ALLEN COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2019 and 2018

KATZ SAPPER & MILLER

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ALLEN COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC.

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Independent Auditors' Report

Board of Directors
Allen County Society for the Prevention of Cruelty to Animals, Inc.

We have audited the accompanying financial statements of Allen County Society for the Prevention of Cruelty to Animals, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allen County Society for the Prevention of Cruelty to Animals, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019 Allen County Society for the Prevention of Cruelty to Animals, Inc. adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date, and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Katz, Sapper & Miller, LLP

Fort Wayne, Indiana
February 24, 2020

ALLEN COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS

	2019	2018
ASSETS		
Cash	$ 51,217	$ 70,950
Interest receivable	70	70
Accounts receivable	7,280	7,905
Promises to give, net	228,704	
Investments	2,009,125	1,711,321
Prepaid expenses	6,656	6,656
Property and equipment, net	294,947	63,854
Cash restricted for capital assets	1,216,211	156,136
TOTAL ASSETS	$ 3,814,210	$ 2,016,892

LIABILITIES AND NET ASSETS

	2019	2018
LIABILITIES		
Accounts payable	$ 31,027	$ 18,419
Accrued expenses	21,359	14,287
Deferred revenue		5,965
Total Liabilities	52,386	38,671
NET ASSETS		
Without donor restrictions	2,162,759	1,679,153
With donor restrictions	1,599,065	299,068
Total Net Assets	3,761,824	1,978,221
TOTAL LIABILITIES AND NET ASSETS	$ 3,814,210	$ 2,016,892

See accompanying notes.

ALLEN COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC.

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT						
Contributions:						
Donations, grants and bequests	$ 816,037	$ 1,524,881	$ 2,340,918	$ 582,688	$ 181,530	$ 764,218
In-kind donations	162,047		162,047	76,547		76,547
Special events, net of direct benefits to donors	140,776		140,776	105,884		105,884
Membership dues	62,210		62,210	57,760		57,760
Adoption fees	154,764		154,764	144,806		144,806
Product sales, net of cost of goods sold	6,350		6,350	850		850
Miscellaneous income	12,195		12,195	12,855		12,855
Investment return, net	349,899		349,899	(109,384)		(109,384)
Net assets released from restrictions	224,884	(224,884)		130,340	(130,340)	
Total Revenue, Gains and Other Support	1,929,162	1,299,997	3,229,159	1,002,346	51,190	1,053,536
EXPENSES						
Program services:						
Shelter	857,153		857,153	825,673		825,673
Pet Promise	210,400		210,400	192,578		192,578
Supporting services:						
Management and general	142,465		142,465	118,650		118,650
Fundraising	235,538		235,538	296,134		296,134
Total Expenses	1,445,556		1,445,556	1,433,035		1,433,035
INCREASE (DECREASE) IN NET ASSETS	483,606	1,299,997	1,783,603	(430,689)	51,190	(379,499)
NET ASSETS						
Beginning of Year	1,679,153	299,068	1,978,221	2,109,842	247,878	2,357,720
End of Year	$ 2,162,759	$ 1,599,065	$ 3,761,824	$ 1,679,153	$ 299,068	$ 1,978,221

See accompanying notes.

