# SAVE-A-PET, INC.

## FINANCIAL STATEMENTS

## DECEMBER 31, 2024

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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, 2024 and 2023, 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, 2024 and 2023, 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.

**Auditors' 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 auditors' 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.




November 10, 2025

STATEMENTS OF FINANCIAL POSITION

| As of December 31 | **2024** | 2023 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash | **$ 1,205,613** | $ 553,216 |
| Investments | **7,019,659** | 6,294,025 |
| Contributions Receivable | **65,139** | 159,646 |
| Bequests Receivable | **291,869** | 89,640 |
| Inventory | **12,929** | 7,048 |
| Prepaid Expenses | **60,120** | 35,726 |
| Total Current Assets | **8,655,329** | 7,139,301 |
| NONCURRENT ASSETS | | |
| Property and Equipment, net of Accumulated Depreciation and Amortization | **1,368,451** | 1,414,345 |
| Website, net of Accumulated Amortization | **1,110** | 3,777 |
| Total Noncurrent Assets | **1,369,561** | 1,418,122 |
| | **$ 10,024,890** | $ 8,557,423 |
| **LIABILITIES AND NET ASSETS** | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | **$ 34,719** | $ 54,015 |
| Accrued Expenses | **6,637** | 10,130 |
| Accrued Wages and Payroll Taxes | **22,924** | 16,293 |
| Accrued Vacation | **13,370** | 10,939 |
| Total Current Liabilities | **77,650** | 91,377 |
| NET ASSETS | | |
| Without Donor Restrictions | **9,493,365** | 8,263,689 |
| With Donor Restrictions - Time and Purpose | **309,720** | 121,334 |
| With Donor Restrictions - Endowment | **144,155** | 81,023 |
| Total Net Assets | **9,947,240** | 8,466,046 |
| | **$ 10,024,890** | $ 8,557,423 |

See accompanying notes.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | | 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 | **$ 737,637** | **$ 140,871** | **$ 63,132** | **$ 941,640** | $ 745,473 | $ 50,119 | $ 25,663 | $ 821,255 |
| Bequests | **1,420,530** | **291,869** | | **1,712,399** | 325,160 | 89,005 | | 414,165 |
| Donated Goods and Services | **82,740** | | | **82,740** | 75,339 | | | 75,339 |
| | **2,240,907** | **432,740** | **63,132** | **2,736,779** | 1,145,972 | 139,124 | 25,663 | 1,310,759 |
| Merchandise Sales | **3,401** | | | **3,401** | 3,967 | | | 3,967 |
| Less: Cost of Sales | **(2,225)** | | | **(2,225)** | (6,592) | | | (6,592) |
| | **1,176** | | | **1,176** | (2,625) | | | (2,625) |
| Special Events Revenue | **230,680** | | | **230,680** | 216,348 | | | 216,348 |
| Total Support | **2,472,763** | **432,740** | **63,132** | **2,968,635** | 1,359,695 | 139,124 | 25,663 | 1,524,482 |
| Program Services | | | | | | | | |
| Animal-Related Fees | **119,170** | | | **119,170** | 116,273 | | | 116,273 |
| Other Revenues and Gains | | | | | | | | |
| Gain on Sale of Property and Equipment | **3,000** | | | **3,000** | 2,000 | | | 2,000 |
| Investment Income, net of Investment Fees | **654,028** | **10,168** | | **664,196** | 703,640 | 6,534 | | 710,174 |
| Miscellaneous | **—** | | | **—** | 479 | | | 479 |
| Total Other Revenues and Gains | **657,028** | **10,168** | | **667,196** | 706,119 | 6,534 | | 712,653 |
| Net Assets Released from Restrictions | | | | | | | | |
| Expiration of Purpose Restrictions | **254,522** | **(254,522)** | | **—** | 422,781 | (422,781) | | — |
| Total Support and Revenue | **3,503,483** | **188,386** | **63,132** | **3,755,001** | 2,604,868 | (277,123) | 25,663 | 2,353,408 |
| EXPENSES | | | | | | | | |
| Animal Welfare Program | **1,586,860** | | | **1,586,860** | 1,712,741 | | | 1,712,741 |
| Supporting Services | | | | | | | | |
| Management and General | **416,136** | | | **416,136** | 353,431 | | | 353,431 |
| Fundraising | | | | | | | | |
| Development | **182,396** | | | **182,396** | 205,067 | | | 205,067 |
| Direct Expenses for Special Events | **88,415** | | | **88,415** | 90,913 | | | 90,913 |
| Total Supporting Services | **686,947** | | | **686,947** | 649,411 | | | 649,411 |
| Total Expenses | **2,273,807** | | | **2,273,807** | 2,362,152 | | | 2,362,152 |
| CHANGE IN NET ASSETS | **1,229,676** | **188,386** | **63,132** | **1,481,194** | 242,716 | (277,123) | 25,663 | (8,744) |
| Net Assets, Beginning of Year | **8,263,689** | **121,334** | **81,023** | **8,466,046** | 8,020,973 | 398,457 | 55,360 | 8,474,790 |
| NET ASSETS, END | **$ 9,493,365** | **$ 309,720** | **$ 144,155** | **$ 9,947,240** | $ 8,263,689 | $ 121,334 | $ 81,023 | $ 8,466,046 |

