

The Humane Society Of The United States And Affiliates

Consolidated Financial Statements
December 31, 2010

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Independent Auditor's Report

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

We have audited the accompanying consolidated balance sheet of The Humane Society of the United States and Affiliates (the Society) as of December 31, 2010, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Society's 2009 consolidated financial statements and in our report, dated August 6, 2010, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 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, 2010, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Gaithersburg, Maryland
July 21, 2011

The Humane Society Of The United States And Affiliates

**Consolidated Balance Sheet
December 31, 2010
(With Comparative Totals For 2009)**

Assets	2010	2009
Cash And Cash Equivalents	\$ 23,757,952	\$ 27,191,714
Investments	155,633,042	146,863,011
Investments To Fund Deferred Compensation Liability	425,229	381,469
Accrued Interest Receivable	339,807	706,529
Prepaid Expenses And Other Assets	696,638	1,444,724
Contributions, Bequests, And Other Receivables, net	16,995,528	17,681,056
Redeemed Securities	12,829,601	2,605,028
Assets Held For Investment Purposes	293,985	2,063,388
Property And Equipment, net	20,296,130	19,116,012
Total assets	\$ 231,267,912	\$ 218,052,931
Liabilities And Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 9,173,659	\$ 8,608,372
Annuities and unitrusts	7,431,483	7,366,793
Accrued severance obligation	1,555,632	1,533,297
Deferred compensation liability	425,229	381,469
Accrued postretirement benefit obligation	7,575,709	8,782,274
Total liabilities	26,161,712	26,672,205
Commitments And Contingencies (Notes 13 And 16)		
Net Assets		
Unrestricted		
Board designated	78,997,482	71,036,713
Undesignated	55,982,153	40,659,429
	134,979,635	111,696,142
Temporarily restricted	36,365,535	46,433,368
Permanently restricted	33,761,030	33,251,216
Total net assets	205,106,200	191,380,726
Total liabilities and net assets	\$ 231,267,912	\$ 218,052,931

See Notes To Consolidated Financial Statements.

The Humane Society Of The United States And Affiliates

Consolidated Statement Of Activities And Changes In Net Assets
 Year Ended December 31, 2010
 (With Comparative Totals For 2009)

	2010				2009 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Support and revenue:					
Contributions	\$ 98,524,364	\$ 17,920,080	\$ -	\$ 116,444,444	\$ 95,261,788
Bequests	22,342,970	4,478,107	53,226	26,874,303	23,797,275
Royalty income	4,511,827	356,692	-	4,868,519	3,994,428
Grants and trust contributions	2,038,713	2,662,730	2,116	4,703,559	3,956,607
Interest and dividends	1,778,573	1,815,575	454,472	4,048,620	3,859,434
Event income	1,916,664	535,785	-	2,452,449	1,717,552
Sales of literature and publications	768,314	8,893	-	777,207	808,810
Other income	287,452	281,088	-	568,540	2,199,909
Loss on sale of other assets	-	(681,431)	-	(681,431)	-
Net assets released from restrictions	37,496,782	(37,496,782)	-	-	-
Total support and revenue	169,665,659	(10,119,263)	509,814	160,056,210	135,595,803
Expenses:					
Program services	124,319,223	-	-	124,319,223	103,036,823
Management and general	6,366,563	-	-	6,366,563	5,683,372
Fundraising	26,263,566	-	-	26,263,566	25,304,441
Total expenses	156,949,352	-	-	156,949,352	134,024,636
Change in net assets from operations	12,716,307	(10,119,263)	509,814	3,106,858	1,571,167
Realized and unrealized gain on investments, net	10,043,690	51,430	-	10,095,120	11,562,654
Change in net assets before postretirement benefits adjustment	22,759,997	(10,067,833)	509,814	13,201,978	13,133,821
Postretirement benefits adjustment	523,496	-	-	523,496	638,060
Change in net assets	23,283,493	(10,067,833)	509,814	13,725,474	13,771,881
Net assets:					
Beginning	111,696,142	46,433,368	33,251,216	191,380,726	170,499,977
Net assets assumed in combination – SFWC	-	-	-	-	7,108,868
Ending	\$ 134,979,635	\$ 36,365,535	\$ 33,761,030	\$ 205,106,200	\$ 191,380,726

See Notes To Consolidated Financial Statements.