ALLEN COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Shelter	Pet Promise	Total Program	Management and General	Fundraising	Total
Advertising	$ 11,758		$ 11,758			$ 11,758
Animal food, supplies and permits	123,917	$ 124,555	248,472			248,472
Auto expense	9,098	281	9,379			9,379
Depreciation	11,163	992	12,155	$ 248		12,403
Insurance				9,639		9,639
Kennel supplies	3,517		3,517			3,517
Miscellaneous	3,724		3,724		$ 603	4,327
Occupancy	29,568	616	30,184	616		30,800
Office expense	29,769	1,764	31,533	6,149	13,196	50,878
Payroll taxes and employee benefits	79,322	4,701	84,023	16,385	17,656	118,064
Postage and printing					51,454	51,454
Product purchases				13,287		13,287
Professional fees				21,257	38,378	59,635
Repairs and maintenance	5,999	533	6,532	133		6,665
Salaries and wages	425,830	25,235	451,065	87,959	94,784	633,808
Special events - food and beverage					44,247	44,247
Special events - marketing					7,235	7,235
Special events - professional services					26,022	26,022
Special events - space rental					11,295	11,295
Special events - supplies and other					12,232	12,232
Telephone	3,535	314	3,849	79		3,928
Veterinary expense	119,953	51,409	171,362			171,362
TOTAL EXPENSES BY FUNCTION	857,153	210,400	1,067,553	155,752	317,102	1,540,407
Less: Expenses included with revenues on the statements of activities:						
Product sales - cost of goods sold				(13,287)		(13,287)
Cost of direct benefits to donors					(81,564)	(81,564)
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	$ 857,153	$ 210,400	$ 1,067,553	$ 142,465	$ 235,538	$ 1,445,556

See accompanying notes.

ALLEN COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Shelter	Pet Promise	Total Program	Management and General	Fundraising	Total
Advertising	$ 1,434		$ 1,434			$ 1,434
Animal food, supplies and permits	78,661	$ 113,323	191,984			191,984
Auto expense	8,340	258	8,598			8,598
Depreciation	13,688	1,217	14,905	$ 304		15,209
Insurance				7,507		7,507
Kennel supplies	5,662		5,662			5,662
Miscellaneous	2,568		2,568		$ 2,029	4,597
Occupancy	22,528	469	22,997	469		23,466
Office expense	28,558	1,425	29,983	4,536	10,463	44,982
Payroll taxes and employee benefits	81,032	4,045	85,077	12,871	12,427	110,375
Postage and printing					39,297	39,297
Product purchases				17,254		17,254
Professional fees				19,278	145,940	165,218
Repairs and maintenance	4,971	442	5,413	110		5,523
Salaries and wages	462,713	23,097	485,810	73,496	70,960	630,266
Special events - food and beverage					39,655	39,655
Special events - marketing					1,853	1,853
Special events - professional services					23,069	23,069
Special events - space rental					8,838	8,838
Special events - supplies and other					13,165	13,165
Telephone	3,552	316	3,868	79		3,947
Veterinary expense	111,966	47,986	159,952			159,952
TOTAL EXPENSES BY FUNCTION	825,673	192,578	1,018,251	135,904	367,696	1,521,851
Less: Expenses included with revenues on the statements of activities:						
Product sales - cost of goods sold				(17,254)		(17,254)
Cost of direct benefits to donors					(71,562)	(71,562)
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	$ 825,673	$ 192,578	$ 1,018,251	$ 118,650	$ 296,134	$ 1,433,035

See accompanying notes.

ALLEN COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 1,783,603	$ (379,499)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	12,403	15,209
Net realized and unrealized (gain) loss on investments	(290,708)	195,221
Change in present value of pledges	10,962	
Contributions restricted for capital assets	(1,395,757)	(38,000)
(Increase) decrease in certain current assets:		
Interest receivable		(50)
Accounts receivable	625	10,350
Prepaid expenses		(2,142)
Increase (decrease) in certain current liabilities:		
Accounts payable	12,608	(68,316)
Accrued expenses	7,072	1,182
Deferred revenue	(5,965)	1,497
Net Cash Provided (Used) by Operating Activities	134,843	(264,548)
INVESTING ACTIVITIES		
Proceeds from sale or redemption of investments	427,956	768,640
Purchases of investments	(422,854)	(561,652)
Purchases of property and equipment	(243,496)	(7,096)
Net Cash Provided (Used) by Investing Activities	(238,394)	199,892
FINANCING ACTIVITIES		
Collections of contributions restricted for capital assets	1,156,091	38,000
Net Cash Provided by Financing Activities	1,156,091	38,000
INCREASE (DECREASE) IN CASH AND EQUIVALENTS AND RESTRICTED CASH	1,052,540	(26,656)
CASH AND EQUIVALENTS AND RESTRICTED CASH		
Beginning of Year	291,758	318,414
End of Year	$ 1,344,298	$ 291,758
CASH AND EQUIVALENTS AND RESTRICTED CASH		
Cash	$ 51,217	$ 70,950
Cash equivalents held in investments	76,870	64,672
Cash restricted for capital assets	1,216,211	156,136
Total Cash and Equivalents and Restricted Cash	$ 1,344,298	$ 291,758

See accompanying notes.

