in the statement of functional expenses for the year ended December 31, 2025 is as follows:

| | |
|---|---|
| Amortization of ROU asset | $ 25,145 |

The future minimum lease payments under the leases as of December 31, 2025 are as follows:

| | Operating | Financing |
|---|---|---|
| Year ended December 31, | | |
| 2026 | $ 66,972 | $ 29,345 |
| 2027 | 70,323 | 29,345 |
| 2028 | 54,693 | 29,345 |
| 2029 | - | 29,345 |
| 2030 | - | 29,345 |
| | 191,988 | 146,725 |
| Discount to present value | (11,280) | (18,259) |
| Lease liability | $ 180,708 | $ 128,466 |

**Note 8: Animal Shelter Services**

The Organization entered into an agreement with the City effective January 1, 2023 to operate and manage the City's animal shelter. Terms of the agreement require the City to pay compensation to the Organization with a 5% maximum annual Consumer Price Index (CPI) increase. The term of the agreement has been extended through December 31, 2025. The Organization received $110,009 and $108,355 from the City for contracted animal shelter services for the years ended December 31, 2025 and 2024, respectively.

The Organization also entered into an agreement for animal shelter services with Routt County, Colorado (the County) in conjunction with the City contract. Terms of the agreement require the County to pay compensation to the Organization upon mutual agreement as part of the County's annual budgeting process. The agreement could be extended upon mutual agreement of the Organization and County. The Organization received $94,254 and $91,155 from the County for contracted animal shelter services for the years ended December 31, 2025 and 2024, respectively.

**Note 9: Employee Retirement Plan**

The Organization offers employees the opportunity for participation in a SIMPE IRA retirement plan. The Organization contributed a percentage of participating employee wages determined on an annual basis. During the years ended December 31, 2025 and 2024, the Organization made contributions of 3% of participating employee wages to the plan totaling $9,121 and $12,462, respectively.

**Note 10: Employee Retention Credit**

The Organization received Employee Retention Credit (ERC) funds totaling $93,336 under the Coronavirus Aid Relief, and Economic Security (CARES) Act and the American Rescue Plan Act during the year ended December 31, 2023.

In 2025, the Organization received correspondence from the IRS proposing adjustments to the ERC claims. The IRS has stated the proposed adjustments are related to a duplicate payment received for the quarter ended June 30, 2021, while the ERC claim for the quarter ended September 30, 2021 remains outstanding.

On April 18, 2025, the Organization remitted $36,195 to the IRS related to the duplicate payment but has an appeal against the position of the IRS of a duplicate payment. As of December 31, 2025, no receivable has been recorded for the outstanding ERC claim for the quarter ended September 30, 2021 due to uncertainty regarding the timing and ultimate resolution of the claim.

**Note 11: Subsequent Events**

The Organization has evaluated subsequent events through June 22, 2026, which is the date the financial statements were available to be issued.