The Humane Society Of The United States And Affiliates

Consolidated Statement Of Functional Expenses
Year Ended December 31, 2010
(With Comparative Totals For 2009)

	2010								2009 Total	
	Program Services						Management And General	Fundraising		Total
	Research And Education	Cruelty Prevention Programs	Direct Care And Service	Advocacy And Public Policy	Total Program Expenses					
Salaries	\$ 5,592,685	\$ 5,254,098	\$ 5,994,374	\$ 8,856,941	\$ 25,698,098	\$ 717,900	\$ 2,766,393	\$ 29,182,391	\$ 26,366,681	
Employee benefits	1,514,082	1,399,602	1,606,517	2,375,387	6,895,588	147,982	724,774	7,768,344	7,834,854	
Total compensation	7,106,767	6,653,700	7,600,891	11,232,328	32,593,686	865,882	3,491,167	36,950,735	34,201,535	
Mailing costs	4,505,407	4,905,346	5,930,114	7,319,073	22,659,940	1,084,515	13,583,966	37,328,421	35,844,155	
Consultant and contracted services	3,134,725	3,892,829	3,131,130	4,595,952	14,754,636	446,827	2,370,827	17,572,290	16,753,916	
Education material, publications, and campaigns	3,844,967	2,359,165	5,350,919	18,584,828	30,139,879	25,341	4,238,230	34,403,450	19,830,198	
Professional fees	135,428	182,805	183,819	6,007,977	6,510,029	106,187	120,867	6,737,083	5,580,966	
Contributions and grants	487,851	2,147,347	237,438	2,093,290	4,965,926	-	-	4,965,926	4,782,757	
Travel, meals and lodging	446,080	1,236,169	854,996	1,246,307	3,783,552	15,057	244,226	4,042,835	3,952,897	
Bank and trustees' fees	-	-	-	-	-	2,585,717	1,573,864	4,159,581	3,263,650	
Supplies and field expenses	396,806	451,916	1,890,978	483,998	3,223,698	67,796	195,025	3,486,519	3,039,501	
Occupancy and building expense	473,779	274,227	865,103	393,780	2,006,889	205,561	183,794	2,396,244	1,922,330	
Depreciation	45,678	44,580	683,521	70,745	844,524	798,582	6,201	1,649,307	1,618,164	
Postage and shipping	920,238	129,364	72,478	125,065	1,247,145	11,581	48,553	1,307,279	1,261,805	
Telephone	139,649	178,000	180,016	326,959	824,624	33,357	82,999	940,980	982,109	
Insurance and bonds	107,011	105,450	136,980	170,733	520,174	87,617	100,014	707,805	697,264	
Real estate and other taxes	15,816	33,102	103,464	92,139	244,521	32,543	23,833	300,897	293,389	
Total	\$ 21,760,202	\$ 22,594,000	\$ 27,221,847	\$ 52,743,174	\$ 124,319,223	\$ 6,366,563	\$ 26,263,566	\$ 156,949,352	\$ 134,024,636	

See Notes To Consolidated Financial Statements.

The Humane Society Of The United States And Affiliates

**Consolidated Statement Of Cash Flows
Year Ended December 31, 2010
(With Comparative Totals For 2009)**

	2010	2009
Cash Flows From Operating Activities		
Change in net assets	\$ 13,725,474	\$ 13,771,881
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions and interest received for endowment	(509,814)	(2,549,851)
Depreciation and amortization	1,649,307	1,618,164
Gain on sale of property and equipment	(104,812)	(67,801)
Net realized and unrealized gains on investment	(10,095,120)	(11,562,654)
Donated stock	(5,190,742)	(332,924)
Donated land	(53,000)	(150,000)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accrued interest receivable	366,722	(230,509)
Prepaid expenses and other assets	748,086	(377,916)
Contributions, bequests, and other receivables, net	685,528	5,104,927
Assets held for investment purposes	1,769,403	-
Increase (decrease) in:		
Accounts payable and accrued expenses	565,287	575,989
Annuities and unitrusts	64,690	5,731
Accrued severance obligation	22,335	84,992
Accrued postretirement benefit obligation	(1,206,565)	182,227
Net cash provided by operating activities	2,436,779	6,072,256
Cash Flows From Investing Activities		
Proceeds from sale of investments	109,791,971	100,528,901
Purchase of investments	(113,500,713)	(131,785,274)
Proceeds from sale of property and equipment	196,435	216,343
Purchases of property and equipment	(2,868,048)	(1,410,425)
Net cash used in investing activities	(6,380,355)	(32,450,455)
Cash Flows From Financing Activities		
Contributions and interest received for endowment	509,814	2,549,851
Net cash provided by financing activities	509,814	2,549,851
Net decrease in cash and cash equivalents	(3,433,762)	(23,828,348)
Cash And Cash Equivalents:		
Beginning	27,191,714	50,735,952
Cash assumed in combination – SFWC	-	284,110
Ending	\$ 23,757,952	\$ 27,191,714
Supplemental Schedule Of Noncash Investing And Financing Activities		
Donated stock	\$ 5,190,742	\$ 332,924
Donated land	\$ 53,000	\$ 150,000

