SAVE-A-PET, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Save-A-Pet, Inc.
Grayslake, Illinois

We have audited the accompanying financial statements of SAVE-A-PET, INC. (an Illinois nonprofit Organization), 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 auditor's 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 auditor considers 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAVE-A-PET, INC. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

[illegible] + Davis LLP

July 16, 2020

STATEMENTS OF FINANCIAL POSITION

As of December 31	**2019**	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 555,351**	$ 642,190
Investments, at Fair Value	**5,250,206**	3,524,689
Contributions Receivable	**45,566**	14,965
Pledges Receivable	**2,500**	5,000
Inventory	**8,833**	6,290
Prepaid Expenses	**24,939**	28,530
Total Current Assets	**5,887,395**	4,221,664
NONCURRENT ASSETS		
Pledges Receivable - Noncurrent	**2,500**	5,000
Property and Equipment, net of Accumulated Depreciation and Amortization	**1,604,176**	1,655,367
Total Noncurrent Assets	**1,606,676**	1,660,367
	$ 7,494,071	$ 5,882,031
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 55,738**	$ 58,762
Accrued Expenses	**6,094**	2,709
Accrued Wages and Payroll Taxes	**45,467**	32,032
Accrued Vacation	**12,455**	10,717
Total Current Liabilities	**119,754**	104,220
NET ASSETS		
Without Donor Restrictions	**7,322,285**	5,751,112
With Donor Restrictions - Time and Purpose	**47,010**	21,677
With Donor Restrictions - Endowment	**5,022**	5,022
Total Net Assets	**7,374,317**	5,777,811
	$ 7,494,071	$ 5,882,031

See accompanying notes.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31	2019				2018			
		With Donor Restriction				With Donor Restriction		
	Without Donor Restriction	Time and Purpose Restrictions	Endowment	Total	Without Donor Restriction	Time and Purpose Restrictions	Endowment	Total
REVENUES								
Support								
Contributions								
Donations and Grants	$ 695,983	$ 123,476	$	$ 819,459	$ 601,141	$ 135,644	$	$ 736,785
Bequests	1,716,477			1,716,477	1,372,864			1,372,864
	2,412,460	123,476		2,535,936	1,974,005	135,644		2,109,649
Merchandise Sales	10,990			10,990	6,072			6,072
Less: Cost of Sales	(9,124)			(9,124)	(5,728)			(5,728)
	1,866			1,866	344			344
Special Event Revenue	179,992	18,300		198,292	152,281	43,380		195,661
Total Support	2,594,318	141,776		2,736,094	2,126,630	179,024		2,305,654
Program Services								
Animal-Related Fees	213,005			213,005	172,099			172,099
Other Revenues and Gains (Losses)								
Interest and Dividends, net of Investment Fees of $25,647 and $18,604, respectively	76,109			76,109	42,603			42,603
Realized/Unrealized Net Gains (Losses) on Investments	593,082			593,082	(283,397)			(283,397)
Miscellaneous	10,210			10,210	(56)			(56)
Total Other Revenues, net	679,401			679,401	(240,850)			(240,850)
Net Assets Released from Restrictions								
Expiration of Purpose Restrictions	116,443	(116,443)		—	196,069	(196,069)		—
Expiration of Time Restrictions				—	5,722	(5,722)		—
	116,443	(116,443)		—	201,791	(201,791)		—
Total Support and Revenue	3,603,167	25,333		3,628,500	2,259,670	(22,767)		2,236,903
EXPENSES								
Animal Welfare Program	1,512,380			1,512,380	1,267,308			1,267,308
Supporting Services								
Management and General	273,408			273,408	293,683			293,683
Fundraising								
Development	155,689			155,689	155,928			155,928
Direct Expenses for Special Events	90,517			90,517	90,391			90,391
Total Supporting Services	519,614			519,614	540,002			540,002
Total Expenses	2,031,994			2,031,994	1,807,310			1,807,310
CHANGE IN NET ASSETS	1,571,173	25,333		1,596,506	452,360	(22,767)		429,593
Net Assets, Beginning of Year	5,751,112	21,677	5,022	5,777,811	5,298,752	44,444	5,022	5,348,218
NET ASSETS, ENDING	$ 7,322,285	$ 47,010	$ 5,022	$ 7,374,317	$ 5,751,112	$ 21,677	$ 5,022	$ 5,777,811

