

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
Community Animal Medicine Project, Inc.  
Los Angeles, CA**

**OPINION:**

**We have audited the accompanying financial statements of Community Animal Medicine Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses 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 Community Animal Medicine Project, Inc. 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:**

**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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Animal Medicine Project, 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 Community Animal Medicine Project, 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 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.**

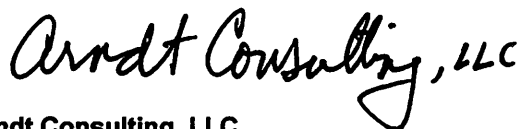
**Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.**

**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 Community Animal Medicine Project, 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 Community Animal Medicine Project, 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.**



**Arndt Consulting, LLC  
May 3, 2023  
Brookfield, WI**

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,008,164	\$ 2,440,456
Investments	233,953	-
Accounts receivable - net	119,076	84,959
Prepaid and other current assets	28,894	26,575
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	2,390,087	2,551,990
<b>PROPERTY AND EQUIPMENT:</b>		
Property and equipment	906,634	516,925
Accumulated depreciation	(522,470)	(473,060)
	<hr/>	<hr/>
NET PROPERTY AND EQUIPMENT	384,164	43,865
<b>RIGHT OF USE ASSETS</b>	3,414	-
<b>SECURITY DEPOSITS</b>	3,000	3,000
	<hr/>	<hr/>
TOTAL ASSETS \$	<u>2,780,665</u>	<u>\$ 2,598,855</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 51,521	\$ 62,376
Accrued expenses	266,667	197,285
Deferred income	129,632	313,255
Line of credit	(7,064)	-
Lease liabilities	2,759	-
Notes payable	4,172	548
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	447,687	573,464
<b>LEASE LIABILITIES</b>	702	-
<b>NOTES PAYABLE</b>	125,741	156,120
<b>NET ASSETS:</b>		
Without donor restrictions	2,206,535	1,869,271
With donor restrictions	-	-
	<hr/>	<hr/>
TOTAL NET ASSETS	<u>2,206,535</u>	<u>1,869,271</u>
TOTAL LIABILITIES AND NET ASSETS \$	<u>2,780,665</u>	<u>\$ 2,598,855</u>

See notes to financial statements.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.****ARNOLD  
CONSULTING****STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT:</b>			
Grants	\$ 1,537,584	\$ -	\$ 1,537,584
Contributions	186,848	-	186,848
Net assets released from restrictions	-	-	-
	<u>1,724,432</u>	<u>-</u>	<u>1,724,432</u>
<b>REVENUE:</b>			
Program service revenue	5,581,663	-	5,581,663
Investments change in market value	(16,048)	-	(16,048)
	<u>5,565,615</u>	<u>-</u>	<u>5,565,615</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>7,290,047</b>	<b>-</b>	<b>7,290,047</b>
<b>EXPENSES:</b>			
Program	5,972,755	-	5,972,755
Management and general	680,389	-	680,389
Fundraising	299,639	-	299,639
	<u>6,952,783</u>	<u>-</u>	<u>6,952,783</u>
<b>CHANGE IN NET ASSETS</b>	<b>337,264</b>	<b>-</b>	<b>337,264</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b><u>1,869,271</u></b>	<b><u>-</u></b>	<b><u>1,869,271</u></b>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 2,206,535</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,206,535</u></b>

See notes to financial statements.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.**



**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT:</b>			
Grants	\$ 752,795	\$ -	\$ 752,795
Debt forgiveness	481,399		481,399
Contributions	201,040	-	201,040
Net assets released from restrictions	-	-	-
	<u>1,435,234</u>	-	<u>1,435,234</u>
<b>REVENUE:</b>			
Program service revenue	<u>5,121,769</u>	-	<u>5,121,769</u>
	<u>5,121,769</u>	-	<u>5,121,769</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>6,557,003</b>	<b>-</b>	<b>6,557,003</b>
<b>EXPENSES:</b>			
Program	4,369,220	-	4,369,220
Management and general	570,793	-	570,793
Fundraising	<u>199,940</u>	-	<u>199,940</u>
	<u>5,139,953</u>	-	<u>5,139,953</u>
<b>CHANGE IN NET ASSETS</b>	<b>1,417,050</b>	<b>-</b>	<b>1,417,050</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>452,221</u>	-	<u>452,221</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,869,271</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,869,271</u></u>

See notes to financial statements.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.**