See Notes To Consolidated Financial Statements.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies

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

- The Humane Society of the United States (HSUS)
- Humane Society Wildlife Land Trust (WLT)
- Humane Society International, Inc. (HSI)
- Doris Day Animal League (DDAL)
- The Fund for Animals (FFA)
- South Florida Wildlife Center, Inc. (SFWC)
- Humane Society University (HSU)

South Florida Wildlife Center (SFWC): Effective December 27, 2010, the corporate name of the Society for Prevention of Cruelty to Animals of Broward County, Inc. was officially changed to South Florida Wildlife Care Center, Inc., d/b/a "Wildlife Care Center."

A summary of the Society's significant accounting policies follows:

Basis of accounting: The accompanying consolidated financial statements are prepared using the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Principles of consolidation: All significant intercompany transactions have been eliminated in the consolidation.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). As required by the Non-Profit Entities Topic of the Codification, 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.

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, 2010, cash and cash equivalents consisted of checking accounts and money market accounts.

Investments: Investments with readily determinable fair values are reflected at fair market value. To adjust the carrying value of the investment, unrealized gains and losses are reported in the consolidated statement of activities and changes in net assets as other changes in net assets.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Financial risk: The Society maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Society has not experienced any losses in such accounts. The Society believes it is not exposed to any significant financial risk on cash.

The Society invests in a professionally managed portfolio that contains equity securities, corporate bonds, government securities, hedge funds and private equity funds. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

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. 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 \$542,667 at December 31, 2010.

Redeemed securities: The Society had redeemed securities totaling \$12,829,601 at December 31, 2010. These represent investments for which the Society has filed a redemption notice, but the cash has not been received by the Society as of December 31, 2010.

Assets held for investment purposes: The Society has various cost-basis investments, which totaled \$293,985 at December 31, 2010.

Property and equipment: Property and equipment with a cost of \$5,000 or more are capitalized. Donated property is recorded at fair value or donor's basis at the time of donation, if fair value cannot be reasonably estimated. Donated land conservation easements are recorded at \$1. Improvements to fixed assets which 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.

Valuation of long-lived assets: The Society accounts for the valuation of long-lived assets by reviewing such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be 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. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. There were no impairments of long-lived assets at December 31, 2010.

Support and revenue: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

Bequests: Individual unrestricted bequests in excess of \$25,000 are recognized as revenue in the undesignated net assets at the rate of 20 percent, and in the board designated investment fund net assets at the rate of 80 percent, in the year of receipt. The 80 percent 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.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

In-kind contributions: 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 are distributed to radio stations and newspapers nationwide and run free of charge. The Society has contracted with an independent outside agency to track the date and time that each public service announcement runs, and the value of the announcements is based on the date, time, and market. For the year ended December 31, 2010, the Society recorded \$18,566,682 of contributed public service announcements.

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, 2010, the Society received \$6,214,635 in donated services and \$360,235 in donated equipment and supplies.

Use of estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Tax status: HSUS, WLT, HSI, FFA, SFWC, and HSU 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. The Society had no net unrelated business income for the year ended December 31, 2010.

The Society follows the accounting standard for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Society may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate 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.

Management evaluated the Society's tax positions and concluded that the Society had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. Generally, the Society is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2007.

Hedge funds, fund of funds and private equity funds: Investments in hedge funds, fund of funds, and private equity funds are valued at fair value, based on the applicable percentage of ownership of the funds' net assets as of the measurement date, as determined by management. In determining fair value, management utilizes valuations provided by the fund managers. The funds value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the funds, which may include private placements and other securities for which prices are not readily available, are determined by the management of the respective fund and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the Society's investments in hedge funds, fund of funds, and private equity funds generally represents the amount the Society would expect to receive if it were to liquidate its investments in the funds and notes, excluding any redemption charges that may apply.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Recently issued accounting pronouncement: In January 2010, the FASB released Accounting Standards Update No. 2010-06 (ASU 2010-06), which provides accounting guidance that requires new fair value measurement classification disclosures and clarifies existing disclosures. The guidance requires: (i) separate disclosures of significant transfers between Levels 1 and 2 and reasons for transfers; (ii) disclosure, on a gross basis, of purchases, sales, issuances and net settlements within Level 3 measurements; (iii) disclosures by significant class of assets and liabilities; and (iv) a description of the evaluation techniques and inputs used to measure fair value for both recurring and non-recurring fair value measurements. The guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disaggregation of the Level 3 activity, which is effective for interim and annual periods beginning after December 15, 2010. The Society adopted ASU 2010-06 during the year ended December 31, 2010.

