SAVE-A-PET, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SAVE-A-PET, INC. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SAVE-A-PET, INC.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

1717 Deerfield Road, Suite 300 South, Deerfield, Illinois 60015-3977 847•267•9600 Fax 847•267•9696 www.waradydavis.com
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 SAVE-A-PET, INC.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SAVE-A-PET, INC.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Warady & Davis LLP

July 21, 2022

STATEMENTS OF FINANCIAL POSITION

As of December 31	**2021**	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 658,814**	$ 463,547
Investments, at Fair Value	**6,483,604**	6,025,831
Contributions Receivable	**53,383**	48,036
Pledges Receivable	**14,200**	2,500
Bequests Receivable	**123,540**	11,486
Employee Retention Credit Receivable	**330,245**	—
Inventory	**3,959**	4,491
Prepaid Expenses	**16,527**	30,481
Total Current Assets	**7,684,272**	6,586,372
NONCURRENT ASSETS		
Property and Equipment, net of Accumulated Depreciation and Amortization	**1,522,295**	1,545,900
Website, net of Accumulated Amortization	**4,000**	—
Total Noncurrent Assets	**1,526,295**	1,545,900
	$ 9,210,567	$ 8,132,272
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 54,049**	$ 51,188
Accrued Expenses	**1,048**	3,735
Accrued Wages and Payroll Taxes	**7,333**	7,805
Accrued Vacation	**16,777**	17,793
Total Current Liabilities	**79,207**	80,521
NET ASSETS		
Without Donor Restrictions	**8,600,945**	8,009,447
With Donor Restrictions - Time and Purpose	**525,393**	37,282
With Donor Restrictions - Endowment	**5,022**	5,022
Total Net Assets	**9,131,360**	8,051,751
	$ 9,210,567	$ 8,132,272

STATEMENTS OF ACTIVITIES

For the Years Ended December 31	2021				2020			
		With Donor Restrictions				With Donor Restrictions		
	Without Donor Restrictions	**Time and Purpose Restrictions**	**Endowment**	**Total**	Without Donor Restrictions	Time and Purpose Restrictions	Endowment	Total
REVENUES								
Support								
Contributions								
Donations and Grants	**$ 754,118**	**$ 276,414**	**$**	**$ 1,030,532**	$ 792,239	$ 147,181	$	$ 939,420
Government Grants		**531,470**		**531,470**		194,355		194,355
Bequests	**514,063**			**514,063**	292,908			292,908
Donated Goods and Services	**37,740**			**37,740**	53,672			53,672
	1,305,921	**807,884**		**2,113,805**	1,138,819	341,536		1,480,355
Merchandise Sales	**2,884**			**2,884**	7,044			7,044
Less: Cost of Sales	**(2,705)**			**(2,705)**	(7,539)			(7,539)
	179			**179**	(495)			(495)
Special Event Revenue	**129,374**			**129,374**	102,758	18,300		121,058
Total Support	**1,435,474**	**807,884**		**2,243,358**	1,241,082	359,836		1,600,918
Program Services								
Animal-Related Fees	**108,817**			**108,817**	147,077			147,077
Other Revenues and Gains								
Investment Income, net of Investment Fees	**454,946**			**454,946**	770,091			770,091
Miscellaneous	**185**			**185**	160			160
Total Other Revenues, net	**455,131**			**455,131**	770,251			770,251
Net Assets Released from Restrictions								
Expiration of Purpose Restrictions	**319,773**	**(319,773)**		**—**	369,564	(369,564)		—
Total Support and Revenue	**2,319,195**	**488,111**		**2,807,306**	2,527,974	(9,728)		2,518,246
EXPENSES								
Animal Welfare Program	**1,230,233**			**1,230,233**	1,347,263			1,347,263
Supporting Services								
Management and General	**297,615**			**297,615**	288,584			288,584
Fundraising								
Development	**144,570**			**144,570**	155,610			155,610
Direct Expenses for Special Events	**55,279**			**55,279**	49,355			49,355
Total Supporting Services	**497,464**			**497,464**	493,549			493,549
Total Expenses	**1,727,697**			**1,727,697**	1,840,812			1,840,812
CHANGE IN NET ASSETS	**591,498**	**488,111**		**1,079,609**	687,162	(9,728)		677,434
Net Assets, Beginning of Year	**8,009,447**	**37,282**	**5,022**	**8,051,751**	7,322,285	47,010	5,022	7,374,317
NET ASSETS, ENDING	**$ 8,600,945**	**$ 525,393**	**$ 5,022**	**$ 9,131,360**	$ 8,009,447	$ 37,282	$ 5,022	$ 8,051,751

