Keegan Linscott & Associates, PC
Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors

THE ANIMAL LEAGUE OF GREEN VALLEY

REVIEWED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Keegan
Linscott &
Associates, PC

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
The Animal League of Green Valley
Green Valley, Arizona

We have reviewed the accompanying financial statements of The Animal League of Green Valley (the "League"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, expenses by function and nature, and cash flows for the year then ended, and the notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the League and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, in 2022, the League adopted ASU No. 2016-02, *Leases (Topic 842*) and ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

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To the Board of Directors
The Animal League of Green Valley
Green Valley, Arizona

Report on 2021 Financial Statements

The financial statements of the League as of December 31, 2021, were reviewed by other accountants whose report dated August 2, 2022, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America

Keegan Linscott & Associates, PC

Tucson, Arizona
July 14, 2023

REVIEWED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 1,540,479	$ 1,452,721
Investments	1,971,012	1,642,070
Prepaid expenses and other current assets	7,773	14,613
Total current assets	3,519,264	3,109,404
Property and equipment, net	2,417,138	2,464,633
Total assets	$ 5,936,402	$ 5,574,037
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 36,130	$ 24,519
Total current liabilities	36,130	24,519
Total liabilities	36,130	24,519
Net Assets		
Without donor restrictions	5,900,272	5,549,518
Total net assets	5,900,272	5,549,518
Total liabilities and net assets	$ 5,936,402	$ 5,574,037

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total 2022	Without Donor Restrictions	With Donor Restrictions	Total 2021
Revenues and Other Support						
Contributions, grants and bequests	$ 1,128,409	$ -	$ 1,128,409	$ 1,445,329	$ 5,077	$ 1,450,406
Program fees	47,829	-	47,829	37,685	-	37,685
Thrift shop	236,881	-	236,881	220,716	-	220,716
In-kind thrift shop donations	231,727	-	231,727	206,348	-	206,348
In-kind donations	606,450	-	606,450	564,810	-	564,810
Investment (loss) income, net	(307,022)	-	(307,022)	108,438	-	108,438
Other income	43,381	-	43,381	93,440	-	93,440
Net assets released from restriction	-	-	-	13,830	(13,830)	-
Total revenues and other support	1,987,655	-	1,987,655	2,690,596	(8,753)	2,681,843
Expenses						
Program services	1,145,169	-	1,145,169	1,038,339	-	1,038,339
Management and general	282,359	-	282,359	318,857	-	318,857
Fundraising	209,373	-	209,373	163,003	-	163,003
Total expenses	1,636,901	-	1,636,901	1,520,199	-	1,520,199
Total change in net assets	350,754	-	350,754	1,170,397	(8,753)	1,161,644
Net assets, beginning of year	5,549,518	-	5,549,518	4,379,121	8,753	4,387,874
Net assets, end of year	$ 5,900,272	$ -	$ 5,900,272	$ 5,549,518	$ -	$ 5,549,518

STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED DECEMBER 31, 2022

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Donated services	$ 259,510	$ 188,720	$ 158,220	$ 606,450
Animal medical	391,328	-	-	391,328
Animal food, grooming and training	48,895	-	-	48,895
Fundraising expense	-	-	9,139	9,139
Materials and supplies	26,901	6,747	280	33,928
Occupancy	24,901	1,533	-	26,434
Repairs and maintenance	20,343	3,694	-	24,037
Depreciation	89,066	23,959	-	113,025
Advertising	8,427	-	17,549	25,976
Postage and printing	2,687	-	24,185	26,872
Professional fees	-	12,125	-	12,125
Insurance	-	16,580	-	16,580
Thrift store	4,470	-	-	4,470
In-kind cost of goods sold	231,727	-	-	231,727
Utilities	32,496	17,892	-	50,388
Miscellaneous	4,418	11,109	-	15,527
Total expenses	$ 1,145,169	$ 282,359	$ 209,373	$ 1,636,901

STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Donated services	$ 226,690	$ 227,090	$ 111,030	$ 564,810
Animal medical	321,852	-	-	321,852
Animal food, grooming and training	37,927	-	-	37,927
Fundraising expense	-	-	1,160	1,160
Materials and supplies	29,726	5,639	772	36,137
Occupancy	33,452	3,630	-	37,082
Repairs and maintenance	47,677	11,735	-	59,412
Depreciation	88,544	23,818	-	112,362
Advertising	5,331	-	24,327	29,658
Postage and printing	2,857	-	25,714	28,571
Professional fees	-	14,900	-	14,900
Insurance	-	13,197	-	13,197
Thrift store	5,000	-	-	5,000
In-kind cost of goods sold	206,348	-	-	206,348
Utilities	29,052	16,377	-	45,429
Miscellaneous	3,883	2,471	-	6,354
Total expenses	$ 1,038,339	$ 318,857	$ 163,003	$ 1,520,199