Functional allocation of expenses: Program and supporting services have been presented on a functional basis in the consolidated statement of activities and changes in net assets. Certain overhead costs have been allocated among program services, management and general, and fundraising.

Fair value of financial instruments: The carrying amounts including cash and cash equivalents, contributions, bequests and other receivables, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. Investments are stated at fair value.

Prior year information: The consolidated 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

Reclassifications: Certain items in the December 31, 2009, financial statements have been reclassified to comply with the current year presentation. These reclassifications had no effect on previously reported changes in net assets.

Subsequent events: The Society evaluated subsequent events through July 21, 2011, which is the date the consolidated financial statements were available to be issued.

Note 2. Fair Value Measurements

The Fair Value Measurement Topic of the Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under this topic as assumptions market participants would use in pricing an asset or liability.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 2. Fair Value Measurements (Continued)

The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments in Level 1 include equity securities and mutual funds. As required by the Fair Value Measurement Topic, the Society does not adjust the quoted price for these investments, even in situations where the Society holds a large position and a sale could reasonably impact the quoted price.

Level 2 – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments in this category generally include U.S. Government and agency obligations, corporate bonds, asset-backed fixed income securities, and other fixed income securities. In addition, this category also includes hedge funds and fund of funds for which the Society has the ability to redeem its investment with the investee at net asset value per share, or its equivalent, within three months of the measurement date. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments in this category generally include equity positions in private equity funds, fund of funds, and hedge funds, which have liquidity restrictions such that the Society would not be able to redeem its investment at net asset value per share, or its equivalent, at the measurement date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Society's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 2. Fair Value Measurements (Continued)

The table below presents the balances at December 31, 2010, of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

	Level 1	Level 2	Level 3	Total
Hedge funds:				
Multi-strategy	\$ -	\$ 17,933,426	\$ -	\$ 17,933,426
Global opportunities	-	10,547,906	-	10,547,906
Equity long/short	-	4,236,008	-	4,236,008
Total hedge funds	-	32,717,340	-	32,717,340
Fund of funds:				
Equity long/short	-	14,601,991	-	14,601,991
Global opportunities	-	2,562,582	8,424,115	10,986,697
Total fund of funds	-	17,164,573	8,424,115	25,588,688
Private equity funds:				
Debt securities	-	-	13,071,835	13,071,835
Global opportunities	-	-	4,183,911	4,183,911
Other	-	-	2,969,381	2,969,381
Total private equity funds	-	-	20,225,127	20,225,127
Fixed income securities:				
Corporate bonds (AAA to A Rated)	-	15,839,259	-	15,839,259
U.S. Government and agency obligations (AAA Rated)	-	13,076,543	-	13,076,543
Asset-backed fixed income securities (AAA Rated)	-	6,322,278	-	6,322,278
Other	-	1,575,877	-	1,575,877
Corporate bonds (BBB to B Rated)	-	1,452,965	-	1,452,965
Total fixed income securities	-	38,266,922	-	38,266,922
Equity mutual funds:				
Commodities	11,590,113	-	-	11,590,113
Mid cap blend	8,706,164	-	-	8,706,164
Large cap blend	5,386,268	-	-	5,386,268
Emerging markets	1,783,039	-	-	1,783,039
Global opportunities	1,590,253	-	-	1,590,253
Other	1,518,853	-	-	1,518,853
Small cap blend	665,871	-	-	665,871
Real estate	344,469	-	-	344,469
Total equity mutual funds	31,585,030	-	-	31,585,030
Fixed income mutual fund –				
short-term bonds	6,751,872	-	-	6,751,872
Equity securities	345,051	-	-	345,051
Other investments	-	-	153,012	153,012
	\$ 38,681,953	\$ 88,148,835	\$ 28,802,254	\$ 155,633,042

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 2. Fair Value Measurements (Continued)

For assets and liabilities 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:

