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**THE ANIMAL LEAGUE OF GREEN VALLEY**

**INDEPENDENT ACCOUNTANT'S REVIEW  
REPORT AND FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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# THE ANIMAL LEAGUE OF GREEN VALLEY

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**THE ANIMAL LEAGUE OF GREEN VALLEY**  
**STATEMENTS OF FINANCIAL POSITION**

December 31, 2021 and 2020

	<b>ASSETS</b>		
		Reviewed	Audited
		2021	2020
		<u>          </u>	<u>          </u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 1,452,721	\$ 1,005,546
Cash reserves		-	154,636
Investments		1,642,070	754,018
Prepaid expenses		<u>14,613</u>	<u>9,640</u>
 Total current assets		 3,109,404	 1,923,840
 <b>PROPERTY AND EQUIPMENT, NET</b>		 <u>2,464,633</u>	 <u>2,490,425</u>
 Total assets		 <u><u>\$ 5,574,037</u></u>	 <u><u>\$ 4,414,265</u></u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities		<u>\$ 24,519</u>	<u>\$ 26,391</u>
 <b>NET ASSETS</b>			
Net assets without donor restrictions		5,549,518	4,224,485
Net assets without donor restrictions - board designated		<u>-</u>	<u>154,636</u>
 Total net assets without donor restrictions		 5,549,518	 4,379,121
 Net assets with donor restrictions		 <u>-</u>	 <u>8,753</u>
 Total net assets		 <u>5,549,518</u>	 <u>4,387,874</u>
 Total liabilities and net assets		 <u><u>\$ 5,574,037</u></u>	 <u><u>\$ 4,414,265</u></u>

*The Notes to Financial Statements are an integral part of these statements.*

*See Independent Accountant's Review Report.*

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**THE ANIMAL LEAGUE OF GREEN VALLEY**  
**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

*Reviewed*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions received	\$ 598,331	\$ 5,077	\$ 603,408
Fee income	37,685	-	37,685
Thrift shop/The Attic	206,348	-	206,348
Estates	841,499	-	841,499
Fundraising	21,877	-	21,877
Grants	5,500	-	5,500
Interest income	2,560	-	2,560
In-kind salaries	564,810	-	564,810
Other income	81,870	-	81,870
Gain on sale of investments	13,908	-	13,908
Investment income	20,089	-	20,089
Unrealized gain on investments	80,406	-	80,406
Gain on disposal of assets	1,500	-	1,500
Net assets released from restrictions			
Satisfaction of purpose restrictions	13,830	(13,830)	-
Total revenues	2,490,213	(8,753)	2,481,460
<b>EXPENSES</b>			
Program services	1,066,102	-	1,066,102
General and administrative expenses	252,554	-	252,554
Fundraising expenses	1,160	-	1,160
Total expenses	1,319,816	-	1,319,816
Change in net assets	1,170,397	(8,753)	1,161,644
<b>NET ASSETS, BEGINNING OF YEAR</b>	4,379,121	8,753	4,387,874
<b>NET ASSETS, END OF YEAR</b>	\$ 5,549,518	\$ -	\$ 5,549,518

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**THE ANIMAL LEAGUE OF GREEN VALLEY**  
**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2020

*Audited*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions received	\$ 525,063	\$ 50,000	\$ 575,063
Fee income	44,292	-	44,292
Thrift shop/The Attic	231,916	-	231,916
Estates	500,890	-	500,890
Fundraising	24,919	-	24,919
Grants	2,500	-	2,500
Interest income	2,977	-	2,977
In-kind salaries	451,815	-	451,815
Other income	8,620	-	8,620
Gain on sale of investments	12,088	-	12,088
Investment income	8,076	-	8,076
Unrealized gain on investments	19,033	-	19,033
Net assets released from restrictions			
Satisfaction of purpose restrictions	114,378	(114,378)	-
	<u>1,946,567</u>	<u>(64,378)</u>	<u>1,882,189</u>
Total revenues			
<b>EXPENSES</b>			
Program services	1,197,443	-	1,197,443
General and administrative expenses	229,587	-	229,587
Fundraising expenses	11,500	-	11,500
	<u>1,438,530</u>	<u>-</u>	<u>1,438,530</u>
Total expenses			
Change in net assets	508,037	(64,378)	443,659
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,871,084</u>	<u>73,131</u>	<u>3,944,215</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,379,121</u>	<u>\$ 8,753</u>	<u>\$ 4,387,874</u>