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ 350,754	$ 1,161,644
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	113,025	112,362
Net realized and unrealized loss (gain) on investments	371,888	(66,498)
Noncash contributions of stock	(135,963)	(10,877)
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	6,840	(4,973)
Accounts payable and accrued liabilities	11,611	(1,872)
Net cash provided by operating activities	718,155	1,189,786
Cash Flows from Investing Activities		
Purchases of property and equipment	(65,530)	(86,570)
Sale of investments	333,088	148,813
Purchases of investments	(897,955)	(959,490)
Net cash used in investing activities	(630,397)	(897,247)
Net change in cash and cash equivalents	87,758	292,539
Cash and cash equivalents, beginning of year	1,452,721	1,160,182
Cash and cash equivalents, end of year	$ 1,540,479	$ 1,452,721
Supplemental Schedule of Non-Cash Operating and Investing Activities		
Donated services	$ 606,450	$ 564,810
Noncash contributions of stock	$ 135,963	$ 10,877

NOTES TO REVIEWED FINANCIAL STATEMENTS

1. Organization

The Animal League of Green Valley (the "League") was incorporated under the laws of the State of Arizona on April 25, 1984 and was granted tax exempt status on October 15, 1985 as a nonprofit organization. The League was established for the purpose of providing compassionate care, shelter, training, adoption opportunities, emotional support, and medical care, including spaying and neutering, for the needy and homeless cats and dogs in Green Valley, Arizona and surrounding areas.

2. Significant Accounting Policies

Basis of Presentation

The League follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("U.S. GAAP") that the League follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to U.S. GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

The League's financial statements have been prepared on the accrual basis of accounting in accordance with ASC 958, *Not-for-Profit Entities*. Under this authoritative guidance, the League is required to provide financial statements which are prepared to focus on the League as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- **Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. All contributions are considered to be available for use without restriction unless specifically restricted by the donor.

- **With Donor Restrictions** – Net assets whose use by the League is subject to donor-imposed stipulations that can be fulfilled by actions of the League pursuant to those stipulations or that expire through the passage of time. Net assets with donor restrictions also includes net assets that are subject to donor-imposed stipulations such that assets must be maintained permanently by the League. The donors of these assets permit the League to use all or part of the investment return of these assets on continuing operations which may be subject to certain restrictions.

Expenses are generally reported as decreases in net assets without donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations and changes in assets as net assets released from restriction. However, if a restriction is fulfilled in the same time period in which the contribution is received, the League reports the support as increases in net assets without donor restrictions. The League had no net assets with donor restrictions as of December 31, 2022 and 2021.

NOTES TO REVIEWED FINANCIAL STATEMENTS

Significant Accounting Policies (continued)

Cash and Cash Equivalents

The League considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents include money market accounts. The League places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation ("FDIC") limit (see Note 10); however, the League has not experienced any losses and does not believe it is exposed to any significant credit risk on cash and cash equivalents. All such cash accounts are monitored by management to mitigate risk.

Investments

Investments are accounted for in accordance with ASC 958-320, *Investments – Debt and Equity Securities*. Investments in debt and equity securities are valued at their fair values in the accompanying statements of financial position. Investment income, gains and losses are reported net of related investment fees in the statement of activities as increases or decreases in net assets. Gains and investment income limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Donated investments are recorded at fair value at the date of donation.

The League invests in professionally managed portfolios that contain equity and fixed income securities. 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 would materially affect investment balances and the amounts reported in the financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The League employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of investments. If the cost of an investment exceeds its fair value, management evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the intent and ability to hold the investment. The League also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. Through December 31, 2022, the League had not experienced other-than-temporary impairment losses on its investments.

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. As the value of donated items is not readily determinable until the merchandise is sold, donations and costs of sales are recorded after inventory is sold.