ALLEN COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Allen County Society for the Prevention of Cruelty to Animals, Inc. (the Organization) is an Indiana not-for-profit corporation which was formed in 1949 to promote the prevention of cruelty to animals by providing a safe haven for animals, an effective and comprehensive adoption program, education and outreach programs for the community, and deep and broad membership and volunteer programs. The Organization receives its funding primarily from adoption fees and donations from the general public.

New Accounting Pronouncements: On January 1, 2019, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date (together, ASC 606) as prescribed by the Financial Accounting Standards Board (FASB) using the modified retrospective method of adoption. The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASC 606 did not have a significant impact on the Organization's revenue recognition, financial position, results of operations or cash flows. Therefore, no cumulative-effect adjustment to net assets as of January 1, 2019 was required upon adoption.

Also during 2019, the Organization adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) as prescribed by the FASB using a modified prospective basis in the 2019 financial statements by which the ASU was applied for agreements that were either not completed as of December 31, 2018 or entered into after December 31, 2018. ASU No. 2018-08 clarifies and improves accounting guidance for contributions received and contributions made by providing guidance on whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and whether a contribution is conditional. The adoption of ASU No. 2018-08 did not have a significant impact on the Organization's revenue recognition, financial position, results of operations, or cash flows. Therefore, no prior period results were restated and no cumulative-effect adjustment to net assets as of January 1, 2019 was required upon adoption.

Basis of Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- ***Net Assets Without Donor Restrictions*** are not subject to donor-imposed restrictions and may be used at the discretion of the Organization's management and Board of Directors. This net asset category includes funds designated by the Board of Directors for building renovations and the capital campaign.

- ***Net Assets With Donor Restrictions*** are subject to stipulations imposed by donors. All of the Organization's donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

  Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts associated with the acquisition of long-lived assets are released from restriction when the assets are placed in service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash consists of cash on hand and in demand deposit accounts. Cash does not include cash restricted by donors for long-term purposes or cash equivalents held in investment accounts. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from its bank accounts.

Promises to Give: Unconditional promises to give are expected to be collected within one year and are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions in the statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Promises to give are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors, historical experience, economic conditions, and other relevant factors. Management has determined that no allowance was necessary at December 31, 2019.

Investment Valuation and Income Recognition: Investments initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of activities consists of interest and dividend income and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

Property and Equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives as follows:

Building and improvements	15-40 years
Furniture and equipment	3-15 years

The Organization's property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in 2019 and 2018.

Revenue Recognition: The Organization's primary sources of revenue are contributions and investment income. Revenue recognition policies for those revenue streams are disclosed under promises to give and investment valuation and income recognition above and donations, grants, and bequests below. The revenue recognition policies for other sources of revenue that are material to the financial statements are disclosed below.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- ***Membership Dues:*** The portion of dues that relate to goods and services to be provided by the Organization includes materials from the Organization and an event ticket which represent two distinct performance obligations: (1) the obligation to provide materials and (2) the occurrence of the event. The materials are provided upon receipt of the membership dues and the corresponding revenue is recognized at that time. The portion related to the event ticket is recognized upon occurrence of the event. Membership dues do not include a contribution component.

- ***Adoption Fees:*** The adoption contracts include a single performance obligation which includes providing the adoptable cat or dog to the customer upon completion of the adoption. The adoption fees are recognized at the time the adoption occurs.