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**THE ANIMAL LEAGUE OF GREEN VALLEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2021

*Reviewed*

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 22,244	\$ 7,414	\$ -	29,658
Animal clinics	-	-	-	-
Animal food	34,749	-	-	34,749
Animal medical	321,853	-	-	321,853
Bank charges	-	3,883	-	3,883
Cleaning expenses	12,842	4,280	-	17,122
Depreciation expense	84,272	28,090	-	112,362
Dog training	3,178	-	-	3,178
Fundraising expense	-	-	1,160	1,160
In-kind salaries expense	423,608	141,202	-	564,810
Insurance	9,898	3,299	-	13,197
Materials and supplies	27,103	9,034	-	36,137
Miscellaneous	4,474	1,491	-	5,965
Postage	2,021	674	-	2,695
Printing and photo expense (newsletter)	19,407	6,469	-	25,876
Professional fees	-	14,900	-	14,900
Rent expense	14,400	4,800	-	19,200
Repairs and maintenance	44,558	14,853	-	59,411
Storage	570	190	-	760
Telephone	6,920	2,307	-	9,227
Thrift store expense	5,000	-	-	5,000
Volunteer appreciation	1,853	618	-	2,471
Utilities	27,152	9,050	-	36,202
<b>Total</b>	<b>\$ 1,066,102</b>	<b>\$ 252,554</b>	<b>\$ 1,160</b>	<b>\$ 1,319,816</b>

*The Notes to Financial Statements are an integral part of these statements.*

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**THE ANIMAL LEAGUE OF GREEN VALLEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2020

*Audited*

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 18,848	\$ 6,282	\$ -	\$ 25,130
Animal food	26,920	-	-	26,920
Animal medical	570,481	-	-	570,481
Bank charges	-	4,159	-	4,159
Cleaning expenses	17,550	5,850	-	23,400
Depreciation expense	84,922	28,307	-	113,229
Dog training	1,367	-	-	1,367
Estate expenses	-	16,285	-	16,285
Fundraising expense	-	-	11,500	11,500
In-kind salaries expense	338,861	112,954	-	451,815
Insurance	9,571	3,190	-	12,761
Materials and supplies	20,661	6,887	-	27,548
Miscellaneous	1,334	445	-	1,779
Pet grooming	58	-	-	58
Postage	2,024	675	-	2,699
Printing and photo expense (newsletter)	21,793	7,264	-	29,057
Professional fees	-	11,306	-	11,306
Rent expense	13,979	4,659	-	18,638
Repairs and maintenance	24,529	8,176	-	32,705
Storage	649	216	-	865
Telephone	7,215	2,405	-	9,620
Thrift store expenses	5,096	-	-	5,096
Volunteer appreciation	2,483	827	-	3,310
Utilities	29,102	9,700	-	38,802
	<u>\$ 1,197,443</u>	<u>\$ 229,587</u>	<u>\$ 11,500</u>	<u>\$ 1,438,530</u>
Total				

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**THE ANIMAL LEAGUE OF GREEN VALLEY**  
**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2021 and 2020