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

| | Animal Welfare Program | Supporting Services: Management and General | Supporting Services: Development Fundraising | Supporting Services: Direct Expenses to Special Events | Total Supporting Services | Total Expenses |
|---|---|---|---|---|---|---|
| Salaries | $ 729,585 | $ 238,935 | $ 142,918 | $ — | $ 381,853 | $ 1,111,438 |
| Payroll Taxes and Employee Benefits | 86,941 | 27,112 | 12,268 | — | 39,380 | 126,321 |
| Health, Food, and Other Shelter Supplies | 113,252 | — | — | — | — | 113,252 |
| Promotion/Advertising | — | 24,974 | 3,445 | 3,388 | 31,807 | 31,807 |
| Insurance | 52,282 | 15,533 | 1,048 | — | 16,581 | 68,863 |
| Office Expense and Supplies | 5,049 | 1,513 | 3,534 | 4,479 | 9,526 | 14,575 |
| Newsletter | 21,594 | 568 | 568 | — | 1,136 | 22,730 |
| Bank Charges and Credit Card Fees | — | 23,381 | — | — | 23,381 | 23,381 |
| Depreciation and Amortization | 132,045 | 3,475 | 3,475 | — | 6,950 | 138,995 |
| Dues, Subscriptions, Licenses, and Fees | — | 1,208 | — | 37 | 1,245 | 1,245 |
| Meals and Entertainment | — | — | — | 3,338 | 3,338 | 3,338 |
| Postage | — | 1,755 | 3,788 | — | 5,543 | 5,543 |
| Professional Fees | — | 57,640 | — | — | 57,640 | 57,640 |
| Telephone | 7,435 | 413 | 413 | — | 826 | 8,261 |
| Rent/Venue | 1,410 | 7,403 | — | 59,159 | 66,562 | 67,972 |
| Repairs and Maintenance | 49,298 | 8,216 | 8,216 | — | 16,432 | 65,730 |
| Training | 1,255 | — | — | — | — | 1,255 |
| Transportation | 2,089 | 1,254 | — | — | 1,254 | 3,343 |
| Utilities | 37,635 | 990 | 991 | — | 1,981 | 39,616 |
| Veterinary Services | 344,015 | — | — | — | — | 344,015 |
| Miscellaneous | 2,975 | 1,766 | 1,732 | 18,014 | 21,512 | 24,487 |
| | $ 1,586,860 | $ 416,136 | $ 182,396 | $ 88,415 | $ 686,947 | $ 2,273,807 |

