



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

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2020 and 2019

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

CONTENTS

	Page
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-16

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, 2020 and 2019, 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 qualified audit opinion on the 2020 financial statements and our unmodified opinion on the 2019 financial statements.

Basis for Qualified Opinion

As disclosed in Note 1 to the financial statements, accounting principles generally accepted in the United States of America require that when a not-for-profit acquirer obtains control of another not-for-profit entity, acquisition accounting is applied as of acquisition date to recognize the assets and liabilities at fair value in the acquirer's financial statements. Thereafter, the financial statements of a not-for-profit in which the reporting entity has economic interest and control should be consolidated in the financial statements of the reporting entity. As of August 31, 2020, Allen County Society for the Prevention of Cruelty to Animals, Inc. obtained control of another not-for-profit entity, but did not apply acquisition accounting as of August 31, 2020, and did not consolidate the financial statements of this entity as of December 31, 2020, and for the period from August 31, 2020 to December 31, 2020. Management has not determined the effects of these departures from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows.

Qualified Opinion on the 2020 Financial Statements and Unmodified Opinion on the 2019 Financial Statements

In our opinion, except for the effects on the 2020 financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Allen County Society for the Prevention of Cruelty to Animals, Inc. as of December 31, 2020 and 2019, 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.

Katz, Sapper & Miller, LLP

Fort Wayne, Indiana
November 5, 2021

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

**STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019**

ASSETS

	2020	2019
ASSETS		
Cash	\$ 408,476	\$ 51,217
Interest receivable	70	70
Accounts receivable	26,954	7,280
Investments	1,289,002	995,938
Prepaid expenses	440	6,656
Cash - donor restricted for capital campaign	1,237,352	1,216,211
Promises to give, net - donor restricted for capital campaign	1,232,142	228,704
Investments - board designated for capital campaign	1,013,187	1,013,187
Property and equipment, net	<u>568,860</u>	<u>294,947</u>
TOTAL ASSETS	<u>\$ 5,776,483</u>	<u>\$ 3,814,210</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 834	\$ 31,027
Accrued expenses	27,017	21,359
Total Liabilities	<u>27,851</u>	<u>52,386</u>
NET ASSETS		
Without donor restrictions	2,675,776	2,162,759
With donor restrictions	3,072,856	1,599,065
Total Net Assets	<u>5,748,632</u>	<u>3,761,824</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,776,483</u>	<u>\$ 3,814,210</u>

See accompanying notes.

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

**STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT						
Contributions:						
Donations, grants and bequests	\$ 1,034,770	\$ 1,571,792	\$ 2,606,562	\$ 816,037	\$ 1,524,881	\$ 2,340,918
PPP grant	145,400		145,400			
In-kind donations	115,002		115,002	162,047		162,047
Special events, net of direct benefits to donors	78,118		78,118	140,776		140,776
Membership dues	52,655		52,655	62,210		62,210
Adoption fees	134,495		134,495	154,764		154,764
Product sales, net of cost of goods sold	7,442		7,442	6,350		6,350
Miscellaneous income	8,139		8,139	12,195		12,195
Investment return	293,982		293,982	349,899		349,899
Net assets released from restrictions	98,001	(98,001)		224,884	(224,884)	
Total Revenue, Gains and Other Support	<u>1,968,004</u>	<u>1,473,791</u>	<u>3,441,795</u>	<u>1,929,162</u>	<u>1,299,997</u>	<u>3,229,159</u>
EXPENSES						
Program services:						
Shelter	932,816		932,816	857,153		857,153
Pet Promise / Compassion Foster	111,392		111,392	210,400		210,400
Supporting services:						
Management and general	214,918		214,918	142,465		142,465
Fundraising	195,861		195,861	235,538		235,538
Total Expenses	<u>1,454,987</u>		<u>1,454,987</u>	<u>1,445,556</u>		<u>1,445,556</u>
INCREASE IN NET ASSETS	513,017	1,473,791	1,986,808	483,606	1,299,997	1,783,603
NET ASSETS						
Beginning of Year	<u>2,162,759</u>	<u>1,599,065</u>	<u>3,761,824</u>	<u>1,679,153</u>	<u>299,068</u>	<u>1,978,221</u>
End of Year	<u>\$ 2,675,776</u>	<u>\$ 3,072,856</u>	<u>\$ 5,748,632</u>	<u>\$ 2,162,759</u>	<u>\$ 1,599,065</u>	<u>\$ 3,761,824</u>

See accompanying notes.