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

		Supporting Services				
	Animal Welfare Program	Management and General	Development Fundraising	Direct Expenses to Special Event	Total Supporting Services	Total Expenses
Salaries	$ 532,624	$ 188,331	$ 100,364	$ —	$ 288,695	$ 821,319
Payroll Taxes and Employee Benefits	64,160	19,315	7,918	—	27,233	91,393
Health, Food, and Other Shelter Supplies	95,933	—	—	3,639	3,639	99,572
Promotion/Advertising	—	6,440	—	1,293	7,733	7,733
Insurance	37,244	7,412	957	—	8,369	45,613
Office Expense and Supplies	7,703	2,321	5,392	3,321	11,034	18,737
Newsletter	20,247	533	533	—	1,066	21,313
Bank Charges and Credit Card Fees		6,511	12,240	360	19,111	19,111
Depreciation and Amortization Expense	102,401	2,695	2,695	—	5,390	107,791
Dues, Subscriptions, Licenses and Fees	—	391	—	698	1,089	1,089
Entertainment	—	—	—	996	996	996
Postage	—	1,634	6,743	—	8,377	8,377
Professional Fees	—	41,028	—	—	41,028	41,028
Telephone	11,277	627	627	—	1,254	12,531
Rent/Venue	1,935	10,158	—	41,632	51,790	53,725
Repairs and Maintenance	31,521	5,253	5,253	—	10,506	42,027
Training	4,385	—	—	—	—	4,385
Transportation	4,162	1,015	—	—	1,015	5,177
Utilities	32,688	860	860	—	1,720	34,408
Veterinary Services	282,594	—	—	—	—	282,594
Miscellaneous	1,359	3,091	988	3,340	7,419	8,778
TOTAL EXPENSES	$ 1,230,233	$ 297,615	$ 144,570	$ 55,279	$ 497,464	$ 1,727,697

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended December 31, 2020

	Animal Welfare Program	Supporting Services: Management and General	Supporting Services: Development Fundraising	Supporting Services: Direct Expenses to Special Event	Total Supporting Services	Total Expenses
Salaries	$ 598,962	$ 171,632	$ 108,524	$ —	$ 280,156	$ 879,118
Payroll Taxes and Employee Benefits	67,087	24,736	9,679	—	34,415	101,502
Health, Food, and Other Shelter Supplies	93,442	—	—	—	—	93,442
Promotion/Advertising	—	260	—	1,801	2,061	2,061
Insurance	48,745	9,852	1,087	—	10,939	59,684
Office Expense and Supplies	9,543	2,864	6,683	7,698	17,245	26,788
Newsletter	21,567	568	568	—	1,136	22,703
Bank Charges and Credit Card Fees	—	7,424	11,920	280	19,624	19,624
Depreciation and Amortization Expense	116,642	3,070	3,070	—	6,140	122,782
Dues, Subscriptions, Licenses and Fees	—	1,570	—	495	2,065	2,065
Entertainment	—		—	520	520	520
Postage	—	1,334	7,050	167	8,551	8,551
Professional Fees	—	48,275	—	—	48,275	48,275
Telephone	10,678	593	593	—	1,186	11,864
Rent	1,923	10,095	—	36,119	46,214	48,137
Repairs and Maintenance	25,442	4,240	4,240	—	8,480	33,922
Training	47	—	—	—	—	47
Transportation	2,072	1,240	—	—	1,240	3,312
Utilities	31,594	831	831	—	1,662	33,256
Veterinary Services	315,898	—	—	—	—	315,898
Miscellaneous	3,621	—	1,365	2,275	3,640	7,261
TOTAL EXPENSES	$ 1,347,263	$ 288,584	$ 155,610	$ 49,355	$ 493,549	$ 1,840,812