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended December 31, 2023

| | Animal Welfare Program | Supporting Services: Management and General | Supporting Services: Development Fundraising | Supporting Services: Direct Expenses to Special Events | Total Supporting Services | Total Expenses |
|---|---|---|---|---|---|---|
| Salaries | $ 733,093 | $ 210,916 | $ 141,908 | $ — | $ 352,824 | $ 1,085,917 |
| Payroll Taxes and Employee Benefits | 87,987 | 24,066 | 18,523 | — | 42,589 | 130,576 |
| Health, Food, and Other Shelter Supplies | 145,517 | — | — | — | — | 145,517 |
| Promotion/Advertising | — | 19,036 | 2,615 | 1,315 | 22,966 | 22,966 |
| Insurance | 44,586 | 13,642 | 992 | 733 | 15,367 | 59,953 |
| Office Expense and Supplies | 3,843 | 1,154 | 2,690 | 17,036 | 20,880 | 24,723 |
| Newsletter | 18,397 | 484 | 484 | — | 968 | 19,365 |
| Bank Charges and Credit Card Fees | — | — | 19,843 | — | 19,843 | 19,843 |
| Depreciation and Amortization | 118,073 | 3,107 | 3,107 | — | 6,214 | 124,287 |
| Dues, Subscriptions, Licenses, and Fees | — | 657 | — | 981 | 1,638 | 1,638 |
| Meals and Entertainment | — | — | — | 4,330 | 4,330 | 4,330 |
| Postage | — | 2,194 | 6,012 | 32 | 8,238 | 8,238 |
| Professional Fees | — | 50,552 | — | 235 | 50,787 | 50,787 |
| Telephone | 11,065 | 615 | 615 | — | 1,230 | 12,295 |
| Rent/Venue | 1,524 | 7,999 | — | 60,646 | 68,645 | 70,169 |
| Repairs and Maintenance | 36,771 | 6,129 | 6,129 | 1,240 | 13,498 | 50,269 |
| Training | 289 | — | — | — | — | 289 |
| Transportation | 3,693 | 1,254 | — | — | 1,254 | 4,947 |
| Utilities | 37,267 | 981 | 981 | — | 1,962 | 39,229 |
| Veterinary Services | 468,206 | — | — | — | — | 468,206 |
| Miscellaneous | 2,430 | 10,645 | 1,168 | 4,365 | 16,178 | 18,608 |
| | $ 1,712,741 | $ 353,431 | $ 205,067 | $ 90,913 | $ 649,411 | $ 2,362,152 |

See accompanying notes.

STATEMENTS OF CASH FLOWS

| For the Years Ended December 31 | **2024** | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | **$ 1,481,194** | $ (8,744) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities | | |
| Depreciation and Amortization | **138,995** | 124,287 |
| Gain on Sale of Property and Equipment | **(3,000)** | (2,000) |
| Net Realized and Unrealized Gain on Investments | **(493,026)** | (570,662) |
| Donated Stock | **(10,462)** | (5,163) |
| Proceeds from Sale of Donated Stock | **10,462** | 5,163 |
| Changes in Assets and Liabilities: | | |
| Contributions Receivable | **94,507** | (114,155) |
| Pledges Receivable | **—** | 40,000 |
| Bequests Receivable | **(202,229)** | (39,579) |
| Employee Retention Credit Receivable | **—** | 248,523 |
| Inventory | **(5,881)** | (3,649) |
| Prepaid Expenses | **(34,856)** | 6,526 |
| Accounts Payable | **(19,296)** | (12,570) |
| Accrued Expenses | **(3,493)** | 8,302 |
| Accrued Wages and Payroll Taxes | **6,631** | 3,307 |
| Accrued Vacation | **2,431** | (8,005) |
| Total Adjustments | **(519,217)** | (319,675) |
| Net Cash Provided (Used) by Operating Activities | **961,977** | (328,419) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Sales of Investments | **1,557,716** | 2,214,683 |
| Purchases of Investments | **(1,659,702)** | (1,680,025) |
| Reinvested Dividends and Interest | **(89,265)** | (50,664) |
| Change in Money Market Fund and Uninvested Cash | **(30,895)** | (669,050) |
| Purchases of Property and Equipment | **(90,434)** | (69,859) |
| Proceeds from Sale of Property and Equipment | **3,000** | 2,000 |
| Net Cash Used by Investing Activities | **(309,580)** | (252,915) |
| NET INCREASE (DECREASE) IN CASH | **652,397** | (581,334) |
| Cash, Beginning | **553,216** | 1,134,550 |
| CASH, END | **$ 1,205,613** | $ 553,216 |
| SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING ACTIVITIES | | |
| Donated Goods and Services | **$ 82,740** | $ 75,339 |

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 generally accepted accounting principles in the United States of America (U.S. GAAP) 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 U.S. GAAP.

### 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.

For the years ended December 31, 2024 and 2023, program service fees recognized at a point in time were $119,170 and $116,273, and no animal-related fees were recognized over time. Merchandise sales are recorded as revenue when the exchange of goods have been tendered. Merchandise sales recognized at a point in time for the years ended December 31, 2024 and 2023 were $3,401 and $3,967.

CASH EQUIVALENTS

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, and money market 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, 2024 and 2023. 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 method.