	Balance January 1, 2010	Purchases	Sales	Transfers From Level 3 To Level 2	Realized And Unrealized Gains (Losses)	Balance December 31, 2010
Hedge funds:						
Multi-strategy	\$ 14,261,597	\$ -	\$ (7,626,252)	\$ (6,517,612)	\$ (117,733)	\$ -
Event driven	4,922,626	-	(5,182,942)	-	260,316	-
Total hedge funds	19,184,223	-	(12,809,194)	(6,517,612)	142,583	-
Fund of funds:						
Equity long/short	17,380,674	-	(4,000,000)	(14,601,991)	1,221,317	-
Global opportunities	7,289,850	-	-	-	1,134,265	8,424,115
Total fund of funds	24,670,524	-	(4,000,000)	(14,601,991)	2,355,582	8,424,115
Private equity funds:						
Debt securities	10,984,751	6,641,790	(6,790,021)	-	2,235,315	13,071,835
Global opportunities	3,522,524	-	-	-	661,387	4,183,911
Other	-	3,000,000	-	-	(30,619)	2,969,381
Total private equity funds	14,507,275	9,641,790	(6,790,021)	-	2,866,083	20,225,127
Other investments	121,704	31,308	-	-	-	153,012
Total	\$ 58,483,726	\$ 9,673,098	\$ (23,599,215)	\$ (21,119,603)	\$ 5,364,248	\$ 28,802,254

The Society invests in certain entities for which the fair value measurement is assessed using net asset value per share, or its equivalents. Information pertaining to these investments is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds – Equity long/short (a)	\$ 4,236,008	\$ -	Monthly, Quarterly	30 – 60 days
Hedge funds – Global opportunities (b)	10,547,906	-	Quarterly	30 days
Hedge funds – Multi-strategy (c)	17,933,426	-	Monthly, Quarterly	45 – 90 days
Fund of funds – Equity long/short (d)	14,601,991	-	Quarterly	75 days
Fund of funds – Global opportunities (e)	10,986,697	-	Monthly, Semi-Annually	60 – 90 days
Private equity funds (f)	20,225,127	7,727,550	Never	Not Applicable
	<u>\$ 78,531,155</u>	<u>\$ 7,727,550</u>		

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 2. Fair Value Measurements (Continued)

- (a) This category includes investments in two 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 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.
- (b) This category includes an investment in a hedge fund that holds the majority of the funds' investments in non-U.S. common stocks, foreign 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.
- (c) This category includes investments in hedge funds that pursue multiple strategies to diversify risk and reduce volatility. The fair value of investments in this category has been estimated using the net asset value per share of the investments.
- (d) This category includes a fund of funds that invests in hedge funds of both long and short in various domestic and international common stocks. The fair value of the investments in this category has been estimated using the net asset value per share of the investments.
- (e) This category includes investments in two fund of funds that invest in hedge funds that hold the majority of the funds' investments in non-U.S. common stocks, foreign 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. One of the funds within this category, representing 23 percent of the value of this category, is available for redemption monthly with 90 days written notice. The other fund, representing 77 percent of the value of this category, is available for redemption semi-annually with 60 days written notice.
- (f) This category includes several private equity funds. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the funds. As of December 31, 2010, it was probable that the investments in this category would be liquidated at an amount different from the net asset value of the Society's ownership interest in partners' capital. Therefore, the fair value of the investments in this category has been estimated using recent observable transaction information received from potential buyers of the investments. It is estimated that the underlying assets of the funds would be liquidated over five to eight years.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 3. Contributions, Bequests, And Other Receivables

Contributions, bequests, and other receivables consist of the following at December 31, 2010:

Bequests	\$ 9,317,353
Contributions and other receivables	6,895,699
Capital campaign	935,978
Grants	412,428
Contributions, bequests and other receivables before allowance for uncollectible accounts and discount	17,561,458
Less allowance for uncollectible contributions and bequests (5%)	(542,667)
Less discount on multi-year contributions and bequests (2.75%)	(23,263)
Total contributions, bequests, and other receivables	<u>\$ 16,995,528</u>

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

Less than one year	\$ 16,431,754
One to five years	1,129,704
	<u>\$ 17,561,458</u>

Note 4. Property And Equipment

Property and equipment consist of the following at December 31, 2010:

	Useful Life	Cost	Accumulated Depreciation	Net	Depreciation
Land	–	\$ 10,260,536	\$ -	\$ 10,260,536	\$ -
Buildings and improvements	10 to 40 years	17,964,802	9,299,613	8,665,189	834,211
Office furniture and equipment	5 years	3,193,746	2,358,236	835,510	545,742
Automobiles	5 years	1,876,966	1,342,071	534,895	269,354
		<u>\$ 33,296,050</u>	<u>\$ 12,999,920</u>	<u>\$ 20,296,130</u>	<u>\$ 1,649,307</u>

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 5. Accounts Payable And Accrued Expenses

Accounts payable and accrued expenses consist of the following at December 31, 2010:

Accounts payable	\$ 5,764,218
Accrued vacation	1,546,059
Accrued wages	573,270
Other accrued expenses	1,290,112
Total accounts payable and accrued expenses	<u>\$ 9,173,659</u>

Note 6. Annuities And Unitrusts

The annuities and unitrusts liability represents the actuarially determined liability for future annuity payments due under charitable gift annuities and charitable remainder unitrusts.