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,079,609	$ 677,434
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	107,791	122,782
Realized/Unrealized Net Gains on Investments	(294,288)	(701,632)
Payroll Protection Program Loan Forgiveness	(203,771)	(194,355)
Donated Stock	(5,668)	(5,790)
Proceeds from Sale of Donated Stock	5,668	5,790
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Contributions Receivable	(5,347)	(2,470)
Pledges Receivable	(11,700)	2,500
Bequests Receivable	(112,054)	(11,486)
Employee Retention Credit Receivable	(330,245)	—
Inventory	532	4,342
Prepaid Expenses	13,954	(5,542)
Increase (Decrease) in:		
Accounts Payable	2,861	(4,550)
Accrued Expenses	(2,687)	(2,359)
Accrued Wages and Payroll Taxes	(472)	(37,662)
Accrued Vacation	(1,016)	5,338
Total Adjustments	(836,442)	(825,094)
Net Cash Provided (Used) by Operating Activities	243,167	(147,660)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	2,970,362	2,345,935
Purchases of Investments	(2,926,951)	(2,317,703)
Reinvested Dividends and Interest	(118,832)	(41,678)
Change in Money Market and Uninvested Cash	(88,064)	(60,547)
Website Development Costs	(4,000)	—
Purchases of Property and Equipment	(84,186)	(64,506)
Net Cash Used by Investing Activities	(251,671)	(138,499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program Loan	203,771	194,355
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	195,267	(91,804)
Cash and Cash Equivalents, Beginning	463,547	555,351
CASH AND CASH EQUIVALENTS, ENDING	$ 658,814	$ 463,547
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash Activities		
Donated Goods, Services and Facilities	$ 37,740	$ 53,672

See accompanying notes.

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 Restrictions - 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 restrictions may otherwise be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions - 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 restrictions and reported in the statements of activities as net assets released from restrictions.

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)

RECOGNITION OF SUPPORT AND REVENUES (Continued)

The Organization's program service fees are comprised of animal adoption fees. The Organization's revenues received from such fees are recognized when the Organization's performance obligations are satisfied which is generally the point in time when the animal is adopted and sent home with its new owner. Amounts are billed and payment is due at the time of adoption. Amounts are not collected in advance, thus there are no program service fees deemed to be deferred revenue on the statements of financial position. There are no contracts which contain variable consideration and there are very few, if any, contract modifications.

Special events revenue, which includes registration fees, sponsorships and purchases of auction items or raffle tickets, is recorded as revenue when the event occurs. If the amount is received in advance, the amount considered a direct benefit is deferred until the event occurs and presented in deferred revenue on the statements of financial position, while the contribution portion, the excess amount paid over the direct benefit, is recorded when received.

The Employee Retention Credit (ERC) was enacted in 2020 under the CARES Act and was significantly expanded and extended for the first three quarters of 2021 by the American Rescue Plan Act. The purpose of this refundable credit is to help businesses keep employees on payroll by offsetting some of the associated costs. ERC is conditional on the Organization meeting certain employer eligibility criteria, as well as incurring qualifying expenses with specific per-employee caps. As such, the Organization is accounting for the ERC as a conditional government grant under ASC 958-605. For the year ended December 31, 2021, the Organization met the conditions on eligibility and incurred qualified costs, which entitled it to an ERC of $327,699 which is reported in government grants with donor restrictions on the statements of activities. This amount plus $2,546 of related accrued interest is reported in Employee Retention Credit receivable on the statements of financial position. The Organization considers the entire amount to be fully collectible.

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 mutual funds, exchange traded and closed-end funds. Interest and dividend income and realized and unrealized gains and losses on investments are recognized in the statements of activities.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020. 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 and Land Improvements	5 - 40
Furniture and Equipment	3 - 7
Vehicles	5
Computers and Software	3 - 5

WEBSITE

The Organization developed their website in November 2013 and 2014 whose cost was amortized over three years and was fully amortized in 2017. In 2021, the Organization incurred website development costs of $4,000 which were still in process at December 31, 2021 and will be amortized over 3 years when put in service. Accumulated amortization was $10,385 for 2021 and 2020.

