

LEAGUE FOR ANIMAL WELFARE

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
League for Animal Welfare

Opinion

I have audited the accompanying financial statements of League for Animal Welfare (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of League for Animal Welfare as of December 31, 2022 and 2021, 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

I conducted the audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I am required to be independent of League for Animal Welfare to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to the audit. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my 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 League for Animal Welfare's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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, I:

- 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 the Organization'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Kathleen F. Wesp, CPA

March 15, 2023

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 780,269	\$ 459,793
Accounts receivable	4,127	1,675
Pledge receivable	-	100,000
Investments, at market value	4,732,289	6,374,481
Prepaid expenses	-	3,853
Operating lease right of use asset	6,270	-
Property and equipment, net	<u>2,944,372</u>	<u>3,028,333</u>
TOTAL ASSETS	<u>\$ 8,467,327</u>	<u>\$ 9,968,135</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Line of credit	\$ -	\$ -
Accounts payable and accrued expenses	12,621	52,660
Refund liability	6,550	-
Operating lease liability	6,270	-
Note payable - SBA	<u>150,000</u>	<u>150,000</u>
TOTAL LIABILITIES	<u>175,441</u>	<u>202,660</u>
NET ASSETS		
Without donor restriction	8,291,886	9,751,701
With donor restriction	-	13,774
TOTAL NET ASSETS	<u>8,291,886</u>	<u>9,765,475</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,467,327</u>	<u>\$ 9,968,135</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT						
Contributions and grants	\$ 985,468	\$ 41,000	\$ 1,026,468	\$ 3,534,924	\$ 41,000	\$ 3,575,924
Adoption fees	144,615	-	144,615	112,280	-	112,280
Program fees	26,573	-	26,573	9,031	-	9,031
In-kind contributions	51,359	-	51,359	19,064	-	19,064
Merchandise sales less cost of goods	(346)	-	(346)	(2,750)	-	(2,750)
Other income	4,877	-	4,877	3,482	-	3,482
Special events less direct cost	(97)	-	(97)	2,881	-	2,881
Investment earnings (losses), net	(977,785)	-	(977,785)	927,768	-	927,768
Net assets released from restriction	54,774	(54,774)	-	27,226	(27,226)	-
TOTAL SUPPORT	289,438	(13,774)	275,664	4,633,906	13,774	\$ 4,647,680
EXPENSES						
Animal Care	1,591,017	-	1,591,017	1,461,334	-	1,461,334
Management and general	115,285	-	115,285	109,773	-	109,773
Fundraising	42,951	-	42,951	37,625	-	37,625
TOTAL EXPENSES	1,749,253	-	1,749,253	1,608,732	-	1,608,732
INCREASE (DECREASE)						
IN NET ASSETS	(1,459,815)	(13,774)	(1,473,589)	3,025,174	13,774	3,038,948
NET ASSETS						
BEGINNING OF YEAR	9,751,701	13,774	9,765,475	6,726,527	-	6,726,527
NET ASSETS, END OF YEAR	\$ 8,291,886	\$ -	\$ 8,291,886	\$ 9,751,701	\$ 13,774	\$ 9,765,475

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,473,589)	\$ 3,038,948
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	114,530	129,025
Unrealized/realized change in market value	1,095,508	(811,128)
Changes in:		
Pledge and accounts receivable	97,548	102,463
Prepaid expenses	3,853	1,170
Accounts payable	(40,039)	(19,858)
Refund liability	6,550	-
Accrued expenses	-	(110)
NET CASH USED (PROVIDED) BY OPERATING ACTIVITIES	(195,639)	2,440,510
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of securities	4,757,017	2,645,332
Purchase of securities	(4,210,333)	(4,305,018)
Purchase of equipment	(30,569)	(4,800)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	516,115	(1,664,486)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(754,955)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	(754,955)
NET CHANGE IN CASH	320,476	21,069
CASH AT BEGINNING OF YEAR	459,793	438,724
CASH AT END OF YEAR	\$ 780,269	\$ 459,793