**STATEMENT OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 337,264	\$ 1,417,050
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	49,410	18,686
Change in investments	16,047	-
Change in accounts receivable	(34,117)	3,015
Change in right of use assets and lease liabilities	47	-
Change in prepaid and other current assets	(2,319)	(8,049)
Change in accounts payable	(10,855)	10,243
Change in accrued expenses	69,382	10,467
Change in deferred revenue	<u>(183,623)</u>	<u>225,520</u>
<b>NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<b>241,236</b>	<b>1,676,932</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment purchases	(250,000)	-
Property and equipment purchases	<u>(389,709)</u>	<u>(12,971)</u>
<b>NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<b>(639,709)</b>	<b>(12,971)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net line of credit inflows and outflows	(7,064)	-
Net notes payable debt forgiveness	<u>(26,755)</u>	<u>(481,399)</u>
<b>NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>	<b><u>(33,819)</u></b>	<b><u>(481,399)</u></b>
<b>NET CHANGE IN CASH</b>	<b>(432,292)</b>	<b>1,182,562</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>2,440,456</u>	<u>1,257,894</u>
End of year	<u><u>\$ 2,008,164</u></u>	<u><u>\$ 2,440,456</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u><u>\$ 1,897</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.**



**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, wages and per diems	\$ 3,436,400	\$ 404,282	\$ 202,142	\$ 4,042,824
Payroll taxes	244,349	28,747	14,373	287,469
Employee benefits	177,734	20,910	10,455	209,099
Worker compensation	33,620	3,955	1,978	39,553
Outside services	151,969	17,879	8,939	178,787
Legal and professional	-	11,750	-	11,750
Medical and surgical supplies	1,172,171	-	-	1,172,171
Animal care supplies	67,552	-	-	67,552
Office expense	62,994	7,411	3,706	74,111
Minor equipment purchases	61,390	-	-	61,390
Telephone	19,651	2,312	1,156	23,119
Auto expense	15,011	-	-	15,011
Repairs and maintenance	105,127	-	-	105,127
Recruitment and training	43,387	-	-	43,387
Other staff expense	82,054	-	-	82,054
Development expense	-	-	45,196	45,196
Insurance	27,300	3,212	1,606	32,118
Depreciation	49,410	-	-	49,410
Retirement plan contribution	66,411	7,813	3,906	78,130
Payroll processing	8,787	1,034	517	10,338
Janitorial supplies	30,045	-	-	30,045
Software expense	34,960	-	-	34,960
Rent expense	49,748	5,853	2,926	58,527
Utilities and telecom	7,592	893	447	8,932
Permits and licenses	-	18,701	-	18,701
Equipment leases	3,522	-	-	3,522
Web development	1,203	-	1,203	2,406
Bank and credit card charges	-	141,565	-	141,565
Interest and finance fees	-	1,897	-	1,897
Alarm system	5,977	703	352	7,032
Printing and postage	12,515	1,472	737	14,724
Receivable write-offs	1,876	-	-	1,876
<b>TOTAL EXPENSES</b>	<b><u>\$ 5,972,755</u></b>	<b><u>\$ 680,389</u></b>	<b><u>\$ 299,639</u></b>	<b><u>\$ 6,952,783</u></b>

See notes to financial statements.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.**



**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, wages and per diems	\$ 2,548,001	\$ 299,765	\$ 149,882	\$ 2,997,648
Payroll taxes	185,904	21,871	10,935	218,710
Employee benefits	162,166	19,078	9,540	190,784
Worker compensation	30,371	3,573	1,787	35,731
Outside services	4,250	500	250	5,000
Legal and professional	-	11,750	-	11,750
Medical and surgical supplies	1,001,247	-	-	1,001,247
Animal care supplies	54,921	-	-	54,921
Office expense	37,908	4,460	2,230	44,598
Minor equipment purchases	41,562	-	-	41,562
Telephone	19,579	2,303	1,152	23,034
Auto expense	5,370	-	-	5,370
Repairs and maintenance	43,080	-	-	43,080
Recruitment and training	23,922	-	-	23,922
Other staff expense	57,616	-	-	57,616
Development expense	-	-	18,338	18,338
Insurance	22,824	2,685	1,343	26,852
Depreciation	18,686	-	-	18,686
Retirement plan contribution	8,045	947	473	9,465
Payroll processing	7,881	927	464	9,272
Janitorial supplies	7,748	-	-	7,748
Software expense	24,599	-	-	24,599
Rent expense	41,955	4,936	2,468	49,359
Utilities and telecom	2,169	255	128	2,552
Permits and licenses	-	6,301	-	6,301
Equipment leases	3,582	-	-	3,582
Web development	86	-	86	172
Bank and credit card charges	-	185,670	-	185,670
Interest and finance fees	-	4,044	-	4,044
Alarm system	6,470	761	381	7,612
Printing and postage	8,216	967	483	9,666
Receivable write-offs	1,062	-	-	1,062
<b>TOTAL EXPENSES</b>	<b>\$ 4,369,220</b>	<b>\$ 570,793</b>	<b>\$ 199,940</b>	<b>\$ 5,139,953</b>

See notes to financial statements.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED DECEMBER 31, 2022 and 2021****NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:****DESCRIPTION OF ORGANIZATION:**

Community Animal Medicine Project, Inc. (formerly Spay Neuter Project of Los Angeles, Inc.) (the Organization) began operations in August 2007. The Organization is a not-for-profit, tax exempt 501 (c) (3) public benefit organization dedicated to substantially reducing animal shelter intake. Program revenue is predominately received from the general public.