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 as donated goods and services, 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 $26,413 for 2021 and $31,907 for 2020. Additionally, the Organization received donated veterinary services of $2,819 in 2021 and $3,023 in 2020, training services of $2,420 in 2021 and $-0- in 2020, legal services of $3,363 in 2021 and $9,317 in 2020, and accounting services of $2,725 in 2021 and $9,425 in 2020.

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

	2021	2020
Cash	**$ 658,814**	$ 463,547
Investments	**6,483,604**	6,025,831
Contributions Receivable	**53,383**	48,036
Pledges Receivable	**14,200**	2,500
Bequests Receivable	**123,540**	11,486
Employee Retention Credit Receivable	**330,245**	—
Less: Donor Restricted Net Assets	**(530,415)**	(42,304)
	$ 7,133,371	$ 6,509,096

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 at fair value consist of the following for the years ended December 31:

	2021	2020
Mutual Funds:		
Fixed Income	**$ 2,359,197**	$ 2,343,806
Equity – Small Cap	**482,826**	469,126
Equity – Mid Cap	**836,170**	729,992
Alternatives	**228,911**	121,182
Foreign Growth	**611,144**	925,193
Diversified Emerging Markets	**302,322**	175,327
Global Funds	**515,794**	389,649
Index Funds	**379,608**	352,255
Equity Income	**513,299**	331,033
Total Mutual Fund	**6,229,271**	5,837,563
Exchange Traded and Closed-End Funds:		
All Cap Equity	**18,473**	40,472
Money Market Funds and Uninvested Cash	**235,860**	147,796
	$ 6,483,604	$ 6,025,831

Investment income for the years ended December 31 includes:

	2021	2020
Dividend and Interest Income	**$ 197,569**	$ 98,281
Net Realized Gains	**412,753**	72,249
Net Unrealized Gains (Losses)	**(118,465)**	629,383
Investment Expense	**(36,911)**	(29,822)
	$ 454,946	$ 770,091

NOTE 5—PLEDGES RECEIVABLE

The Organization anticipates collection of outstanding pledges receivable at December 31, 2021 and 2020 as follows:

	2021	2020
Less than One Year	**$ 14,200**	$ 2,500

The Organization believes these pledges to be fully collectible, thus no allowance was deemed necessary at December 31, 2021 and 2020.

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, 2021 and 2020.

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, 2021 and 2020.

Level 2 Fair Value Measurements

The Organization has no level 2 investments at December 31, 2021 and 2020.

Level 3 Fair Value Measurements

The Organization has no level 3 investments at December 31, 2021 and 2020.

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:

	2021	2020
Land	$ **174,941**	$ 174,941
Building	**1,729,402**	1,729,402
Building and Land Improvements	**1,078,133**	1,008,049
Furniture and Equipment	**247,592**	241,237
Vehicles	**55,571**	55,571
Computers and Software	**42,449**	39,769
Office Equipment	**8,649**	8,649
Construction in Progress	**5,067**	—
	3,341,804	3,257,618
Accumulated Depreciation and Amortization	**1,819,509**	1,711,718
	$ 1,522,295	$ 1,545,900
Depreciation and Amortization Expense	**$ 107,791**	$ 122,782

NOTE 8—LINE OF CREDIT

In 2016, the Organization entered into a 2-year $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 matured on July 25, 2020. The line was again renewed on July 15, 2020, and matures on July 25, 2022. Interest is payable monthly at prime (3.25% at December 31, 2021). The amount outstanding was $-0- at December 31, 2021 and 2020.

NOTE 9—PAYROLL PROTECTION PROGRAM LOAN FORGIVENESS

The Organization was awarded a $194,355 Payroll Protection Program ("PPP") loan in April 2020 through the U.S. Small Business Administration to help keep their workforce employed during the Coronavirus (COVID-19) pandemic. The loan bore interest at a fixed rate of 1.00%. All payments of principal and interest were deferred for 10 months after the end of the borrower's loan forgiveness covered period. The loan was forgiven on November 2, 2020 and the revenue is reflected in government grants with donor restrictions and fully released in the expiration of purpose restrictions on the statements of activities.