Under the 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. The liability was actuarially determined using the Annuity Table of Mortality 90CM and assumed interest rates of 2.0 percent to 10.2 percent. 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, 2010, the Society had investments of \$12,680,051 reserved for paying annuities. The amount required to be reserved as calculated by the actuary was \$6,865,214.

Under the charitable remainder unitrusts, donors make contributions to the Society that remain in trust until a stipulated event, at which time the remaining trust balance conveys to the Society for unrestricted use. 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 was calculated using assumed interest rates of 8.0 percent to 11.6 percent. At December 31, 2010, the amount of assets held in charitable unitrusts, which is restricted for the payment of related annuities, was \$566,269. The net assets of the trusts of \$481,008 were included in temporarily restricted net assets in the accompanying consolidated balance sheet.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 7. Severance Plan

The Society established the Humane Society of the United States Severance Pay Plan on September 13, 1997, to provide severance pay to eligible employees. These benefits and related expenses are paid from the general assets of the Society. Only employees hired before January 1, 1998, who have completed a minimum of 15 years of continuous full-time employment, are eligible to become participants. Upon termination of employment, a participant receives a lump sum equal to two percent of the average of his or her annual salary for the three calendar years before cessation of employment, multiplied by the number of years of continuous full-time employment. The benefit obligation as of December 31, 2010, was calculated by an actuary, based on a census provided by the Society, using an assumed discount rate of five percent and an assumed compensation increase of four percent. The amount of the liability for future severance was \$1,555,632.

Note 8. Deferred Compensation Plan

In 1983, the Society established the Humane Society of the United States Deferred Compensation Plan for certain executive employees. The Society and the participants may elect to defer a portion of the compensation which the participants would otherwise be entitled to receive in cash; those deferrals are invested in various mutual funds. The mutual funds are owned by the Society, subject to the claims of its general creditors. The obligation of the Society under this 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, which were included in the amounts reported in the accompanying consolidated financial statements as salaries, totaled \$7,500 for 2010.

The deferred compensation plan assets and the related liability totaled \$425,229 at December 31, 2010.

Fair value, as defined in the Fair Value Measurement Topic of the Codification, is described in Note 2 to the consolidated financial statements. In determining the appropriate levels for the deferred compensation plan, the Society performs a detailed analysis of the assets and liabilities that are subject to the fair value disclosures of the Codification.

Following is a description of the valuation methodology used for assets held by the deferred compensation plan measured at fair value:

Mutual funds are valued at quoted market prices.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the deferred compensation plan's assets at fair value as of December 31, 2010:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 425,229	\$ -	\$ -	\$ 425,229

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 9. Postretirement Benefits

The Humane Society of the United States Pension Plan (the Plan) is a qualified participating defined benefit plan that provides regular employees of the Society benefits equal to two percent of earnings for each year of credited service, up to a maximum of 25 years. Participants accrue benefits over the years of their employment, although normal pension benefits are not payable until age 65. Participants choosing earlier payment received substantially reduced benefits. Effective December 31, 2007, any employees hired on or after January 1, 2008, are not eligible to participate in the Plan.

The following table summarizes the accumulated postretirement benefit obligations, the fair value of Plan assets, and the funded status of the Plan at December 31, 2010:

Accumulated benefit obligation	<u>\$ 25,642,606</u>
Change in benefit obligation:	
Accumulated postretirement benefit obligation, beginning of fiscal year	\$ 27,303,463
Service cost	1,614,328
Interest cost	1,393,456
Participant contributions	244,139
Benefit payments	(1,513,421)
Administrative expenses	(363,411)
Actuarial loss	1,361,401
Accumulated postretirement benefit obligation, end of fiscal year	<u>\$ 30,039,955</u>
Change in Plan assets:	
Fair value of Plan assets, beginning of fiscal year	\$ 18,521,189
Employer contributions	3,363,411
Participant contributions	244,139
Benefit payments	(1,513,421)
Administrative expenses	(363,411)
Actual return on Plan assets	2,212,339
Fair value of Plan assets, end of fiscal year	<u>\$ 22,464,246</u>
Funded status, end of fiscal year	<u>\$ (7,575,709)</u>

The following assumptions were used by the actuary in determining the Society's benefit obligation:

Weighted-average discount rate	5.51%
Weighted-average rate of compensation increase	4.00%
Expected long-term rate of return on Plan assets	6.75%

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 9. Postretirement Benefits (Continued)

The basis for the expected long-term rate of return on 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.