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Animal Welfare Program	Supporting Services: Management and General	Development Fundraising	Direct Expenses to Special Event	Total Supporting Services	Total Expenses
Salaries	$ 620,139	$ 162,460	$ 110,246	$ —	$ 272,706	$ 892,845
Payroll Taxes and Employee Benefits	71,320	23,498	9,435	—	32,933	104,253
Health, Food, and Other Shelter Supplies	128,910	—	—	—	—	128,910
Promotion/Advertising	—	3,235	2,136	1,581	6,952	6,952
Insurance	46,768	8,099	1,050	—	9,149	55,917
Office Expense and Supplies	7,947	2,385	5,563	13,999	21,947	29,894
Newsletter	20,966	552	552	—	1,104	22,070
Bank Charges and Credit Card Fees	4,716	3,998	11,399	988	16,385	21,101
Depreciation and Amortization Expense	111,311	2,929	2,929	—	5,858	117,169
Dues, Subscriptions, Licenses and Fees	—	1,909	—	2,126	4,035	4,035
Entertainment	—	—	—	7,500	7,500	7,500
Postage	—	2,827	4,749	1,563	9,139	9,139
Professional Fees	2,610	40,168	435	—	40,603	43,213
Telephone	11,678	649	649	—	1,298	12,976
Rent	1,419	7,449	—	55,670	63,119	64,538
Repairs and Maintenance	22,911	3,818	3,818	—	7,636	30,547
Training	11,517	—	—	—	—	11,517
Transportation	3,394	1,240	—	—	1,240	4,634
Utilities	33,112	871	871	—	1,742	34,854
Veterinary Services	411,494	—	—	—	—	411,494
Miscellaneous	2,168	7,321	1,857	7,090	16,268	18,436
TOTAL EXPENSES	$ 1,512,380	$ 273,408	$ 155,689	$ 90,517	$ 519,614	$ 2,031,994

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended December 31, 2018

		Supporting Services				
	Animal Welfare Program	Management and General	Development Fundraising	Direct Expenses to Special Event	Total Supporting Services	Total Expenses
Salaries	$ 499,151	$ 182,091	$ 106,844	$ —	$ 288,935	$ 788,086
Payroll Taxes and Employee Benefits	57,258	27,227	14,569	—	41,796	99,054
Health, Food, and Other Shelter Supplies	138,420	—	—	—	—	138,420
Promotion/Advertising	—	3,352	3,082	13,166	19,600	19,600
Insurance	41,197	9,020	1,644	—	10,664	51,861
Office Expense and Supplies	7,449	2,235	5,215	5,124	12,574	20,023
Newsletter	12,690	334	334	—	668	13,358
Bank Charges and Credit Card Fees	—	6,570	9,071	561	16,202	16,202
Depreciation and Amortization Expense	108,262	2,849	2,849	—	5,698	113,960
Dues, Subscriptions, Licenses and Fees	—	952	—	5	957	957
Loss on Disposal of Property and Equipment	—	6,737	—	—	6,737	6,737
Postage	—	1,587	4,050	606	6,243	6,243
Professional Fees	—	38,811	—	—	38,811	38,811
Telephone	10,206	567	567	—	1,134	11,340
Rent	1,380	7,241	—	54,753	61,994	63,374
Repairs and Maintenance	21,126	1,321	1,321	—	2,642	23,768
Transportation	2,673	1,262	—	—	1,262	3,935
Utilities	30,126	1,527	1,527	—	3,054	33,180
Veterinary Services	336,086	—	—	—	—	336,086
Miscellaneous	1,284	—	4,855	16,176	21,031	22,315
TOTAL EXPENSES	$ 1,267,308	$ 293,683	$ 155,928	$ 90,391	$ 540,002	$ 1,807,310

STATEMENTS OF CASH FLOWS

For the Years Ended December 31	**2019**	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	**$ 1,596,506**	$ 429,593
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**117,169**	113,960
Loss on Disposal of Property and Equipment	—	6,737
Realized/Unrealized Net (Gains) Losses on Investments	**(593,082)**	283,397
Donated Stock	—	(4,249)
Proceeds from Sale of Donated Stock	—	4,249
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Contributions Receivable	**(30,601)**	42,038
Bequests Receivable	—	5,722
Pledges Receivable	**5,000**	—
Inventory	**(2,543)**	950
Prepaid Expenses	**3,591**	6,175
Increase (Decrease) in:		
Accounts Payable	**(3,024)**	13,764
Accrued Expenses	**3,385**	(872)
Accrued Wages and Payroll Taxes	**13,435**	2,076
Accrued Vacation	**1,738**	1,811
Total Adjustments	**(484,932)**	475,758
Net Cash Provided by Operating Activities	**1,111,574**	905,351
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	**801,262**	3,284,711
Purchases of Investments	**(1,940,355)**	(5,410,748)
Reinvested Dividends and Interest	**(77,596)**	(23,394)
Change in Money Market	**84,254**	(165,523)
Proceeds from Sale of Vehicle	—	453
Purchases of Property and Equipment	**(65,978)**	(103,177)
Net Cash Used by Investing Activities	**(1,198,413)**	(2,417,678)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(86,839)**	(1,512,327)
Cash and Cash Equivalents, Beginning	**642,190**	2,154,517
CASH AND CASH EQUIVALENTS, ENDING	**$ 555,351**	$ 642,190
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash Activities		
Donated Goods, Services and Facilities	**$ 39,538**	$ 59,949