The Organization was awarded a second $203,771 Payroll Protection Program ("PPP") loan in January 2021 through the U.S. Small Business Administration to help keep their workforce employed during the Coronavirus (COVID-19) pandemic. The loan bears interest at a fixed rate of 1.00%. All payments of principal and interest are deferred for 10 months after the end of the borrower's loan forgiveness covered period. The loan matures in January, 2023.

As permitted under accounting principles in accordance with U.S. GAAP, the Organization is treating the loan as a conditional grant under ASC 958-605 which will be recognized as government grant revenue when the conditions have been met which means the forgivable payroll, occupancy and other related costs have been incurred. and the federal agency lender legally forgives the loan. The Organization had the full balance of the loan forgiven on July 30, 2021 and the revenue is reflected in government grants with donor restrictions and fully released in the expiration of purpose restrictions on the statements of activities as of December 31, 2021.

NOTE 10—RESTRICTED NET ASSETS

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

	2021	2020
Training	**$ 4,065**	$ 5,872
Bequests - Time Restricted	**123,540**	11,486
Fire Doors and Computers	**3,389**	15,409
Shed Buildout	**—**	4,160
Specific Pet Care	**—**	355
Care of Long-Term Residents	**50,000**	—
Dog Park	**2,500**	—
Time Restricted (Pledges Receivable)	**10,000**	—
Feline Care	**4,200**	—
Employee Retention Credit	**327,699**	—
	$ 525,393	$ 37,282

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

	2021	2020
Training	**$ 1,807**	$ 104
Bequests – Time Restricted	**11,486**	—
Adoption	**—**	400
Specific Pet Care	**6,530**	11,455
Capital Campaign		
Fire Doors and Door Painting	**14,244**	7,390
Kennel Doors/Enclosure	**—**	46,460
Special Needs	**30,325**	7,200
Shed Buildout	**4,160**	—
Landscaping	**15,000**	—
Payroll Protection Program Loan Forgiveness	**203,771**	194,355
Animal Medical and Healthcare	**32,450**	102,200
	$ 319,773	$ 369,564

Net assets in perpetuity of $5,022 at December 31, 2021 and 2020 are restricted for endowment investment, the income from which is expendable to benefit the animals.

NOTE 11—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, 2021 and 2020 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, 2021 are as follows:

	Without Donor Restriction	With Donor Time Restriction	With Donor Restriction	Total
Endowment Net Assets, January 1, 2021	$ —	$ —	$ 5,022	$ 5,022
Investment Income	—	2	—	2
Amounts Appropriated for Expenditure	—	(2)	—	(2)
Endowment Net Assets, December 31, 2021	$ —	$ —	$ 5,022	$ 5,022

NOTE 11—ENDOWMENT FUNDS (Continued)

Changes in endowment net assets as of December 31, 2020 are as follows:

	Without Donor Restriction	With Donor Time Restriction	With Donor Restriction	Total
Endowment Net Assets, January 1, 2020	$ —	$ —	$ 5,022	$ 5,022
Investment Income	—	2	—	2
Amounts Appropriated for Expenditure	—	(2)	—	(2)
Endowment Net Assets, December 31, 2020	$ —	$ —	$ 5,022	$ 5,022

NOTE 12—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. Due to the market instability in 2022, the Organization experienced a significant decline in the market value of its investments subsequent to year-end.

Credit risk associated with contributions, pledges and bequests receivable is considered to be limited due to high historical collection rates and because a significant portion of the outstanding amounts are due from individuals supportive of the Organization's mission.

NOTE 13—RELATED PARTY TRANSACTIONS

Donations of $3,706 in 2021 and of $4,535 in 2020 were received from Board members.

NOTE 14—RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 15—SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 21, 2022, the date which the consolidated financial statements were available for issue. The COVID-19 outbreak in the United States continues to cause business disruption for the Organization with certain employees still working remotely, pet adoptions by appointment only and staff shortages. While the disruption is currently expected to be temporary, there is still uncertainty around its duration. The future related financial impact and duration cannot be reasonably estimated at this time.

Except for the COVID-19 pandemic and the investment market fluctuation noted in Note 12, there were no additional subsequent events which require disclosure.