**NATURE OF PROGRAMS:**

Spay, Neuter and Animal Wellness Clinics – The Organization operates spay, neuter and animal wellness clinics that provide high-quality, low-cost spay, neuter and animal wellness services to underserved communities in the Los Angeles area.

**TAX-EXEMPT STATUS:**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as a publicly supported entity under Section 509(a)(1). Generally, the Organization's tax exempt income tax returns are subject to examination for three years after they are filed.

**FAIR VALUE OF FINANCIAL INSTRUMENTS:**

The Organization's financial instruments include cash and cash equivalents, investments, accounts receivable, grants receivable, accounts payable, lease liabilities and notes payable. Investments are recorded at fair value, all other financial instruments are recorded at cost which approximates fair value based on their nature.

**USE OF ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS:**

The Organization defines cash and cash equivalents as highly liquid, short-term deposits with a maturity at the date of acquisition of three months or less.

**INVESTMENTS:**

Investments consist of pooled debt and equity securities. Investments are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the statement of activities and change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED DECEMBER 31, 2022 and 2021****NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):****ACCOUNTS AND GRANTS RECEIVABLE:**

The Organization grants trade credit to its customers. Accounts receivable are valued at management's estimate of amounts that will ultimately be collected based on historical collectability data. Accounts and grants receivable are charged off as uncollectible when management determines they have exhausted all reasonable collection efforts. No allowance for doubtful accounts has been provided in the accompanying financial statements as management believes the balances are fully collectible.

**INVENTORY:**

The Organization expenses purchases of medical and surgical supplies in the year of acquisition. No amounts are recorded on the statement of financial position as inventory on a recurring basis.

**PROPERTY AND EQUIPMENT:**

Property and equipment is stated at cost if purchased or fair market value at the date of the gift if donated. Acquisitions of property and equipment and expenditures for improvements and betterments that prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the statement of activities. Property and equipment is depreciated using the straight-line method over the shorter of the estimated useful lives or expected lease term if a leasehold improvement. Depreciation expense was \$49,410 and \$18,686 for the years ended December 31, 2022 and 2021, respectively.

**REVENUE RECOGNITION:**

Program service revenue is recognized upon rendering services to the general public at which time the Organization's performance obligations are generally complete. Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

**IN-KIND CONTRIBUTIONS:**

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED DECEMBER 31, 2022 and 2021****NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):****DONATED SERVICES:**

Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**NEW ACCOUNTING PRONOUNCEMENT:**

In January 2022, the Organization adopted ASU 2016-2, Leases (Topic 842) which requires recognition of assets and liabilities on the statement of financial position for the rights and obligations created by leases with terms that exceed twelve months. The new standard should help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and was adopted cumulatively as of January 1, 2022, reporting periods prior to 2022 have not been restated or adjusted as there was no effect on net assets upon adoption.

**FINANCIAL STATEMENT PRESENTATION:**

The Organization reports information regarding its financial position and activities according to two classes of net assets: Without Donor Restrictions and With Donor Restrictions.

Without Donor Restrictions – Unrestricted net assets generally result from revenues from providing services, producing and delivering goods, receiving unrestricted contributions, and receiving dividends or interest from investing in income producing assets, less expenses incurred in providing services, producing and delivering goods, raising contributions, and performing administrative functions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws.

With Donor Restrictions – The part of the net assets of a not-for-profit organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) net assets without restriction as a consequence of donor imposed stipulations, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

**NOTE B – CONCENTRATION OF CREDIT RISK:**

The Organization maintains its cash and investments balances in financial institutions. Cash and investment balances may exceed federally insured limits. The Organization monitors the financial condition of its financial institutions and believes it is not exposed to significant credit risk on cash and investments.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 and 2021**

**NOTE C – INVESTMENTS:**

Investments are carried at fair value. The following schedule summarizes investment values as of December 31, 2022:

	<u>2022</u>
Cash and cash alternatives	\$ 54,343
Exchange traded funds	176,061
Stocks	<u>3,549</u>
Total	<u>\$ 233,953</u>