NOTES TO REVIEWED FINANCIAL STATEMENTS

Significant Accounting Policies (continued)

Property and Equipment, Net

Property and equipment are stated at cost if purchased, or fair value, if donated. Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Buildings and improvements	39 years
Furniture and fixtures	3-7 years
Vehicles	5-7 years

Acquisitions of property and equipment and repairs or betterments that materially prolong the useful lives of assets in excess of $2,500 are capitalized. Repairs and maintenance for normal upkeep are charged to expense as incurred. When property and equipment are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of activities. Amortization of leasehold improvements is computed using the straight-line method over estimated useful lives based upon the lesser of the related lease term or the estimated useful life of the improvement.

In accordance with ASC 360-10, *Property, Plant and Equipment*, the League periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through December 31, 2022, the League had not experienced impairment losses on its long-lived assets.

Leases

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The League adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the League has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the League's historical accounting treatment under ASC Topic 840, *Leases*.

The League elected the "package of practical expedients" under the transition guidance within Topic 842, in which the League does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The League has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The League determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and(ii) the League obtains substantially all of the economic benefits from the use of that underlying

NOTES TO REVIEWED FINANCIAL STATEMENTS

Significant Accounting Policies (continued)

Leases (continued)
asset and directs how and for what purpose the asset is used during the term of the contract. The League also considers whether its service arrangements include the right to control the use of an asset.

The League made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the League made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The League has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the League, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Revenue Recognition
Contributions
Contributions, Grants and Bequests – Contributions are classified based on the existence or absence of donor-imposed restrictions as either conditional or unconditional as follows:

- **Conditional** – Includes all contributions with donor-imposed conditions or stipulations representing a barrier that must be overcome before the recipient is entitled to the assets being transferred or promised. A failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or the ability to rescind an obligation to transfer.

- **Unconditional** – Includes all contributions that do not contain a barrier to use and therefore are recorded as revenue once cash or a contribution is received. Donor imposed restrictions for time and/or purpose are not considered a significant barrier and thus these contributions are recorded as unconditional.

Contribution revenue is recorded when the unconditional promise to give is received. Under this method, the recognition of support for financial statement purposes bears no relation to the period in which the expenses are incurred. Revenue related to conditional contributions is recognized once the relevant barriers of each contribution are met. If the funds are received from the donor before the relevant barriers are met,

NOTES TO REVIEWED FINANCIAL STATEMENTS

Significant Accounting Policies (continued)

Revenue Recognition (continued)

deferred revenue is recorded on the statement of financial position for the amount of funds provided by the donor.

Donated Goods, Property and Services – Contributions of donated non-cash assets including goods and property are recorded at their fair values on the date the asset is donated. Absent explicit donor stipulations, contributions of long-lived assets or cash or other assets to be used to acquire or construct long-lived assets are reported as net assets without donor restrictions when placed in service. Donated services are recognized in the financial statements at their fair value. Donated services are recognized when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended December 31, 2022 and 2021, respectively, the League recognized $606,450 and $564,810, respectively, in donated services rendered by members of management and staff (see Note 8). In addition, the League utilizes the services of many outside volunteers to perform a variety of tasks that assist the League with shelter operations and administration. During the years ended December 31, 2022 and 2021, volunteers whose services were not recorded as donated services worked approximately 118,820 and 95,901 hours, respectively. The fair value of these services is not reflected in the accompanying financial statements because the above criteria were not met.

Exchange Transactions

The League recognizes program fees and thrift shop revenues in accordance with ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Program Fees – The League charges standard 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 refund fees for returned animals and does not extend credit, therefore, no contract receivables related to the adoption activity are recorded. For the years ended December 31, 2022 and 2021, program fees revenues totaled $47,829 and $37,685, respectively.

Thrift Shop Revenues – The League operates The Attic, 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, 2022 and 2021, are not material to the financial statements. Thrift shop revenue is recognized as items are sold to customers. The thrift shop does not offer returns or refunds on items sold and does not extend credit, therefore, no contract receivables related to the thrift shop are recorded. For the years ended December 31, 2022 and 2021, thrift shop revenues totaled $236,881 and $220,716, respectively.

NOTES TO REVIEWED FINANCIAL STATEMENTS

Significant Accounting Policies (continued)

Advertising Expense

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, 2022 and 2021. Advertising costs for the years ended December 31, 2022 and 2021 were $25,976 and $29,658, respectively.