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	2021
Annex	\$ 2,225	\$ -	\$ -	\$ 2,225	\$ 2,117
Bank fees	8,473	-	339	8,812	8,618
Bottle feeding program	-	-	-	-	-
Clinic supplies	-	-	-	-	70,660
Communications	9,654	2,645	926	13,225	15,572
Consulting	-	2,125	-	2,125	-
Continuing education	7,031	-	-	7,031	8,054
Depreciation	112,240	1,145	1,145	114,530	129,025
Dues and memberships	1,403	-	-	1,403	3,543
Employee appreciation	1,602	-	-	1,602	887
Fundraising	-	-	2,924	2,924	528
Grounds	23,977	242	-	24,219	29,150
Health insurance	25,552	3,346	1,521	30,419	42,116
Information technology	27,013	276	275	27,564	26,203
Insurance	10,221	2,167	-	12,388	14,832
Interest	-	-	-	-	11,242
Kennel supplies	258,381	-	-	258,381	73,934
Marketing	3,600	-	3,600	7,200	11,399
Mileage reimbursement	-	-	-	-	1,889
Miscellaneous	-	247	-	247	308
Newsletter	-	-	6,134	6,134	6,342
None left behind program	21,492	-	-	21,492	28,515
Office expense	12,068	586	524	13,178	15,022
Payroll processing	5,499	720	327	6,546	5,292
Payroll taxes	56,562	7,151	1,300	65,013	56,522
Pre-hire expense	2,603	-	-	2,603	4,237
Professional fees	-	4,695	-	4,695	7,751
Salaries	696,258	88,083	15,956	800,297	685,325
Shelter exterior	556	-	-	556	293
Shelter interior	21,518	1,133	-	22,651	21,024
Spay and neuter vouchers	96,313	-	-	96,313	43,647
Stewardship	-	-	7,440	7,440	3,862
Uniforms	1,653	184	-	1,837	1,206
Utilities	52,957	540	540	54,037	33,446
Vehicle	14,223	-	-	14,223	9,007
Veterinary	116,801	-	-	116,801	235,233
Volunteer training	1,142	-	-	1,142	1,931
	<u>\$ 1,591,017</u>	<u>\$ 115,285</u>	<u>\$ 42,951</u>	<u>\$ 1,749,253</u>	<u>\$ 1,608,732</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	ANIMAL CARE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Annex	\$ -	\$ 2,117	\$ -	\$ 2,117
Bank fees	8,156	-	462	8,618
Bottle feeding program	-	-	-	-
Clinic supplies	70,660	-	-	70,660
Communications	11,056	3,426	1,090	15,572
Consulting	-	-	-	-
Continuing education	5,304	2,750	-	8,054
Depreciation	126,445	1,290	1,290	129,025
Dues and memberships	3,543	-	-	3,543
Employee appreciation	887	-	-	887
Fundraising	-	-	528	528
Grounds	28,858	292	-	29,150
Health insurance	35,377	4,633	2,106	42,116
Information technology	25,679	262	262	26,203
Insurance	12,640	2,192	-	14,832
Interest	11,242	-	-	11,242
Kennel supplies	73,934	-	-	73,934
Marketing	5,700	-	5,699	11,399
Mileage reimbursement	1,889	-	-	1,889
Miscellaneous	-	308	-	308
Newsletter	-	-	6,342	6,342
None left behind program	28,515	-	-	28,515
Office expense	13,487	1,060	475	15,022
Payroll processing	4,445	582	265	5,292
Payroll taxes	49,175	6,217	1,130	56,522
Pre-hire expense	4,237	-	-	4,237
Professional fees	-	7,751	-	7,751
Salaries	596,159	75,386	13,780	685,325
Shelter exterior	293	-	-	293
Shelter interior	19,973	1,051	-	21,024
Spay and neuter vouchers	43,647	-	-	43,647
Stewardship	-	-	3,862	3,862
Uniforms	1,085	121	-	1,206
Utilities	32,777	335	334	33,446
Vehicle	9,007	-	-	9,007
Veterinary	235,233	-	-	235,233
Volunteer training	1,931	-	-	1,931
	<u>\$ 1,461,334</u>	<u>\$ 109,773</u>	<u>\$ 37,625</u>	<u>\$ 1,608,732</u>

See notes to financial statements

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the League for Animal Welfare is presented to assist in understanding the organization’s financial statements. The financial statements and notes are representations of the organization’s management who is responsible for the integrity and objectivity of the financial statements.

Nature of Operations

Founded in 1949, League for Animal Welfare provides much needed care for unwanted, lost and neglected cats and dogs in the community. As the oldest and one of the largest no-kill shelters in the area, the League serves the Greater Cincinnati area through initiatives to reduce the number of homeless animals and to help people better care for their pets. Using the resources of its dedicated staff, volunteers and supports, the League provides medical care, behavioral training and socialization needed to match homeless animals with lifelong homes. The League’s shelter has the capacity to care for approximately 40 dogs and 100 cats with the permanent placement in appropriate, screened and loving homes. Volunteers foster additional dogs and cats and bottle-feed kittens and puppies in their own homes until they are eligible for adoption. The “Sis & Dick Miller Wellness Clinic” provides veterinary care for all of the shelters’ animals, other area shelters and rescues and the community at large.