PROPERTY AND EQUIPMENT

Property and equipment purchases of $1,000 or more are capitalized and recorded at cost when purchased or constructed, or at fair value at the date of donation and are depreciated and amortized on a straight-line basis over their estimated useful lives. Major renewals and betterments that extend the useful life of an asset are capitalized while routine maintenance and repairs are expensed as incurred.

| Asset | Years |
|---|---|
| Building, Building Improvements, and Land Improvements | 5 - 40 |
| Furniture and Equipment | 3 - 7 |
| Vehicles | 5 |
| Computers and Software | 3 - 5 |
| Office Equipment | 7 |

WEBSITE

The Organization incurred total website development costs totaling $8,000 which were amortized at over three years when placed in service during 2022. Accumulated amortization was $6,890 and $4,223 for the years ended December 31, 2024 and 2023. Amortization expense was $2,667 for each of the years ended December 31, 2024 and 2023. Amortization expense for the year ending December 31, 2025 will be $1,110 and the asset will be fully amortized.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

DONATED GOODS AND SERVICES

Gifts of securities, property, equipment, and other non-monetary assets are recorded at estimated fair value on the date of the gift using either the principal market (or most advantageous market) by utilizing publicly available website valuations for selling identical or similar products.

Donated services create or enhance nonfinancial assets, or require specialized skills, are performed by people with those skills, and would otherwise have to be purchased. In-kind donations and contributed services 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 also 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.

RECLASSIFICATIONS

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

**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

| | 2024 | 2023 |
|---|---|---|
| Cash | $ 1,205,613 | $ 553,216 |
| Investments | 7,019,659 | 6,294,025 |
| Contributions Receivable | 65,139 | 159,646 |
| Bequests Receivable | 291,869 | 89,640 |
| Less: Donor-Restricted Net Assets – Time and Purpose | (309,720) | (121,334) |
| Less: Donor-Restricted Net Assets – Endowment | (144,155) | (81,023) |
| | $ 8,128,405 | $ 6,894,170 |

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 (Note 7), upon which it can draw 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:

| | 2024 | 2023 |
|---|---|---|
| Mutual Funds: | | |
| Fixed Income | $ 1,932,970 | $ 1,950,600 |
| Bond Fund | 332,666 | 320,022 |
| Equity – Small Cap | 336,584 | 312,099 |
| Equity – Mid Cap | 238,843 | 519,580 |
| Equity – Large Cap | 1,869,458 | 1,463,056 |
| Closed Equity | 318,911 | 294,784 |
| Alternatives | 93,502 | 87,623 |
| Global Funds | 203,558 | 196,371 |
| Growth | 303,121 | 260,791 |
| Total Mutual Funds | 5,629,613 | 5,404,926 |
| Exchange-Traded and Closed-End Funds: | | |
| Biotechnology | 33,185 | — |
| Mid Cap | 292,195 | 89,499 |
| Healthcare | 23,662 | — |
| Energy | 32,636 | — |
| International Funds | 461,139 | 283,499 |
| Total Exchange-Traded and Closed-End Funds | 842,817 | 372,998 |
| Common Stock | 232 | — |
| Money Market Fund | 489,764 | 447,110 |
| Uninvested Cash | 57,233 | 68,991 |
| Total Investments at Fair Value | $ 7,019,659 | $ 6,294,025 |

**NOTE 4—INVESTMENTS (Continued)**

Net investment income (loss) for the years ended December 31 includes:

| | **2024** | 2023 |
|---|---|---|
| Interest and Dividend Income | **$ 209,633** | $ 173,469 |
| Net Realized Gain | **181,309** | 49,875 |
| Net Unrealized Gain | **311,717** | 520,787 |
| Investment Fees | **(38,463)** | (33,957) |
| | **$ 664,196** | $ 710,174 |

**NOTE 5—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.

**NOTE 5—FAIR VALUE MEASUREMENTS (Continued)**

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, 2024 and 2023.

*Level 1 Fair Value Measurements*

Fair values for the Organization's mutual funds, exchange-traded and closed-end funds, common stock, and money market fund were based on quoted market prices and are valued using Level 1 inputs at December 31, 2024 and 2023.

*Level 2 Fair Value Measurements*

The Organization has no Level 2 investments at December 31, 2024 and 2023.

*Level 3 Fair Value Measurements*

The Organization has no Level 3 investments at December 31, 2024 and 2023.