- ***Special Event Revenue***, including related sponsorship revenue and other contributions, relates to multiple special events where sponsorships and tickets are purchased for the events. Each special event has a single performance obligation, the occurrence of the event, which is satisfied at a point in time. The exchange portion of the tickets and sponsorships are recognized upon occurrence of the event and totaled $43,540 for 2019. Contributions related to the sponsorships are recognized when received or unconditionally promised and totaled $178,800 for 2019. Deferred revenue is recorded for exchange transactions received prior to occurrence of the event.

The Organization determined all revenue sources noted above are earned at a point in time and evaluates the financial performance of these activities primarily by comparing actual financial results against its annual budget.

Donations, Grants and Bequests are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met.

In-kind Donations: Contributions of services, which consisted primarily of veterinary, audit and advertising services, are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Volunteers contribute significant amounts of time to the Organization's activities that do not meet recognition criteria, and the value of these contributed services is not reflected in the financial statements. Contributions of animal food, equipment, and other goods are recorded at estimated fair value when received.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among program and support services based on occupied space (including, occupancy, repairs and maintenance, telephone, and depreciation) or time spent by Organization staff (including, salaries and wages, payroll taxes and employee benefits, and office expenses). Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising Costs are expensed as incurred and totaled $11,758 in 2019 and $1,434 in 2018.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax for 2019 and 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization files U.S. federal and Indiana information returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2016.

Reclassifications: Certain amounts in the 2018 financial statements have been reclassified to conform to the presentation of the 2019 financial statements.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through February 24, 2020, the date the financial statements were available to be issued.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The Organization's financial assets available for general expenditure within one year of December 31, 2019 and 2018 were as follows:

	2019	**2018**
Cash	$ 1,267,428	$ 227,086
Interest receivable	70	70
Accounts receivable	7,280	7,905
Promises to give, net	228,704	
Investments	2,009,125	1,711,321
Total Financial Assets	3,512,607	1,946,382
Promises to give to be received beyond one year	(182,528)	
Donor-imposed Restrictions:		
Funds restricted for capital campaign	(1,216,211)	(156,136)
Board-designations:		
Capital campaign and building renovations	(1,013,187)	(13,187)
Total Financial Assets Available Within One Year	1,100,681	1,777,059
Line of Credit Availability	500,000	
Total Financial Assets and Liquidity Resources Available to Meet General Expenditures Within One Year	$ 1,600,681	$1,777,059

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of its program services as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in short-term investments and money market fund shares.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Organization's Board of Directors has designated a portion of its unrestricted resources for future building renovations and a capital campaign. Those amounts are identified as board-designated in the above table. These funds are held in cash and investments but remain available and may be spent at the discretion of the Board of Directors.

The Organization also has a line of credit available to meet short-term needs. See Note 7.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

> ***Level 1*** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
>
> ***Level 2*** – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
>
> ***Level 3*** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Organization makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Organization for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2019 and 2018.

> ***Mutual Fund Shares and Money Market Fund Shares:*** Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.
>
> ***Exchange-traded Fund Shares:*** Valued at the closing price reported on the active market on which the individual securities are traded.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organization's assets that are measured at fair value on a recurring basis as of December 31, 2019 and 2018:

2019	**Level 1**	**Total**
Assets		
Investments:		
Money market fund shares	$ 76,870	$ 76,870
Mutual Fund Shares:		
Large cap	843,017	843,017
Mid cap	197,973	197,973
Small cap	88,854	88,854
Fixed income	517,668	517,668
Exchange-traded Fund Shares:		
Large cap	149,727	149,727
Mid cap	21,831	21,831
Small cap	42,492	42,492
Fixed income	70,693	70,693
Total Assets at Fair Value	$2,009,125	$2,009,125

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

2018	Level 1	Total
Assets		
Investments:		
Money market fund shares	$ 64,672	$ 64,672
Mutual Fund Shares:		
Large cap	763,338	763,338
Mid cap	130,533	130,533
Small cap	63,265	63,265
Fixed income	479,566	479,566
Exchange-traded Fund Shares:		
Large cap	85,153	85,153
Mid cap	24,050	24,050
Small cap	35,182	35,182
Fixed income	65,562	65,562
Total Assets at Fair Value	$1,711,321	$1,711,321

At December 31, 2019 and 2018, the Organization had no other assets and no liabilities that are measured at fair value on a recurring basis.