	<u>Reviewed 2021</u>	<u>Audited 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,161,644	\$ 443,659
Adjustments to reconcile net assets to net cash provided by operating activities		
Depreciation	112,362	113,229
Unrealized gains on investments	(80,406)	(19,033)
Realized (gains)/loss on investments	13,908	(12,088)
Donated stock	(10,877)	(13,970)
Increase (decrease) in cash resulting from changes in		
Accounts receivable	-	18,594
Prepaid expenses	(4,973)	(3,025)
Accounts payable	(1,872)	(57,077)
Net cash provided by operating activities	<u>1,189,786</u>	<u>470,289</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(86,570)	(22,761)
Sale of investments	138,064	630,348
Sale of donated stock	10,749	56,751
Purchase of investments	(959,490)	(1,325,509)
Net cash used by investing activities	<u>(897,247)</u>	<u>(661,171)</u>
Net increase (decrease) in cash, cash equivalents, and cash reserves	292,539	(190,882)
<b>CASH, CASH EQUIVALENTS, AND CASH RESERVES, BEGINNING OF YEAR</b>	<u>1,160,182</u>	<u>1,351,064</u>
<b>CASH, CASH EQUIVALENTS, AND CASH RESERVES, END OF YEAR</b>	<u>\$ 1,452,721</u>	<u>\$ 1,160,182</u>
<b>SUPPLEMENTAL INFORMATION</b>		
In-kind services	<u>\$ 564,810</u>	<u>\$ 451,815</u>
Donated stock	<u>\$ (10,877)</u>	<u>\$ (13,970)</u>

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# THE ANIMAL LEAGUE OF GREEN VALLEY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Operations*

The Animal League of Green Valley (the “League”) was incorporated under the laws of the State of Arizona on April 25, 1984, to provide compassionate care, shelter, training, adoption opportunities, emotional support, and medical care, including spaying and neutering, for needy and homeless cats and dogs in Green Valley, Arizona, and surrounding areas. The League applied for and was granted tax exempt status on October 15, 1985.

#### *Basis of Presentation*

The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the League adopted the provisions of Accounting Standards Update (“ASU”) 2016-14: Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the League’s liquidity, financial performance, and cash flows.

Net assets are now presented in two classifications, as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the League. These net assets may be used at the discretion of the League’s management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the League or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Revenue Recognition*

Revenue from Exchange Transactions: the League recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The League records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2021 and 2020:

The League operates a thrift shop which sells items that are donated to the League by the public. The League does not record a value in the financial records for the donation of items for the thrift shop, and the League believes that the value of any inventory of items for sale at the thrift shop at December 31, 2021 and 2020, would not be material to these financial statements. Thrift shop revenue is recognized as items are sold to customers. The League does not extend credit, therefore, there is no contract receivables related to the thrift shop.

The League charges fees for the adoption of animals. These fees are required to be paid in full upon the acceptance of the adoption application and the customer accepting the animal being adopted. The League does not extend credit, therefore, there is no contract receivables related to the adoption activity.

The League recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There were no conditional contributions for the years ended December 31, 2021 and 2020.

### *Donated Services*

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. For the year ended December 31, 2021, in-kind revenue and expense totaled \$564,810 (\$451,815 for 2020). Volunteers also provided approximately 104,884 hours (100,510 hours in 2020) related to the shelter operations and administration of the shelter during 2021, the value of which is not included in these financial statements because it does not meet the standard for inclusion in the financial standards.

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## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Property and Equipment*

The League capitalizes all expenditures in excess of \$2,500 for property and equipment at cost. Contributed property and equipment are recorded at the estimated fair value at the date of donation. Certain donated services are capitalized as improvements when those services enhance the value of assets.

Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Depreciation expense for the year ended December 31, 2021 was \$112,362 (\$113,229 for 2020). Upon sale or retirement of depreciable properties, the related cost and accumulated depreciation are removed from the accounts. All gains or losses are reflected in revenue in the year of disposition. Routine repairs and maintenance are expensed as incurred.

### *Income Taxes*

The League is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (“IRS”), as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(3), which qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. The League is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the League is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The League has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The League believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The League would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### *Cash, Cash Equivalents and Cash Reserves*

Cash and cash equivalents include all unrestricted and cash reserve balances and highly liquid investments with an original maturity of three months or less.

### *Cash Reserves*

Board-designated operating reserves are a portion of the accumulation of unrestricted surpluses that are available for use at the discretion of the League’s board. The operating reserve increases the League’s ability to absorb or respond to temporary changes in its environment or circumstances.