**NOTE D – PROPERTY AND EQUIPMENT:**

The major categories of property and equipment as of December 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 306,976	\$ 249,830
Furniture, fixtures and equipment	<u>599,658</u>	<u>267,095</u>
	906,634	516,925
Less accumulated depreciation	<u>522,470</u>	<u>473,060</u>
	<u>\$ 384,164</u>	<u>\$ 43,865</u>

**NOTE E – LINE OF CREDIT:**

The Organization has a \$20,000 financial institution revolving line of credit. The principal balance on the line of credit as of December 31, 2022 was a \$7,064 prepaid balance and as of December 31, 2021 was \$ -0-. The underlying note bears interest at prevailing short-term rates, is unsecured and automatically renewable in one year increments.

**NOTE F – NOTES PAYABLE:**

	<u>2022</u>	<u>2021</u>
Note payable to bank, interest rate at 2.75%, secured by certain tangible and intangible personal property of the Organization. Payments due in \$641 monthly installments with the balance due May 2050.	\$ 129,913	\$ 156,668
Less payments due within one year	<u>4,172</u>	<u>548</u>
	<u>\$ 125,741</u>	<u>\$ 156,120</u>

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 and 2021**

**NOTE F – NOTES PAYABLE (CONTINUED):**

Future principal payments on notes payable are as follows:

2023	\$	4,172
2024		4,288
2025		4,407
2026		4,530
2027		4,656
Thereafter		<u>107,860</u>
		<u>\$ 129,913</u>

**NOTE G – LEASE LIABILITIES AND COMMITMENTS:**

The Organization leases its operating facilities through non-cancelable operating leases through 2023. Conditions of the leases generally require upkeep and maintenance and performance of certain services to the public at agreed upon prices in addition to rent. Rent expense for these operating facilities for the years ended December 31, 2022 and 2021 was \$58,527 and \$49,359. Additionally, the Organization leases equipment through non-cancelable operating leases through 2024, equipment lease expense for the years ended December 31, 2022 and 2021 was \$3,522 and \$3,582.

Future minimum lease payments and lease liabilities for presentation on the statement of financial position under the above leases are as follows:

Year ending December 31:	
2023	\$ 2,820
2024	<u>705</u>
Future minimum lease payments	3,525
Discount	<u>64</u>
Lease liabilities at December 31 2022	<u>\$ 3,461</u>

The interest rate to determine the above discount is 2.75% which approximates the Organization's incremental borrowing rate at lease inception.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 and 2021**

**NOTE H – FAIR VALUE MEASUREMENT OF INVESTMENTS:**

The Organization has adopted guidance on fair value measurement that utilizes a three-tier hierarchy. The hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes.

Level 1 inputs are based on unadjusted quoted market prices within active markets. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and may require the use of estimates. A summary of these values as of December 31, 2022 follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash alternatives \$		\$ 54,343	\$ -	\$ 54,343
Exchange traded funds	176,061	-	-	176,061
Stocks	<u>3,549</u>	<u>-</u>	<u>-</u>	<u>3,549</u>
	<u>\$ 179,610</u>	<u>\$ 54,343</u>	<u>\$ -</u>	<u>\$ 233,953</u>

**NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual obligations or donor-imposed restrictions within one year:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 2,362,193	\$ 2,525,415
Less those unavailable for general expenditures within one year, due to:		
Contractual obligations	-	-
Donor imposed restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,362,193</u>	<u>\$ 2,525,415</u>

As necessary, and as part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term interest bearing bank deposits.

**COMMUNITY ANIMAL MEDICINE PROJECT, INC.****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED DECEMBER 31, 2022 and 2021****NOTE J – CONCENTRATION OF REVENUE:**

The Organization may receive a substantial portion of its support and revenue from a limited number of sources. For the years ended December 31, 2022 and 2021, no single source accounted for more than 10% of total revenue and support.

**NOTE K – RETIREMENT PLAN:**

The Organization maintains a defined contribution plan that covers qualifying employees. The plan provides for Organization contributions based on its ability to pay. Included in the statement of activities are Organization contributions equal to \$78,130 and \$9,465 for the years ended December 31, 2022 and 2021, respectively.

**NOTE L – CONTINGENCIES AND OTHER COMMITMENTS:**

Certain grant agreements may be subject to audit by funding sources. These audits may result in funding reimbursement requests if the grant agreement stipulations are not fulfilled. Management believes that it is in compliance with all such agreements. Accordingly, no amounts have been provided in the accompanying financial statements for these potential claims.

**NOTE M – SUBSEQUENT EVENTS:**

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, May 3, 2023. There were no subsequent events that required recognition or disclosure.