Expected cash flow information for the years after the current fiscal year is as follows:

Expected employer contributions	\$ 3,000,000
Year 1 expected benefit payments	\$ 5,479,067
Year 2 expected benefit payments	\$ 3,104,869
Year 3 expected benefit payments	\$ 1,982,738
Year 4 expected benefit payments	\$ 1,892,791
Year 5 expected benefit payments	\$ 3,492,493
Years 6 – 10 expected benefit payments	\$ 12,397,749

Fair value, as defined in the Fair Value Measurement Topic of the Codification, is described in Note 2 to the consolidated financial statements. In determining the appropriate levels for the Plan, the Society performs a detailed analysis of the assets and liabilities that are subject to the fair value disclosures of the Codification. At each reporting period, all assets and liabilities of the Plan for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by the Plan at December 31, 2010.

Following is a description of the valuation methodology used for assets held by the Plan measured at fair value:

Mutual funds and cash management funds are valued at quoted market prices.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 9. Postretirement Benefits (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010:

	Level 1	Level 2	Level 3	Total
Equity mutual funds:				
Foreign large cap blend	\$ 2,603,183	\$ -	\$ -	\$ 2,603,183
Large cap value	2,212,373	-	-	2,212,373
Small cap blend	1,104,670	-	-	1,104,670
Mid cap blend	1,104,074	-	-	1,104,074
Emerging markets	566,266	-	-	566,266
Total equity mutual funds	7,590,566	-	-	7,590,566
Fixed income mutual funds:				
Intermediate term bond	3,860,640	-	-	3,860,640
Bank loan	1,527,505	-	-	1,527,505
Short-term bond	1,406,769	-	-	1,406,769
World bond	1,012,696	-	-	1,012,696
Other	496,382	-	-	496,382
Total fixed income mutual funds	8,303,992	-	-	8,303,992
Mutual fund – commodities	2,379,014	-	-	2,379,014
Total assets	\$ 18,273,572	\$ -	\$ -	\$ 18,273,572

The Plan's assets also consisted of \$4,181,766 in cash and cash equivalents and \$8,908 in investment income receivables at December 31, 2010.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 10. 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, 2010:

Board designated:	
Investment fund	\$ 71,797,934
Endowment fund	243,003
Special purpose funds	562,091
Black Beauty Ranch	6,394,454
Total board designated	<u>78,997,482</u>
Undesignated	55,982,153
Total unrestricted net assets	<u><u>\$ 134,979,635</u></u>

Note 11. Temporarily Restricted Net Assets

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

Temporarily restricted net assets are available for the following purposes at December 31, 2010:

	Balance December 31, 2009	Additions	Releases From Restriction	Balance December 31, 2010
Unitrusts	\$ 491,565	\$ 14,566	\$ -	\$ 506,131
Education, training programs and disaster relief	15,179,429	11,604,113	10,078,460	16,705,082
Scholarships	59,148	4,447	3,127	60,468
Support of other humane organizations	446,148	158,826	91,415	513,559
Wildlife Land Trust	2,305,808	5,277,978	5,575,369	2,008,417
Endangered Species	2,266,654	-	-	2,266,654
Doris Day Animal League	2,189,121	3,121,087	2,508,517	2,801,691
Fund for Animals	16,819,185	6,174,595	15,417,183	7,576,597
South Florida Wildlife Center	6,676,310	1,073,337	3,822,711	3,926,936
	<u>\$ 46,433,368</u>	<u>\$ 27,428,949</u>	<u>\$ 37,496,782</u>	<u>\$ 36,365,535</u>

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 11. Temporarily Restricted Net Assets (Continued)

During 2010, 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:

Purpose for which restrictions were accomplished:	
Donor-specified program expenses of the organization	\$ 23,589,580
Gifts to other humane organizations	13,751,409
Restricted fund investment expenses	155,793
	<u>\$ 37,496,782</u>