NOTE 4 - INVESTMENTS

Investments consisted of the following as of December 31, 2019 and 2018:

	2019		2018	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Money market fund shares	$ 76,870	$ 76,870	$ 64,672	$ 64,672
Mutual fund and exchange-traded fund shares - equity	1,146,105	1,343,894	1,132,550	1,101,521
Mutual fund and exchange-traded fund shares - fixed income	576,870	588,361	565,569	545,128
Total Investments	$1,799,845	$2,009,125	$1,762,791	$1,711,321

The Organization's investment return consisted of the following for 2019 and 2018:

	2019	**2018**
Interest and dividends	$ 70,087	$ 97,546
Investment management fees	(10,896)	(11,709)
Net realized gain	29,866	19,505
Net unrealized gain (loss)	260,842	(214,726)
Net Investment Return, net	$349,899	$(109,384)

NOTE 5 - PROMISES TO GIVE

Promises to give were estimated to be collected as follows as of December 31, 2019:

Within one year	$ 57,138
In one to five years	182,528
	239,666
Unamortized discounts	(10,962)
Total Promises to Give, net	$228,704

Promises to give were discounted at 3.04% as of December 31, 2019.

NOTE 6 - PROPERTY AND EQUIPMENT

The Organization's property and equipment are as follows at December 31, 2019 and 2018:

	2019	2018
Land	$ 68,600	
Buildings and improvements	186,354	$ 186,354
Equipment and furnishings	164,840	146,327
Construction in progress	156,383	
	576,177	332,681
Less: Accumulated depreciation	(281,230)	(268,827)
Total Property and Equipment, net	$ 294,947	$ 63,854

NOTE 7 - DEBT AND CREDIT ARRANGEMENTS

The Organization entered into a $500,000 line of credit agreement in February 2019 which expires on February 28, 2020. There were no borrowings outstanding on the line of credit agreement as of December 31, 2019. Borrowings under the line of credit agreement bear interest at Daily LIBOR plus 1.50%. (3.04% at December 31, 2019). The line of credit is collateralized with the Organization's investments.

NOTE 8 - NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Designated for building renovations and capital campaign	$1,013,187	$ 13,187
Invested in property and equipment	294,947	63,854
Undesignated	854,625	1,602,112
Total Net Assets Without Donor Restrictions	$2,162,759	$1,679,153

NOTE 8 - NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Subject to Expenditures for Specified Purpose:		
Capital campaign	$1,427,423	$149,606
Angel Fund	97,791	89,530
Pet Promise	23,126	50,328
Compassion Foster	34,068	
Operation CAT	10,127	2,471
Outdoor kennels	6,530	6,530
Other		603
Total Net Assets With Donor Restrictions	$1,599,065	$299,068

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Satisfaction of Purpose Restrictions:		
Capital campaign	$106,978	
Angel Fund	34,132	$ 25,873
Pet Promise	68,619	75,830
Compassion Foster	2,829	
Operation CAT	11,723	15,945
Flooring and sanitation improvements		5,667
Other	603	7,025
Total Net Assets Released from Restrictions	$224,884	$130,340

NOTE 9 - OPERATING LEASES

The Organization leased office equipment under a long-term operating lease through 2019 which required monthly payments of $275 plus variable amounts based on usage. Lease expense was $6,947 in 2019 and $7,077 in 2018.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Organization had contributions of $441,339, including capital campaign promises to give, in the year ended December 31, 2019 from its board members. Also, there were $213,000 in outstanding promises to give from the capital campaign from board members at December 31, 2019.

NOTE 11 - CONCENTRATIONS OF FUNDING

The Organization had one donor contribution totaling 33% of total revenue, excluding investment return, in 2019.

At December 31, 2019, 83% of promises to give were from three individuals.