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

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020**

	Shelter	Pet Promise / Compassion Foster	Total Program	Management and General	Fundraising	Total
Advertising	\$ 13,859		\$ 13,859			\$ 13,859
Animal food, supplies and permits	112,542	\$ 35,839	148,381			148,381
Auto expense	2,613	81	2,694			2,694
Depreciation	12,758		12,758	\$ 1,134	\$ 284	14,176
Insurance	16,615		16,615	3,535	369	20,519
Kennel supplies	1,376		1,376			1,376
Miscellaneous	4,441		4,441		549	4,990
Occupancy	24,657	514	25,171	514		25,685
Office expense	29,298	2,035	31,333	5,201	7,917	44,451
Payroll taxes and employee benefits	90,320	6,272	96,592	13,799	15,053	125,444
Postage and printing					53,846	53,846
Product purchases				6,822		6,822
Professional fees				105,674	10,918	116,592
Repairs and maintenance	1,593		1,593	142	35	1,770
Salaries and wages	554,185	38,485	592,670	84,667	92,364	769,701
Special events - food and beverage					14,903	14,903
Special events - marketing					3,632	3,632
Special events - professional services					5,514	5,514
Special events - space rental					5,642	5,642
Special events - supplies and other					10,831	10,831
Telephone	2,839		2,839	252	63	3,154
Veterinary expense	65,720	28,166	93,886			93,886
TOTAL EXPENSES BY FUNCTION	932,816	111,392	1,044,208	221,740	221,920	1,487,868
Less: Expenses included with revenues on the statements of activities:						
Product sales - cost of goods sold				(6,822)		(6,822)
Cost of direct benefits to donors					(26,059)	(26,059)
TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES	<u>\$ 932,816</u>	<u>\$ 111,392</u>	<u>\$ 1,044,208</u>	<u>\$ 214,918</u>	<u>\$ 195,861</u>	<u>\$ 1,454,987</u>

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	<u>\$ 857,153</u>	<u>\$ 210,400</u>	<u>\$ 1,067,553</u>	<u>\$ 142,465</u>	<u>\$ 235,538</u>	<u>\$ 1,445,556</u>

See accompanying notes.

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

**STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019**

	2020	2019
OPERATING ACTIVITIES		
Increase in net assets	\$ 1,986,808	\$ 1,783,603
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	14,175	12,403
Net realized and unrealized gain on investments	(222,432)	(290,708)
Change in present value of promises to give	19,740	10,962
Contributions restricted for capital assets	(1,511,911)	(1,395,757)
(Increase) decrease in certain current assets:		
Accounts receivable	(19,674)	625
Prepaid expenses	6,216	
Increase (decrease) in certain current liabilities:		
Accounts payable	(30,193)	12,608
Accrued expenses	5,658	7,072
Deferred revenue		(5,965)
Net Cash Provided by Operating Activities	248,387	134,843
INVESTING ACTIVITIES		
Proceeds from sale or redemption of investments	160,718	427,956
Purchases of investments	(134,944)	(422,854)
Purchases of property and equipment	(288,088)	(243,496)
Net Cash Used by Investing Activities	(262,314)	(238,394)
FINANCING ACTIVITIES		
Collections of contributions restricted for capital assets	460,458	1,156,091
Net Cash Provided by Financing Activities	460,458	1,156,091
INCREASE IN CASH AND EQUIVALENTS AND RESTRICTED CASH	446,531	1,052,540
CASH AND EQUIVALENTS AND RESTRICTED CASH		
Beginning of Year	1,344,298	291,758
End of Year	\$ 1,790,829	\$ 1,344,298
CASH AND EQUIVALENTS AND RESTRICTED CASH		
Cash	\$ 408,476	\$ 51,217
Cash equivalents held in investments	131,814	63,683
Cash equivalents held in investments - board designated for capital campaign	13,187	13,187
Cash - donor restricted for capital campaign and assets	1,237,352	1,216,211
Total Cash and Equivalents and Restricted Cash	\$ 1,790,829	\$ 1,344,298

See accompanying notes.

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019**

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.

The Organization entered into a plan of merger with H.O.P.E. for Animals, Inc. (HOPE) on July 14, 2020. HOPE is a nonprofit entity whose mission is to eliminate the preventable euthanasia of companion animals and community cats by offering high quality low cost spay/neuter and wellness services by supporting rescue and by promoting responsible pet ownership. The partnership between the Organization and HOPE was formed to ensure the long-term sustainability of each organization by maximizing the synergies and strategic opportunities made possible by the programs offered and the public support provided by both entities, and to help expand its mission beyond Allen County to the Midwest region. On August 31, 2020, the respective boards of the Organization and HOPE approved changes to bylaws that allowed the Organization's Board of Directors to approve the board members of HOPE and also allowed for the oversight of the day-to-day operations of HOPE by the Organization. As a result of these changes, the Organization obtained control of HOPE and retained control and economic interest throughout the remainder of HOPE's existence as a separate legal entity. Accounting principles generally accepted in the United States of America require that when a not-for-profit acquirer obtains control of another not-for-profit entity, acquisition accounting is applied as of acquisition date to recognize the assets and liabilities at fair value in the acquirer's financial statements. Thereafter, the financial statements of a not-for-profit in which the reporting entity has economic interest and control should be consolidated in the financial statements of the reporting entity. The Organization did not apply acquisition accounting as of August 31, 2020 and did not consolidate the financial statements of HOPE as of December 31, 2020, and for the period from August 31, 2020 to December 31, 2020. The Organization has not determined the effects of these departures from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows.