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 management believes the Organization's 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 6—PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

| | **2024** | 2023 |
|---|---|---|
| Land | **$ 174,941** | $ 174,941 |
| Building | **1,729,402** | 1,729,402 |
| Building Improvements and Land Improvements | **1,078,017** | 1,145,528 |
| Furniture and Equipment | **76,196** | 290,378 |
| Vehicles | **101,742** | 55,571 |
| Computers and Software | **29,190** | 63,624 |
| Office Equipment | **8,649** | 8,649 |
| | **3,198,137** | 3,468,093 |
| Less: Accumulated Depreciation and Amortization | **1,829,686** | 2,053,748 |
| | **$ 1,368,451** | $ 1,414,345 |
| Depreciation and Amortization Expense | **$ 136,328** | $ 121,620 |

## NOTE 7—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. The line of credit has been renewed every two years since the initial agreement. On July 15, 2020, the line was renewed and matured on July 25, 2022. The line was again renewed on May 11, 2022, matured on July 25, 2024 and was extended for 90 days maturing October 25, 2024. The line was renewed for an additional year on October 25, 2024 and matures on October 25, 2025. As of the report date, management and the lender are in discussions to renew the line of credit agreement. Interest is payable monthly at prime (7.50% at December 31, 2024). There were no borrowings, and thus no balance for the years ended December 31, 2024 and 2023.

## NOTE 8—RESTRICTED NET ASSETS

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

| | **2024** | 2023 |
|---|---|---|
| Training | **$ 2,573** | $ 2,748 |
| Time Restricted | **291,869** | 89,005 |
| Capital Campaign | | |
| Van | **1,600** | 22,715 |
| Cat Room | **—** | 300 |
| Bathing Station | **3,510** | — |
| Unappropriated Endowment Fund Earnings – Special Needs | **10,168** | 6,566 |
| | **$ 309,720** | $ 121,334 |

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

| | **2024** | 2023 |
|---|---|---|
| Training | **$ 175** | $ 289 |
| Bequests – Time Restricted | **96,505** | 60,061 |
| Animal Medical and Healthcare | **21,000** | 21,000 |
| Specific Pet Care | **7,261** | 12,555 |
| Care of Long-Term Residents | **100,000** | 77,653 |
| Capital Campaign | | |
| Van | **22,715** | — |
| Cat Room | **300** | 4,052 |
| Spigots | **—** | 3,250 |
| Feline Care | **—** | 6,100 |
| Employee Retention Credit | **—** | 237,821 |
| Appropriated Endowment Fund Earnings – Special Needs* | **6,566** | — |
| | **$ 254,522** | $ 422,781 |

*Relates to two endowment funds, only one of which, is active.

Net assets in perpetuity of $144,155 and $81,023 at December 31, 2024 and 2023 are restricted for endowment investment, the income from which is expendable for the well-being of the animal residents of the shelter.

**NOTE 9—ENDOWMENT FUNDS**

The Organization's Board of Directors has interpreted 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.

On December 7, 2022, the Organization entered into an endowment gift agreement with a donor to establish a fund in perpetuity, the annual distribution from which is to support special needs animals with an initial gift of $50,000. As agreed upon between the donor and the Organization, an annual distribution of 4-5% of the fair value of the endowment will be distributed annually. The distribution, which may from time to time exceed the net income (interest, dividend, and any other current income less applicable expenses) generated by the fund, will be distributed annually, and will be so distributed in full even if the fair value of the fund falls below its historic dollar value unless the Board of Directors makes a determination to the contrary.

It is the Organization's policy to utilize a moving average spending rate which is calculated by taking the average year-end portfolio value in the last 3 years and multiplying it by the spending rate of up to 4.5%. In the first few years following establishment of the endowment funds, the distribution will be calculated based on available year-end portfolio values, which may be less than 3 years. At December 31, 2024 and 2023, $6,566 and $-0- of distributions were made out of the endowment.

Endowment net asset composition by type of fund as of December 31, 2024 is as follows:

| | Without Donor Restriction | With Donor Time Restriction | With Donor Restriction in Perpetuity | Total |
|---|---|---|---|---|
| Donor-Restricted Endowment Funds ..... | $ — | $ 10,168 | $ 144,155 | $ 154,323 |

**NOTE 9—ENDOWMENT FUNDS (Continued)**

Changes in endowment net assets as of December 31, 2024 are as follows:

| | Without Donor Restriction | With Donor Time Restriction | With Donor Restriction | Total |
|---|---|---|---|---|
| Endowment Net Assets, January 1, 2024 | $ — | $ 6,566 | $ 81,023 | $ 87,589 |
| Contributions | — | — | 63,132 | 63,132 |
| Investment Income | — | 2,189 | — | 2,189 |
| Net Realized/Unrealized Gain | — | 7,981 | — | 7,981 |
| Amounts Appropriated for Expenditure* | — | (6,568) | — | (6,568) |
| Endowment Net Assets, December 31, 2024 | $ — | $ 10,168 | $ 144,155 | $ 154,323 |