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION ACTIVITIES

Save-A-Pet, Inc. (the Organization) is an Illinois not-for-profit organization. The Organization was established for the purpose of maintaining an animal shelter (with a no-kill policy) for the aid, comfort, lodging, humane care, welfare and safety of animals. Major sources of revenues are contributions from the general public, fundraising events, bequests and program fees.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

BASIS OF PRESENTATION

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

FINANCIAL STATEMENT PRESENTATION

The financial statement presentation follows the provisions of the FASB Codification topic related to Financial Statements of Not-for-Profit Organizations. This guidance requires the Organization to report information regarding its financial position and activities, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations plus those resources for which donor-imposed purpose and time stipulations have been satisfied. Net assets without donor restriction may otherwise be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restriction - Amounts that are stipulated by donors for specific operating purposes, the acquisition of equipment/kennel renovations or use in future periods. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), these net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

In addition certain amounts are stipulated by donors to be maintained in perpetuity. Investment income, including realized and unrealized gains and losses, are classified as time restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

RECOGNITION OF SUPPORT AND REVENUES

The Organization accounts for contributions received and unconditional promises to give, including bequests under the provisions of the FASB Codification topic related to contributions made and received. In accordance with the Codification, contributions are recognized as support or revenue when received. Unconditional promises to give are recognized at the estimated present value of future cash flows, net of allowances. All contributions are considered available for use unless specifically restricted by the donor or by laws and regulations.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly-liquid instruments purchased with original maturities of three months or less to be cash equivalents.

INVESTMENTS

The Organization follows the provisions of the FASB Codification for accounting for investments held by not-for-profit organizations. This standard requires that investments in marketable securities be accounted for at fair value. Fair value is based on quoted market prices. Realized gains and losses are the differences between the proceeds received and the cost of investments sold. Unrealized gains and losses are the differences between the fair value and the cost of investments and are included in the change in net assets.

The Organization's investments are comprised of common stock, mutual funds, and exchange traded funds. Interest and dividend income, and realized and unrealized gains and losses on investments are recognized in the statements of activities.

INVENTORY

Inventory consists of merchandise purchased for sale at the shelter and items donated for auction at various events which remained in the Organization’s possession at December 31, 2019 and 2018. Inventory is measured at the lower of cost or net realizable value. Purchased inventory is reflected at cost determined on the first-in, first-out (FIFO) method.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost when purchased or fair value as of the date of the gift, if donated. The Organization's policy is to capitalize all purchases of property and equipment greater than $1,000. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the assets as follows:

Asset	Years
Building and Building Improvements	5 - 40
Furniture and Equipment	3 - 7
Vehicles	5
Computers and Software	3 - 5

WEBSITE

The Organization developed a new website in November 2013 and 2014 whose cost was amortized over three years and was fully amortized in 2017. Accumulated amortization was $10,385 for 2019 and 2018.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IN-KIND DONATIONS AND CONTRIBUTED SERVICES

The financial statements reflect amounts for in-kind contributions for which an objective basis is available to measure their value. Revenues are reflected in contributions, and the expenses are recorded in the corresponding functional expense category in the accompanying statements of activities. The Organization has recorded in-kind contributions of goods, which include pet food, medical, health, shelter, maintenance, computer and office supplies, and auction items at their estimated fair values of $30,501 for 2019 and $51,483 for 2018. Additionally, the Organization received donated veterinary services of $-0- in 2019 and $6,716 in 2018, legal services of $3,462 in 2019 and $-0- in 2018, and accounting services of $5,575 in 2019 and $1,750 in 2018.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in its programs in the furtherance of its purposes. No amounts have been recognized in the statements of activities because the criteria for recognition under the FASB Codification topic related to contributions made and received have not been satisfied.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities are presented on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management. These allocation methods include allocation of personnel and any other costs deemed to be related to time and efforts expended by employees on the different functional categories and allocation of occupancy and related costs using space utilization percentages occupied by the various functions.

ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 *(Topic 606)*: *Revenue from Contracts with Customers,* which superseded the revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of 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 ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance was adopted for the Organization's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization determined that the standard did not have a significant impact on the financial statements.

NOTE 2—TAX-EXEMPT STATUS

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is similarly classified by the State of Illinois. The Organization has been classified as other than a private foundation by the Internal Revenue Service. Accordingly, the accompanying financial statements do not reflect income tax expense. The Organization files annual informational returns with the Internal Revenue Service and the Illinois Attorney General.

The Organization follows the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Organization has taken or expects to take in its tax returns. Under the guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The Organization believes that it has appropriate support for the positions taken on its returns.

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES

Cash	$ 555,351
Investments	5,250,206
Contributions Receivable	45,566
Pledges Receivable, Current	2,500
Less: Donor Restricted Net Assets	(47,010)
	$ 5,806,613

As part of its liquidity management plan, the Organization maintains sufficient cash to meet current operating needs and invests excess cash in its investment portfolio. The Organization also maintains a $280,000 available line of credit (See Note 8), which it can draw upon if there was a cash flow need. As indicated in the above chart, the Organization has more than sufficient liquid assets to meet at least one year of expenses.

NOTE 4—INVESTMENTS

Investments consist of the following for the years ended December 31:

	2019	2018
Mutual Funds:		
Fixed Income	$ 1,819,907	$ 1,334,500
Equity - Large Cap	—	574,873
Equity - Small Cap	425,208	271,661
Equity – Mid Cap	398,715	195,133
Alternatives	355,359	215,572
Foreign Growth	417,695	111,653
Diversified Emerging Markets	180,702	79,278
Global Funds	297,226	—
Index Funds	297,989	—
Equity Income	252,415	—
World Large Stock	—	49,359
Total Mutual Fund	4,445,216	2,832,029
Exchange Traded and Closed-End Funds:		
Fixed Income	170,036	—
International Funds	125,025	—
Mid Cap	118,064	105,116
US Quality Funds	247,157	—
Large Cap	57,459	422,022
Total Exchange Traded Funds	717,741	527,138
Money Market Funds	87,249	165,522
	$ 5,250,206	$ 3,524,689

Investment income for the years ended December 31 includes:

	2019	2018
Net Realized Gains	$ 29,624	$ 235,562
Net Unrealized Gains (Losses)	563,458	(518,959)
	$ 593,082	$ (283,397)

NOTE 5—PLEDGES RECEIVABLE

The Organization anticipates collection of outstanding capital campaign pledges receivable at December 31, 2019 and 2018 as follows:

	2019	2018
Less than One Year	$ 2,500	$ 5,000
One to Five Years	2,500	5,000
Total Pledge Receivable	$ 5,000	$ 10,000

Due to the insignificant difference of the net present value of long-term pledges outstanding, no discount was recorded for the year ended December 31, 2019 or 2018. The Organization believes these pledges to be fully collectible, thus no allowance was deemed necessary at December 31, 2019 and 2018.

NOTE 6—FAIR VALUE MEASUREMENTS

The FASB Codification provides a framework for measuring fair value using a hierarchy that 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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 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;
- 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.

The asset's 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Level 1 Fair Value Measurements

Fair values for the Organization's mutual funds, exchange traded and closed-end funds were based on quoted market prices and are valued using level one inputs at December 31, 2019 and 2018.

Level 2 Fair Value Measurements

The Organization has no level 2 investments at December 31, 2019 and 2018.

Level 3 Fair Value Measurements

The Organization has no level 3 investments at December 31, 2019 and 2018.

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

NOTE 7—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2019	2018
Land	$ **174,941**	$ 174,941
Building	**1,729,402**	1,729,402
Building Improvements	**905,162**	899,214
Furniture and Equipment	**266,904**	266,521
Vehicles	**55,571**	55,571
Computers and Software	**59,328**	59,328
Construction in Progress	**57,240**	—
	3,248,548	3,184,977
Accumulated Depreciation and Amortization	**1,644,372**	1,529,610
	$ **1,604,176**	$ 1,655,367
Depreciation and Amortization Expense	$ **117,169**	$ 113,960

NOTE 8—LINE OF CREDIT

In 2016, the Organization entered into a $280,000 revolving line of credit, collateralized by the assets of the Organization. Effective July 25, 2018, the line of credit was renewed and any unpaid principal and interest mature on July 25, 2020. Interest is payable monthly at prime (4.75% at December 31, 2019). The amount outstanding was $-0- at December 31, 2019 and 2018.