In December 2020, the Organization filed articles of merger with the Indiana Secretary of State to merge the Organization and HOPE. The Organization is the surviving corporation and because of the merger the name was changed to Humane Fort Wayne, Inc. effective on March 8, 2021.

Basis of Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization does not consolidate other entities in which it controls and has a financial interest. Under GAAP, entities that the Organization controls and has a financial interest would be consolidated into the Organization's financial statements.

The Organization reports 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and Equivalents consist of cash on hand and in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less. 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, 2020 and 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
Equipment and furnishings	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 2020 and 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

- **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 \$25,530 in 2020 and \$43,540 in 2019. Contributions related to the sponsorships are recognized when received or unconditionally promised and totaled \$78,647 in 2020 and \$178,800 in 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 expense). 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 \$13,859 in 2020 and \$11,758 in 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2020 and 2019.

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 2017. Management believes that the Organization's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in a material change.

Reclassifications: Certain amounts in the 2019 financial statements have been reclassified to conform to the presentation of the 2020 financial statements.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through November 5, 2021, the date the financial statements were available to be issued. The following subsequent events were noted:

- Merger with HOPE effective January 1, 2021, and name change of the Organization disclosed in Note 1.
- Second PPP loan received in 2021 disclosed in Note 12.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The Organization's financial assets available for general expenditure within one year of December 31, 2020 and 2019 were as follows:

	2020	2019
Cash	\$ 1,645,328	\$ 1,267,428
Interest receivable	70	70
Accounts receivable	26,954	7,280
Promises to give, net	1,232,142	228,704
Investments	<u>2,302,189</u>	<u>2,009,125</u>
Total Financial Assets	5,206,683	3,512,607
Promises to give to be received for capital campaign	(1,232,142)	(228,704)
Donor-imposed Restrictions:		
Funds restricted for capital campaign	(1,237,352)	(1,216,211)
Board-designations:		
Capital campaign and building renovations	<u>(1,013,187)</u>	<u>(1,013,187)</u>
Total Financial Assets Available Within One Year	1,724,002	1,054,505
Line of Credit Availability	<u> </u>	<u>500,000</u>
Total Financial Assets and Liquidity Resources Available to Meet General Expenditures Within One Year	<u>\$ 1,724,002</u>	<u>\$ 1,554,505</u>

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.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

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 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'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 had 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, 2020 and 2019.

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.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2020 and 2019:

2020	Level 1	Total
Assets		
Investments:		
Money market fund shares	\$ 145,001	\$ 145,001
Mutual Fund Shares:		
Large cap	1,005,126	1,005,126
Midcap	223,896	223,896
Small cap	70,280	70,280
Fixed income	551,967	551,967
Exchange-traded Fund Shares:		
Large cap	165,840	165,840
Midcap	18,451	18,451
Small cap	46,918	46,918
Fixed income	<u>74,710</u>	<u>74,710</u>
Total Assets at Fair Value	<u>\$2,302,189</u>	<u>\$2,302,189</u>

2019		
Assets		
Investments:		
Money market fund shares	\$ 76,870	\$ 76,870
Mutual Fund Shares:		
Large cap	843,017	843,017
Midcap	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
Midcap	21,831	21,831
Small cap	42,492	42,492
Fixed income	<u>70,693</u>	<u>70,693</u>
Total Assets at Fair Value	<u>\$2,009,125</u>	<u>\$2,009,125</u>

NOTE 4 - INVESTMENTS

Investments consisted of the following as of December 31, 2020 and 2019:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Money market fund shares	\$ 145,001	\$ 145,001	\$ 76,870	\$ 76,870
Mutual fund and exchange-traded fund shares - equity	1,134,612	1,530,511	1,146,105	1,343,894
Mutual fund and exchange-traded fund shares - fixed income	<u>592,513</u>	<u>626,677</u>	<u>576,870</u>	<u>588,361</u>
Total Investments	<u>\$1,872,126</u>	<u>\$2,302,189</u>	<u>\$1,799,845</u>	<u>\$2,009,125</u>

NOTE 4 - INVESTMENTS (CONTINUED)

The Organization's investment return consisted of the following for 2020 and 2019:

	2020	2019
Interest and dividends	\$ 83,078	\$ 70,087
Investment management fees	(11,528)	(10,896)
Net realized gain	1,648	29,866
Net unrealized gain	<u>220,784</u>	<u>260,842</u>
Net Investment Return, net	<u>\$293,982</u>	<u>\$349,899</u>

NOTE 5 - PROMISES TO GIVE

Promises to give were estimated to be collected as follows as of December 31, 2020:

	2020	2019
Within one year	\$ 338,555	\$ 57,138
In one to five years	<u>924,289</u>	<u>182,528</u>
	1,262,844	239,666
Unamortized discounts	<u>(30,702)</u>	<u>(10,962)</u>
Total Promises to Give, net	<u>\$1,232,142</u>	<u>\$228,704</u>

Promises to give were discounted at 3.04% as of December 31, 2020 and 2019. At December 31, 2020 and 2019, all promises to give were donor restricted for capital campaign.

NOTE 6 - PROPERTY AND EQUIPMENT

The Organization's property and equipment are as follows at December 31, 2020 and 2019:

	2020	2019
Land	\$ 68,600	\$ 68,600
Buildings and improvements	186,354	186,354
Equipment and furnishings	164,840	164,840
Construction in progress	<u>444,471</u>	<u>156,383</u>
	864,265	576,177
Less: Accumulated depreciation	<u>(295,405)</u>	<u>(281,230)</u>
Total Property and Equipment, net	<u>\$ 568,860</u>	<u>\$ 294,947</u>

NOTE 7 - DEBT AND CREDIT ARRANGEMENTS

The Organization entered into a \$500,000 line of credit agreement in February 2020 which expired on February 28, 2021 and was not renewed. There were no borrowings outstanding on the line of credit agreement as of December 31, 2019. Borrowings under the line of credit agreement bore interest at Daily LIBOR plus 1.50%. The line of credit was 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, 2020 and 2019:

	2020	2019
Designated for building renovations and capital campaign	\$1,013,187	\$1,013,187
Invested in property and equipment	568,860	294,947
Undesignated	<u>1,093,729</u>	<u>854,625</u>
Total Net Assets Without Donor Restrictions	<u>\$2,675,776</u>	<u>\$2,162,759</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Subject to Expenditures for Specified Purpose:		
Capital campaign	\$2,908,676	\$1,427,423
Angel Fund	87,509	97,791
Pet Promise	40,128	23,126
Compassion Foster	19,886	34,068
Operation CAT	10,127	10,127
Outdoor kennels	<u>6,530</u>	<u>6,530</u>
Total Net Assets With Donor Restrictions	<u>\$3,072,856</u>	<u>\$1,599,065</u>

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, 2020 and 2019:

	2020	2019
Satisfaction of Purpose Restrictions:		
Capital campaign	\$10,918	\$106,978
Angel Fund	16,074	34,132
Pet Promise	20,257	68,619
Compassion Foster	15,582	2,829
Operation CAT		11,723
Project Harmony	35,000	
Other	<u>170</u>	<u>603</u>
Total Net Assets Released from Restrictions	<u>\$98,001</u>	<u>\$224,884</u>

NOTE 9 - OPERATING LEASES

The Organization leased office equipment under a long-term operating lease through 2021 which required monthly payments of \$275 plus variable amounts based on usage. Lease expense was \$6,584 in 2020 and \$6,947 in 2019. As of December 31, 2020, future minimum lease payments due for 2021 were \$2,750.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Organization had contributions of \$156,500 and \$441,339, including capital campaign promises to give, in the year ended December 31, 2020 and 2019, respectively from its board members. Also, there were \$104,808 and \$213,000 in outstanding promises to give from the capital campaign from board members at December 31, 2020 and 2019, respectively.

NOTE 11 - CONCENTRATIONS OF FUNDING

The Organization had one donor contribution totaling 16% and 33% of total revenue, excluding investment return, in 2020 and 2019, respectively.

At December 31, 2020 and 2019, 55% and 83% of promises to give were from two and three individuals, respectively.

NOTE 12 - GOVERNMENT ASSISTANCE

On April 30, 2020, the Organization was granted a Paycheck Protection Program Loan (PPP loan) of \$145,000. PPP loans, including accrued interest, are forgivable as long as the entity uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities. Under the PPP, the amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. The Organization used the proceeds for purposes consistent with the PPP and has received forgiveness from the bank. The Organization substantially met the conditions of the PPP, including incurring qualified expenses. Therefore, the Organization recognized PPP grant of \$145,000 in 2020 related to government assistance provided by the PPP. The Organization received full forgiveness from the bank and the SBA on December 2, 2020.

On February 3, 2021, the Organization was granted an additional loan of \$163,115 under the PPP, as expanded and amended under the Consolidated Appropriations Act, 2021.