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

| | Without Donor Restriction | With Donor Time Restriction | With Donor Restriction in Perpetuity | Total |
|---|---|---|---|---|
| Donor-Restricted Endowment Funds | $ — | $ 6,566 | $ 81,023 | $ 87,589 |

Changes in endowment net assets as of December 31, 2023 are as follows:

| | Without Donor Restriction | With Donor Time Restriction | With Donor Restriction | Total |
|---|---|---|---|---|
| Endowment Net Assets, January 1, 2023 | $ — | $ 34 | $ 55,360 | $ 55,394 |
| Contributions | — | — | 25,663 | 25,663 |
| Investment Income | — | 1,121 | — | 1,121 |
| Net Realized/Unrealized Gain | — | 5,413 | — | 5,413 |
| Amounts Appropriated for Expenditure* | — | (2) | — | (2) |
| Endowment Net Assets, December 31, 2023 | $ — | $ 6,566 | $ 81,023 | $ 87,589 |

*Relates to two endowment funds, of which, only one is active.

## NOTE 10—CONCENTRATION OF CREDIT AND MARKET RISK

The Organization maintains its cash at a financial institution with balances that may exceed the federally insured limit throughout 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.

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.

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 11—DONATED GOODS AND SERVICES

The Organization has recorded in-kind contributions for the years ended December 31, 2024 and 2023, as follows:

| | 2024 | 2023 |
|---|---|---|
| Donated Goods | | |
| Pet Food in Program Health, Food, and Other Shelter Supplies | **$ 17,446** | $ 38,548 |
| Medical and Program Health in Health, Food, and Other Shelter Supplies | **4,566** | 3,118 |
| Shelter Supplies in Program Health, Food, and Other Shelter Supplies | **11,600** | 17,833 |
| Maintenance Supplies in Repairs and Maintenance | **533** | 75 |
| Office Supplies in Management and General Office Expense and Supplies | **450** | 299 |
| Promotional Items in Special Events Promotion/Advertising | **125** | 188 |
| Supplies in Special Events Office Expense and Supplies | — | 2,735 |
| Maintenance Supplies in Special Events Repairs and Maintenance | — | 1,240 |
| Legal Fees in Special Events Professional Fees | — | 235 |
| Raffle and Auction Items in Special Events Miscellaneous Expenses | **1,030** | 333 |
| Office Furniture in Property and Equipment | **11,560** | — |
| Total Donated Goods | **47,310** | 64,604 |
| Donated Services | | |
| Veterinary | **15,106** | — |
| Legal and Professional Fees | **20,324** | 4,870 |
| Audit and Tax Preparation in Professional Fees | — | 5,865 |
| Total Donated Services | **35,430** | 10,735 |
| | **$ 82,740** | $ 75,339 |

**NOTE 11—DONATED GOODS AND SERVICES (Continued)**

The value of donated goods items are recorded at the retail value of the in-kind contribution as stated by the zero invoice received by the donor. The above chart also shows in what line item on the statements of functional expenses the donated goods are categorized. All goods that are categorized as program expenses on the statements of functional expenses were used in the Organization's programs. The remainder such as maintenance and office supplies, brochures, flyers and signs, promotional items, special events supplies and the raffle and auction items were used for either management and general, fundraising or special events supporting services. Items sold at the Organization's special events auction are recorded as contributions at the gross selling price received.

Donated professional services include veterinary, training, legal and accounting services. Donated veterinary and training are based on the stated fair value of the service received on the donor's in-kind invoice and are recorded in program expense on the statements of functional expenses as they were part of the Organization's program activities. Donated legal services consist of reviews of grant applications and general counsel. These services were recorded at the estimated fair value based on the current rates for similar legal, accounting services in the Chicagoland area. There were no donor-imposed restrictions associated with the donated professional services and they are recorded in management and general expense on the statements of functional expenses as they are a supporting service.

**NOTE 12—RELATED-PARTY TRANSACTIONS**

Donations of $9,410 and $9,059 for the years ended December 31, 2024 and 2023 were received from members of the Board of Directors.

**NOTE 13—SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 10, 2025, the date which the financial statements were available for issuance. Other than as previously disclosed, there were no subsequent events which require disclosure.