Functional Allocation of Expenses

The cost of providing the various program services and supporting activities of the League have been summarized on a functional basis in the statement of activities. Accordingly, costs are allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on management's estimate of the efforts expended, which may include by full-time equivalent or square footage depending on what is considered the most appropriate cost driver.

Tax Exempt Status

The League is 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. Accordingly, no provision for federal or state income taxes is recorded in the accompanying financial statements. Income from certain activities not directly related to the League's tax-exempt purpose, however, may be subject to taxation as unrelated business income.

Management has considered its tax positions in accordance with the accounting standard for uncertainty in income taxes and believes that all positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. In addition, Management is not aware of any matters which would cause the League to lose its tax-exempt status. The League's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Should the League ever be subject to interest and penalties related to unrecognized tax benefits, they would be classified in management and general expenses in its accompanying financial statements. During the years ended December 31, 2022 and 2021, the League did not recognize any interest and penalties.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation, with no effect on net assets.

NOTES TO REVIEWED FINANCIAL STATEMENTS

3. Recent Accounting Pronouncements

Adopted as of December 31, 2022

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of operations and changes in net assets. In July 2019, the FASB voted to delay the effective date one year for private companies; consequently, the new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required (See ASU No. 2018-11 below for optional transition method) for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. This ASU is intended to reduce costs and ease implementation of the leases standard for financial statement preparers. ASU No. 2018-11 provides a new transition method and a practical expedient for separating components of a contract. The amendments ASU No. 2018-11 provide entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Consequently, an entity's reporting for the comparative periods presented in the financial statements in which it adopts the new leases standard will continue to be in accordance with current GAAP in Topic 840, *Leases*. The amendments in ASU No. 2018-11 also provide lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for those components as a single component if the non-lease components otherwise would be accounted for under the new revenue guidance (Topic 606). The effective date and transition requirements for the amendments in this update related to separating components of a contract are the same as the effective date and transition requirements in ASU No. 2016-02 (i.e., fiscal years beginning after December 15, 2021). All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this ASU must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected. The adoption of this ASU did not have a material effect on the League's financial statements or disclosures.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. Examples of contributed nonfinancial assets include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; materials and supplies, such as food, clothing, or pharmaceuticals; intangible assets; and recognized contributed services. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose: 1) contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets; and 2) for each category of contributed nonfinancial assets recognized: i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or

NOTES TO REVIEWED FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Adopted as of December 31, 2022 (continued)

other activities in which those assets were used; ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and v) the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The adoption of this ASU primarily affected the League's disclosures for donated services (see Note 8).

4. Liquidity and Availability of Resources

The following table shows a determination of the League's financial assets that are available to meet cash needs for general expenditures within one year as of December 31:

	2022	2021
Cash and cash equivalents	$ 1,540,479	$ 1,452,721
Investments	1,971,012	1,642,070
Total financial assets	3,511,491	3,094,791
Financial assets available to meet cash needs for general expenditures within one year	$ 3,511,491	$ 3,094,791

The League is substantially supported by contributions, grants and bequests as well as thrift shop sales which are somewhat predictable. As part of the League's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The League manages liquidity by maintaining adequate working capital and monitoring liquid assets on a monthly basis. In the event of financial distress, the League would be able to liquidate investments for short-term cash needs.

5. Investments

Investments consist of the following as of December 31:

	2022	2021
Mutual funds	$ 1,937,834	$ 1,624,760
Common stocks	33,178	17,310
	$ 1,971,012	$ 1,642,070

NOTES TO REVIEWED FINANCIAL STATEMENTS

Investments (continued)

Investment (loss) income, net consists of the following for the years ended December 31:

	2022	2021
Interest and dividend income	$ 77,331	$ 20,089
Realized and unrealized (loss) gain, net	(371,888)	94,314
Investment fees	(12,465)	(5,965)
	$ (307,022)	$ 108,438

6. Fair Value Measurements

The League utilizes the fair value hierarchy required by ASC 820 which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the League has the ability to access at the measurement date.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The League defines active markets for equity instruments based on the average daily trading volume both in absolute terms and relative to the market capitalization for the instrument. The League defines active markets for debt instruments based on both the average daily trading volume and the number of days with trading activity.

The League's investments are classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using readily determinable fair values or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on readily determinable fair values in active markets include common stocks and mutual funds. Such instruments are classified within Level 1 of the fair value hierarchy.