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## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Advertising Costs*

Costs incurred for producing and communicating non-direct advertising are expensed when incurred. Costs incurred for direct response advertising is capitalized and amortized over its estimated useful life. No advertising costs were capitalized at December 31, 2021 and 2020. Total advertising costs for the year ended December 31, 2021 were \$29,658 (\$25,130 for 2020).

### *Use of Estimates*

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management 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 contributions, revenues and gains and expenses during the reporting period. Actual results could differ from those estimates.

### *Inventory*

The League carries inventory for the thrift store, The Attic, at no value. All items in the thrift store are donated and are handled by volunteers, resulting in no cost basis. The League has no repair facility, so no costs are incurred to bring the items to saleable condition. A fair market value is not reported since donated items do not have a readily available market or comparable price structure. Furthermore, items not sold within a short time are discarded as having no value.

### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities are summarized on a functional basis. Accordingly, costs are allocated among the programs and supporting services benefited. Expenses that can be identified with a special program or support service are allocated directly according to their natural expense classification. Expenses that are common to several functions are allocated based on management's estimate of the efforts expended.

### *Board Designated Funds*

The Board of Directors designated a reserve account during 2015 at a bank for the financial operation and security of the League. As of December 31, 2020, the balance in that account was no longer designated a restricted account by the Board. As of December 31, 2021, the balance was \$-0- (\$154,636 for 2020).

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## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Reclassifications*

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no effect on either change in the net assets for the years ended December 31, 2021 and 2020 or on the net assets as of that date.

### *Recent Accounting Pronouncements*

#### Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842), that will supersede the current lease requirements. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position. Lessor accounting under the new standard will remain similar to lessor accounting under current GAAP. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the League's year ending December 31, 2022, and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined.

#### Gifts in Kind

In September 2020, FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the not-for-profit entity. It is important to note that the ASU 2020-07 will not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements. The new disclosure requirements will be effective for the League's year ending December 31, 2022 using a retrospective basis.

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## 2. LIQUIDITY AND AVAILABILITY OF FUNDS

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

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	<u>\$ 1,452,721</u>	<u>\$ 1,160,182</u>
Total financial assets	1,452,721	1,160,182
Less amounts not available to be used within one year:		
Net assets with donor restrictions	_____ -	_____ -
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,452,721</u>	<u>\$ 1,160,182</u>

As part of the League's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$-0- and \$154,636 at December 31, 2021 and 2020, respectively.

## 3. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Balances on deposit are insured by the Federal Deposit Insurance Corporation ("FDIC") up to specified limits. Balances in excess of such limits are uninsured. At December 31, 2021, the League had approximately \$718,000 of deposits in excess of federally insured limits (\$515,000 at December 31, 2020).

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### 3. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH (continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows at December 31.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,452,721	\$ 1,005,546
Cash reserves	<u>                    -</u>	<u>          154,636</u>
 Total cash, cash equivalents, and restricted cash	 <u>\$ 1,452,721</u>	 <u>\$ 1,160,182</u>

### 4. INVESTMENTS

Investments consist of mutual funds. At December 31, 2021, management does not believe there has been any permanent impairment to the investments. The cost and fair value of the investments were as follows:

	<u>2021</u>	<u>2020</u>
Cost, reinvestment of dividends and realized gains	\$ 1,561,664	\$ 734,985
Gross unrealized gains	<u>          80,406</u>	<u>          19,033</u>
 Fair value	 <u>\$ 1,642,070</u>	 <u>\$ 754,018</u>

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## 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 111,692	\$ 111,692
Buildings and improvements	3,426,835	3,346,495
Furniture	19,319	21,926
Equipment	74,162	86,925
Computer hardware	6,230	6,155
Vehicle	<u>82,107</u>	<u>90,932</u>
Total	3,720,345	3,664,125
Less accumulated depreciation	<u>(1,255,712)</u>	<u>(1,173,700)</u>
Net property and equipment	<u>\$ 2,464,633</u>	<u>\$ 2,490,425</u>