NOTE 9—RESTRICTED NET ASSETS

Time and purpose restricted net assets at December 31 were as follows:

	2019	2018
Training	$ **5,976**	$ 18,587
Fire Doors and Computers	**10,000**	—
Special Needs	—	3,090
Fund-a-Cause – Landscape Project	**31,034**	—
	$ **47,010**	$ 21,677

Satisfaction of restrictions for the years ended December 31 were for the following:

	2019	2018
Satisfaction of Time Restrictions	$ —	$ 5,722
Training	**12,611**	—
Adoption	**150**	—
Specific Pet Care	**13,657**	7,194
Capital Campaign		
Kennel Doors/Enclosure	**700**	1,300
Parking Lot	—	48,000
Special Needs	**3,725**	56,712
Fund-a-Cause	—	52,863
Medical and Healthcare	**85,600**	30,000
	$ **116,443**	$ 201,791

NOTE 9—RESTRICTED NET ASSETS (Continued)

During 2018, a donor gave the Organization permission to transfer their purpose restriction of $9,500 between adoption and training. As the amounts were not expended during 2018, no release of restriction was reflected in 2018 but the amount was released in 2019.

Net assets in perpetuity of $5,022 at December 31, 2019 and 2018 are restricted for endowment investment, the income from which is expendable to benefit the animals.

NOTE 10—ENDOWMENT FUNDS

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetuity is classified as time restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has not adopted investment and spending polices related to endowment funds due to its insignificant balance. The practice is to attempt to provide a predictable stream of funding to the programs supported by its endowment.

Endowment net asset composition by type of fund as of December 31, 2019 and 2018 is as follows:

	Without Donor Restriction	With Donor Time Restriction	With Donor Restriction in Perpetuity	Total
Donor-Restricted Endowment Funds	$ —	$ —	$ 5,022	$ 5,022

Changes in endowment net assets as of December 31, 2019 are as follows:

	Without Donor Restriction	With Donor Time Restriction	With Donor Restriction	Total
Endowment Net Assets, January 1, 2019	$ —	$ —	$ 5,022	$ 5,022
Investment Income	—	2	—	1
Amounts Appropriated for Expenditure	—	(2)	—	(1)
Endowment Net Assets, December 31, 2019	$ —	$ —	$ 5,022	$ 5,022

NOTE 10—ENDOWMENT FUNDS (Continued)

Changes in endowment net assets as of December 31, 2018 are as follows:

	Without Donor Restriction	With Donor Time Restriction	With Donor Restriction	Total
Endowment Net Assets, January 1, 2018	$ —	$ —	$ 5,022	$ 5,022
Investment Income	—	1	—	1
Amounts Appropriated for Expenditure	—	(1)	—	(1)
Endowment Net Assets, December 31, 2018	$ —	$ —	$ 5,022	$ 5,022

NOTE 11—CONCENTRATION OF CREDIT AND MARKET RISK

The Organization maintains cash and cash equivalents in various financial institutions, for which the balances may exceed federally insured limits at various times during the year. The Organization has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

The Organization's investments are exposed to various risks, such as interest rate and credit risks and overall market volatility. Due to these risk factors, it is at least reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 12—RELATED PARTY TRANSACTIONS

Donations of $8,332 in 2019 and of $6,937 in 2018 were received from Board members.

NOTE 13—SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 16, 2020, the date which the financial statements were available for issue. In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, in March, 2020, the Illinois State Governor ordered the closure of the physical location of every "non-life sustaining"/"non-essential" business for what may be an extended period of time. As a result, the Organization had to close its physical location to the public, adopting animals by appointment only. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Future potential impacts may include continued disruptions or restrictions on the employees' ability to work and impairment of the Organization's ability to obtain contributions and volunteers. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. As of July 15, 2020, the Organization resumed operations with limited hours.

In April, 2020, the Organization applied for and was awarded a Payroll Protection Program (PPP) loan of $194,355 from the U.S. Small Business Administration (SBA) through First Midwest Bank on April 20, 2020. The loan accrues interest at a fixed rate of 1% per annum, but payments are not required to begin for six months after the funding of the loan. The loan matures on April 20, 2022. The Organization is eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements to the extent of applicable payroll and other covered costs. The amount of loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the PPP, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Due to the recently revised PPP loan forgiveness instructions, the Organization now has six months to satisfy the requirements and apply for forgiveness. The loan is uncollateralized and is fully guaranteed by the Federal government.

Except for the disclosures above related to the pandemic and the PPP loan received, there were no additional subsequent events which require disclosure.