Note 12. Endowments

The Codification defines an endowment as an established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit organization. Management has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of original 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 cash contributions and (b) the discounted value of future permanently restricted cash contributions, net of allowance for uncollectible pledges. The remaining portion of donor-restricted cash contributions are 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 cash contributions:

- The purposes of the endowment fund
- The duration and preservation of the fund
- General economic conditions
- The possible effect 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, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (4,396,176)	\$ 553,235	\$ 33,761,030	\$ 29,918,089
Board designated endowment funds	243,003	-	-	243,003
	<u>\$ (4,153,173)</u>	<u>\$ 553,235</u>	<u>\$ 33,761,030</u>	<u>\$ 30,161,092</u>

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 12. Endowments (Continued)

Donor-restricted endowment fund activity consists of the following for the year ended December 31, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (4,880,522)	\$ 485,360	\$ 33,251,216	\$ 28,856,054
Investment return:				
Interest and dividends	388,867	35,272	-	424,139
Realized and unrealized gain on investments	1,346,407	127,684	-	1,474,091
Amounts appropriated for expenditure	(796,673)	(95,864)	-	(892,537)
Transfer to maintain earning power of corpus	(454,255)	(217)	454,472	-
Contributions	-	1,000	55,342	56,342
Endowment net assets, end of year	<u>\$ (4,396,176)</u>	<u>\$ 553,235</u>	<u>\$ 33,761,030</u>	<u>\$ 29,918,089</u>

Board Designated Endowment Fund Activity

Endowment net assets, beginning of year	\$ 226,837
Investment return:	
Interest and dividends	3,916
Realized and unrealized gain	14,182
Amounts appropriated for expenditure	(1,932)
Endowment net assets, end of year	<u>\$ 243,003</u>

Permanently Restricted Net Assets – Fund Categories At December 31, 2010

Income-producing assets; income is expendable to support the following:	
To defray building operating expenses	\$ 3,082,051
To award scholarships to Connecticut secondary school students	17,136
To be used for the best interests of the organization	19,895,680
To support other humane organizations	1,502,039
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	5,367,563
To be used for the state of New Hampshire wildlife	157,167
To be used for the betterment of song birds	1,148,232
	<u>31,169,868</u>
Non-income producing assets:	
Land and easements held to preserve natural habitats for wildlife	2,591,162
Total permanently restricted net assets	<u>\$ 33,761,030</u>

Income earned on investments in the permanently restricted net assets class is reported in the accompanying consolidated statement of activities and changes 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, all earnings from these funds are reflected as temporarily restricted net assets.

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 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 expenses, sales and use taxes, and insurance. Rental expense for the year ended December 31, 2010, was \$614,573.

As of December 31, 2010, the future minimum lease commitments under non-cancelable operating leases are as follows:

Years Ending December 31,

2011	\$ 371,146
2012	362,902
2013	211,749
2014	162,359
	<u>\$ 1,108,156</u>

Note 14. 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 which 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. For the year ended December 31, 2010, the allocation of the joint costs is summarized as follows:

Programs	\$ 32,471,690
Fundraising	19,384,255
Membership development	1,218,738
	<u>\$ 53,074,683</u>

The Humane Society Of The United States And Affiliates

Notes To Consolidated Financial Statements

Note 15. Retirement Plan

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, are eligible to participate in the 401(k) Plan on an automatic enrollment basis. Employees hired prior to January 1, 2008, who have not attained age 50 by December 31, 2007, can elect to waive coverage in the Humane Society of the United States Pension Plan on an irrevocable basis and will then be eligible to participate in the 401(k) Plan.

Eligible participants are automatically enrolled to contribute three percent of pay their first year, increasing one percent per year until six percent salary deferrals after four years. Participants may elect to contribute higher amounts up to 80 percent of pay, subject to annual dollar limitations.

The Society will make a matching contribution on a payroll basis. The Society makes matching contributions at a rate of 100 percent of the first one percent of the participant's salary deferred into the Plan and 50 percent of the next five percent 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 six percent of compensation. The Society contributed \$549,051 to the 401(k) Plan during the year ended December 31, 2010.

Note 16. Contingencies

The Society is a party to a number of lawsuits. Liability, if any, associated with these matters is not presently determinable. In the opinion of management, resolution of these matters should not have a material effect on the Society's financial position.

Note 17. Line Of Credit

The Society has a \$20 million unsecured line of credit with Wachovia Bank. The purpose of the line of credit is to provide ready reserves for short-term operating cash needs. The line of credit accrues interest at the LIBOR Market Index Rate for one-month U.S. dollars plus 100 basis points. There was no balance outstanding on the line of credit at December 31, 2010.