## 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions activity was as follows for the year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Releases</u>	<u>Ending Balance</u>
Dental fund for in-shelter animals	\$ 8,753	\$ -	\$ (8,753)	\$ -
Total	<u>\$ 8,753</u>	<u>\$ -</u>	<u>\$ (8,753)</u>	<u>\$ -</u>

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## 6. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions activity was as follows for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Releases</u>	<u>Ending Balance</u>
Animal care for life	\$ 17,069	\$ -	\$ (17,069)	\$ -
Dental fund for in-shelter animals	56,062	-	(47,309)	8,753
Surgical suite	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Total	<u>\$ 73,131</u>	<u>\$ 50,000</u>	<u>\$ (114,378)</u>	<u>\$ 8,753</u>

During 2020, the donor of the dental fund authorized these restricted funds to be used for both cats and dogs as well as funding the animal care for life fund.

## 7. FAIR VALUE MEASUREMENTS

U.S. Generally Accepted Accounting Principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The League uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the League measures fair values using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 Fair Value Measurements are based on quoted prices (unadjusted) in active markets for identical assets that the reporting entity has the ability to access at the measurement date. An active market for the assets is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements are based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.

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## 7. FAIR VALUE MEASUREMENTS (continued)

Level 3 Fair Value Measurements are based on unobservable inputs for the asset. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the assets at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the (including assumption about risk). Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

Fair value measurements were reported based on the following:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Fair Value</u>				
December 31, 2021				
Mutual funds	\$ 1,642,070	\$ 1,642,070	\$ -	\$ -
Total	<u>\$ 1,642,070</u>	<u>\$ 1,642,070</u>	<u>\$ -</u>	<u>\$ -</u>

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Fair Value</u>				
December 31, 2020				
Mutual funds	\$ 754,018	\$ 754,018	\$ -	\$ -
Total	<u>\$ 754,018</u>	<u>\$ 754,018</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

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## 8. LEASES

The League leases storage space at the monthly rent of \$1,600, the lease is month-to-month. Total rent expense was \$19,200 for the year ended December 31, 2021 (\$18,638 for 2020). The League also rents various office equipment with total minimum monthly lease payments of approximately \$1,065. The leases expire through July 2023. Total rent expense related to these leases was \$4,944 and \$4,944, for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under these leases are as follows for the years ending December 31:

2022	\$ 4,944
2023	<u>2,884</u>
Total	<u>\$ 7,828</u>

## 9. CONCENTRATIONS OF CREDIT RISK

### *Revenue*

The League is dependent on the sales from The Attic thrift shop. The Attic revenues made up 9% of the League's revenues for 2021 (13% for 2020). In past years, the League has received bequests and gifts from estates. Because of the nature of these bequests and gifts, it is not certain that amounts related to bequests and gifts from estates will be received each year.

### *In-kind donations*

The League is a 100% volunteer run organization. In the event the League is unable to retain and recruit volunteers in the future, they would be required to hire and pay their workforce, which could significantly increase the League's salary and wage expense.

## 10. SIGNIFICANT ESTIMATES

The functional allocation of expenditures is a significant estimate based on estimated levels of effort.

Management's estimate of the useful lives of the fixed assets acquired was based on management's experience with similar assets.

(continued)

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## 10. SIGNIFICANT ESTIMATES (continued)

The League is 100% volunteer run. Donated in-kind salaries that require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation and income have been reported at an estimated value. The amounts reported represent a significant estimate. During the years ended December 31, 2021 and 2020, donated services of \$564,810 and \$451,815, respectively, were recognized.

## 11. COMMITMENTS AND CONTINGENCIES

The League may offer to pay for veterinary care for life for adopted animals that meet Board-approved age criteria. The purpose is to encourage people to adopt older animals by supporting the cost of the animal's veterinary care. The League expenses those costs out as incurred as part of animal medical expenses on the statement of functional expenses. These costs were \$109,549 and \$124,706, for the years ended December 31, 2021 and 2020, respectively.

## 12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through **Month XX, 2022**, the date the financial statements were available to be issued.

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