The following table represents the League's financial assets that are measured at fair value on a recurring basis as of December 31, 2022:

Description	12/31/2022	Level 1	Level 2	Level 3
Mutual funds				
Stock funds	$ 1,138,722	$ 1,138,722	$ -	$ -
Bond funds	752,310	752,310	-	-
Short-term funds	46,802	46,802	-	-
	1,937,834	1,937,834	-	-
Common stocks (a)	33,178	33,178	-	-
Total	$ 1,971,012	$ 1,971,012	$ -	$ -

NOTES TO REVIEWED FINANCIAL STATEMENTS

Fair Value Measurements (continued)

The following table represents the League's financial assets that are measured at fair value on a recurring basis as of December 31, 2021:

Description	12/31/2021	Level 1	Level 2	Level 3
Mutual funds				
Stock funds	$ 1,012,264	$ 1,012,264	$ -	$ -
Bond funds	559,972	559,972	-	-
Short-term funds	52,524	52,524	-	-
	1,624,760	1,624,760	-	-
Common stocks (a)	17,310	17,310	-	-
Total	$ 1,642,070	$ 1,642,070	$ -	$ -

(a) On the basis of its analysis of the nature, characteristics, and risks of the investments, the League has determined that presenting common stocks as a single class is appropriate.

7. Property and Equipment, Net

Property and equipment consist of the following as of December 31:

	2022	2021
Land	$ 111,692	$ 111,692
Buildings and improvements	3,447,179	3,426,835
Furniture and Fixtures	137,087	99,711
Vehicles	82,107	82,107
	3,778,065	3,720,345
Less accumulated depreciation	(1,360,927)	(1,255,712)
	$ 2,417,138	$ 2,464,633

8. In-kind Donations

In-kind donations consisted of the following for the years ended June 30:

	2022	2021
Donated services	$ 606,450	$ 564,810
Thrift shop items for resale	231,727	206,348
	$ 838,177	$ 771,158

For the years ended December 31, 2022 and 2021, the League recognized contributed nonfinancial assets within revenue, including donated services and donated goods for resale at the League's thrift shop. Unless otherwise noted, contributed nonfinancial assets were not monetized and did not have donor-imposed restrictions.

NOTES TO REVIEWED FINANCIAL STATEMENTS

In-kind Donations (continued)

Donated Services – The League receives donated services rendered by members of the League's management and staff. For the years ended December 31, 2022 and 2021, the League received 12,092 and 11,556, respectively in donated hours from the League's management and staff. For the year ended December 31, 2022, $259,510 of donated services were related to the League's animal care and medical program, $188,720 were related to general and administrative activities, and $158,220 were related to fundraising activities. For the year ended December 31, 2021, $226,690 of donated services were related to the League's animal care and medical program, $227,090 were related to general and administrative activities, and $111,030 were related to fundraising activities. Donated services are valued based on management's estimation of the gross salaries for volunteers with similar positions at other organizations or the market cost of equivalent contract services.

Thrift Shop Items for Resale – The League receives donated household goods, clothing, appliances and furniture from individual donors. The League then sells these items to the general public. The fair market value of these items is not readily determinable until the items are sold; therefore, the value is determined by the selling price of the item.

9. Leases

The League leases storage space on a month-to-month basis for $1,600 per month. Total short-term rent expense was $19,200 for the years ended December 31, 2022 and 2021, respectively.

10. Concentrations of Credit Risk

Cash Deposits at Banks
Financial instruments that potentially subject the League to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the FDIC up to $250,000. As of December 31, 2022 and 2021, the League had approximately $1,041,000 and $945,000 in excess of FDIC insured limits, respectively.

Investments
Investments held by other institutions are insured up to $500,000, including up to $250,000 for cash balances per institution, by the Securities Investor Protection Corporation ("SIPC As of December 31, 2022 and 2021, the League had approximately $1,471,000 and $1,142,000, respectively, in excess of SIPC insured limits.

Contributions, Grants and Bequests
During the years ended December 31, 2022 and 2021, 57% and 31%, respectively, of contributions, grants and bequests revenue in the accompanying statements of activities were received from 3 and 5 donors, respectively.

Donated Services
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.

NOTES TO REVIEWED FINANCIAL STATEMENTS

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 $91,632 and $109,549, for the years ended December 31, 2022 and 2021, respectively.

12. Evaluation of Subsequent Events

The League evaluated subsequent events through July 14, 2023, which represents the date the financial statements were available to be issued, and concluded that no additional disclosures are required.