Basis of Presentation

The financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Revenue and Revenue Recognition

The organization recognizes revenue from shelter adoptions and clinic visits when the performance obligations of transferring ownership and services are met. During 2022, the cost to adopt puppies was increased and included a \$150 refund if puppy training was completed within 6 months. The amount of \$6,550 was recorded as a refund liability as of December 31, 2022.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue and Revenue Recognition - continued

Merchandise sales are recognized at the time of purchase. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference.

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when the stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

In-Kind Contributions

The organization records various types of in-kind contributions. Contributed services are recognized as contribution if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. The organization relies on many volunteers to carry out its programs but no amounts have been recorded in the statements of activities because the criteria for recognition have not been satisfied. Contributions of tangible assets are recognized at fair value when received and used for program services. \$51,539 and \$19,064 was recognized for the years ended December 31, 2022 and 2021, respectively. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expense.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long term purposes are excluded from this definition.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

Investments are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statements of financial position. Net investment return/loss is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts and pledge receivable

The organization considers all contributions receivable to be fully collectible; accordingly no allowance for doubtful accounts is considered necessary

Property and Equipment

Property and equipment is stated at cost, or if donated, at the approximate fair market value at the date of donation. Depreciation expense is computed on the straight-line method over the estimated useful life of the assets. Expenditures for major renewals and betterments that extend the useful lives of fixed assets are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation was \$114,530 and \$129,025 during 2022 and 2021.

Fair Value of Financial Instruments

Assets and liabilities measured at fair value are categorized into one of three different levels depending on the observability of the inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are market-observable inputs for measuring the asset or liability other than quoted prices included within Level 1. Level 3 inputs are observable inputs for measuring the asset or liability reflecting significant modifications to observable related market data or the organization's assumptions about pricing by market participants. The carrying amounts of cash and cash equivalents, accounts payable and accrued expenses approximate fair value due to the short-term nature of the items, and are considered to fall within Level 1 of the fair value hierarchy.

Advertising

Advertising and marketing is expensed as incurred Expenses for the years ending December 31, 2022 and 2021 was \$7,200 and \$11,399, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include: caretaker house, communications, depreciation, grounds, information technology, insurance, shelter interior and exterior, and, utilities which are allocated on a square-footage basis, as well as payroll and payroll taxes which are allocated on the basis of estimates of time and effort.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code pursuant to a determination letter from the Internal Revenue Service. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions. The Organization's returns are subject to examination by the IRS generally for 3 years from filing date. Management believes that all positions taken in the tax returns would be sustained upon examination based on the technical merits should the returns be examined. For the years ended December 31, 2022 and 2021, there were no income tax penalties and interest recorded

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Concentration and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of those accounts.

Recently Adopted Accounting Pronouncements

Effective January 1, 2022, the organization adopted FASB ASC 842, *Leases*. This standard requires lessees to recognize leases on the statement of financial position as right-of-use (ROU) assets and lease liabilities based on the value of the discounted future lease payments. In adopting ASC 842, the organization elected to use practical expedients, including but not limited to, not reassessing past leases, and not recording assets or liabilities for leases with terms of one year or less. As of January 1, 2022, the Organization adopted (a) an operating lease liability of \$10,081, which represents the present value of the remaining lease payments of approximately \$10,121, discounted using incremental borrowing rate of 3% and (b) an operating right-of-use asset of \$10,081.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recently Adopted Accounting Pronouncements - Continued

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021. The organization has adopted the standard on January 1, 2022. The standard did not have a material impact on the financial statements. The organization has updated disclosures as necessary.

NOTE #2 – PLEDGE RECEIVABLE

Pledge receivable consist of the following:

	2022	2021
Contributions due in less than one year		
More than a shelter campaign	\$ -0-	\$100,000
Total due in less than one year	-0-	\$100,000
Contributions due in more than one year		
More than a shelter campaign	-0-	-0-
Total due in more than one year	-0-	-0-
	\$ -0-	\$100,000

These receivables are recorded at their face amounts rather than being reduced to their net present values because the amount of discounts would be immaterial to the financial statements.

NOTE #3 - INVESTMENTS

Long term investments, carried at market value based on quoted prices in active markets (all level 1 measurements) at December 31, 2022 and 2021 consisted of the following:

	2022	2022 Cost	2021	2021 Cost
Fixed income	1,070,160	1,584,083	654,857	648,699
Equities	3,662,129	2,063,884	5,719,624	4,352,392
	\$4,732,290	\$3,647,967	\$6,374,481	\$5,001,091

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE #3 – INVESTMENTS - CONTINUED

Investment earnings are reported net of investment expenses and consisted of the following for the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 149,128	\$ 144,323
Realized/unrealized gains (losses)	<u>(1,095,521)</u>	<u>810,381</u>
	(946,393)	954,704
Investment expenses	<u>(31,392)</u>	<u>(26,936)</u>
Investment return, net	<u>\$(977,785)</u>	<u>927,768</u>

NOTE #4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Equipment and furniture	\$ 399,934	\$ 369,365
Buildings and improvements	3,254,535	3,254,535
Medical RV and equipment	164,544	164,544
Vehicles	154,069	154,069
Land	<u>632,742</u>	<u>632,742</u>
	4,605,824	4,575,255
Less: accumulated depreciation	<u>(1,661,452)</u>	<u>(1,546,922)</u>
	<u>\$ 2,944,372</u>	<u>\$ 3,028,333</u>

NOTE #5- PAYCHECK PROTECTION PROGRAM LOAN

The organization qualified and received a second Paycheck Protection Program Loan in the amount of \$150,000 in 2021. The Paycheck Protection Program “PPP” was administered by a Small Business Administration (SBA) approved partner during 2020. The loan was uncollateralized and fully guaranteed by the Federal government. The organization initially recorded the loan as a refundable advance and subsequently recognized revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. Loan was forgiven. \$150,000 of revenue was recognized for the year ended December 31, 2021.

NOTE #6- LINE OF CREDIT

In 2022, the organization obtained a line of credit in the amount of \$75,000 from PNC Bank. It is not secured. It bears interest at 5.62% No activity on the line of credit during 2022. In 2021, the organization’s line of credit was \$1,500,000 secured by a pledge of the organization’s investment account. No activity on the line during 2021.

LEAGUE FOR ANIMAL WELFARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE # 7- NOTE PAYABLE

During 2020, the organization entered into a secured disaster loan through the U.S. Small Business Administration for \$150,000. The loan is for 30 years and carries an interest rate of 2.75%. The required principal and interest payments of \$641 per month were deferred for 30 months. The loan is secured by all tangible and intangible personal property.

Loan payable at December 31, 2022 and 2021	\$ 150,000
Less: current portion	<u>(1,526)</u>
Loan payable, net of current portion	<u>\$ 148,474</u>

Future principal payments on the loan payable are as follows at December 31:

2023	\$ 1,526
2024	3,125
2025	3,223
2026	3,325
2027 and thereafter	<u>138,801</u>
	<u>\$ 150,000</u>

NOTE #8- NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Commercial washer	\$ -0-	\$ 6,000
Clermont County Assistance	<u>-0-</u>	<u>7,774</u>
	<u>\$ -0-</u>	<u>\$ 13,774</u>

NOTE #9- LEASES

The organization has an operating lease for office equipment that will expire in 2024. The right-of-use (ROU) asset represents the organization's right to use the office equipment for the lease term, and the liability represents the organization's obligation to make lease payments arising from that lease. The ROU asset and liability, arises from an operating lease and was calculated based on the present value of future lease payments over the lease terms. For 2022, the total operating lease cost and cash paid was \$4,048.

Future minimum lease payments are as follows:

2023	\$ 4,048
2024	2,222
2025	-0-
2026	-0-
2027 and thereafter	<u>-0-</u>
Total lease payments	6,270
Less present value discount	<u>(198)</u>
Total lease obligations	<u>\$ 6,072</u>

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NOTE #10– LIQUIDITY AND AVAILABILITY

The following reflects the Organization’s financial assets reduced by amounts not available for general use within 12 months because of contractual or donor-imposed restrictions.

	2022	2021
Financial assets at year end	\$5,516,685	\$6,935,949
Less: funds unavailable for general expenditures within one year		
Restricted by donor for specific purposes	-0-	(13,774)
Financial assets available to meet cash needs for general operations within one year	\$5,516,685	\$6,922,175

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the organization has a line of credit available for \$75,000 in 2022.

NOTE #11– CONTINGENCIES

In 2003, a parcel of land in Alaska was donated to the organization with a fair market value at that time of \$56,700. Since no valid deed to the property could be obtained, the land value was removed from the books and no further real estate taxes were paid. In 2020, the organization was notified by the Kenai Peninsula Borough that it intended to take a clerk’s deed to the property on or about November 13, 2020. The notice further indicated that rights to redeem the property would cease. In 2022, the property was sold and proceeds of \$152,853 were given to the organization.

NOTE #12– SUBSEQUENT EVENTS

The organization has evaluated subsequent events for recognition and disclosure through March 15, 2023, the date the financial statements were available to be issued. Through that date, there were no events requiring adjustments to or disclosures in the financial statements except as disclosed.