

ESTABLISHED  
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# **ANIMAL RESCUE LEAGUE**

OF BERKS COUNTY

***ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.***

**FINANCIAL STATEMENTS**

**Eighteen Months Ended June 30, 2023  
and the Year Ended December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Animal Rescue League of Berks County, Inc.  
Reading, Pennsylvania**

### **Opinion**

We have audited the accompanying financial statements of Animal Rescue League of Berks County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the eighteen months and the year 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 Animal Rescue League of Berks County, Inc. as of June 30, 2023 and December 31, 2021, and the changes in its net assets and its cash flows for the eighteen months and the year 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 Animal Rescue League of Berks County, 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 Animal Rescue League of Berks County, Inc.'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**

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 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 Animal Rescue League of Berks County, 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 Animal Rescue League of Berks County, 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.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of financial position, schedules of activities, and schedules of functional expenses for the six months ended June 30, 2023 and twelve months ended December 31, 2022 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
October 30, 2023**

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

	June 30, 2023	December 31, 2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 279,961	\$ 1,637,308
Contributions receivable	231,586	69,500
Bequests receivable	3,500	31,000
Employee retention credit receivable	435,883	-
Prepaid expenses	35,943	42,476
Other assets	3,200	-
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	990,073	1,780,284
<b>NONCURRENT ASSETS</b>		
Contributions receivable, net	96,191	-
Investments, including stocks held	591,534	352,879
Beneficial interest in perpetual trusts	3,857,454	4,694,911
Property and equipment:		
Buildings and improvements	2,390,684	2,325,982
Land and improvements	100,697	100,697
Furniture and equipment	436,784	399,397
Vehicles	379,311	307,932
Deposits on equipment and vehicles	71,607	53,651
Less: accumulated depreciation	(2,062,194)	(1,885,874)
Total property and equipment	<hr/>	<hr/>
	1,316,889	1,301,785
	<hr/>	<hr/>
<b>TOTAL NONCURRENT ASSETS</b>	5,862,068	6,349,575
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	\$ 6,852,141	\$ 8,129,859
	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 112,679	\$ 103,956
Accrued expenses	1,083	-
Accrued payroll and taxes	73,137	57,933
Deferred revenue	26,177	4,075
Current portion of long-term debt	5,904	9,479
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	218,980	175,443
<b>NONCURRENT LIABILITIES</b>		
Note payable, net	33,517	45,583
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<b>TOTAL LIABILITIES</b>	252,497	221,026
<b>NET ASSETS</b>		
Without donor restrictions	2,058,621	2,913,856
With donor restrictions	4,541,023	4,994,977
	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	6,599,644	7,908,833
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 6,852,141	\$ 8,129,859
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See accompanying notes.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**STATEMENTS OF ACTIVITIES**

	Eighteen Months Ended June 30, 2023			Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND OTHER REVENUES</b>						
Contributions:						
General	\$ 1,554,985	\$ 408,598	\$ 1,963,583	\$ 969,358	\$ 95,782	\$ 1,065,140
Bequests	1,421,576	3,500	1,425,076	663,975	30,000	693,975
Trust income	285,198	20,000	305,198	174,113	9,518	183,631
Grants	252,801	197,383	450,184	224,542	138,766	363,308
In-kinds - contributed nonfinancial assets	104,794	-	104,794	42,239	-	42,239
Special events, net of expenses (\$55,648 - 2023 and \$55,032 - 2021)	95,940	-	95,940	85,654	-	85,654
Program service fees	736,584	-	736,584	595,393	-	595,393
Government contracts	436,082	-	436,082	221,479	-	221,479
Investment return	(129,539)	-	(129,539)	37,507	-	37,507
Net appreciation (depreciation) on beneficial interests - perpetual trusts	-	(837,457)	(837,457)	-	323,542	323,542
Miscellaneous income	6,585	-	6,585	-	-	-
Paycheck Protection Program loan forgiveness income	-	-	-	793,933	-	793,933
Employee Retention Tax Credit	435,883	-	435,883	-	-	-
Net assets released from restrictions	245,978	(245,978)	-	387,553	(387,553)	-
<b>TOTAL SUPPORT AND OTHER REVENUES</b>	<b>5,446,867</b>	<b>(453,954)</b>	<b>4,992,913</b>	<b>4,195,746</b>	<b>210,055</b>	<b>4,405,801</b>
<b>EXPENSES</b>						
Program services	5,487,771	-	5,487,771	3,084,770	-	3,084,770
Management and general	318,124	-	318,124	156,607	-	156,607
Fundraising	496,207	-	496,207	292,430	-	292,430
<b>TOTAL EXPENSES</b>	<b>6,302,102</b>	<b>-</b>	<b>6,302,102</b>	<b>3,533,807</b>	<b>-</b>	<b>3,533,807</b>
<b>CHANGE IN NET ASSETS</b>	<b>(855,235)</b>	<b>(453,954)</b>	<b>(1,309,189)</b>	<b>661,939</b>	<b>210,055</b>	<b>871,994</b>
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	<b>2,913,856</b>	<b>4,994,977</b>	<b>7,908,833</b>	<b>2,251,917</b>	<b>4,784,922</b>	<b>7,036,839</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 2,058,621</b>	<b>\$ 4,541,023</b>	<b>\$ 6,599,644</b>	<b>\$ 2,913,856</b>	<b>\$ 4,994,977</b>	<b>\$ 7,908,833</b>

See accompanying notes.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

	Eighteen Months Ended June 30, 2023				Year Ended December 31, 2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
<b>SALARIES AND BENEFITS</b>								
Salaries	\$ 3,343,451	\$ 153,987	\$ 314,038	\$ 3,811,476	\$ 1,827,816	\$ 91,615	\$ 156,956	\$ 2,076,387
Payroll taxes	299,807	13,813	27,843	341,463	161,190	8,449	13,620	183,259
Employee benefits	277,286	9,102	19,118	305,506	137,186	3,739	10,214	151,139
<b>TOTAL SALARIES AND BENEFITS</b>	<b>3,920,544</b>	<b>176,902</b>	<b>360,999</b>	<b>4,458,445</b>	<b>2,126,192</b>	<b>103,803</b>	<b>180,790</b>	<b>2,410,785</b>
Advertising	10,940	-	525	11,465	4,310	-	6,730	11,040
Auto expenses	46,699	-	-	46,699	27,424	-	-	27,424
Bank and credit card fees	13,403	212	15,011	28,626	7,457	9,085	15,267	31,809
Clinical supplies	144,356	-	-	144,356	116,394	-	-	116,394
Computer expense	103,540	11,489	39,992	155,021	45,094	11,451	15,446	71,991
Cremations	19,670	-	-	19,670	11,664	-	-	11,664
Dog licenses	8,734	-	-	8,734	7,827	-	-	7,827
Dues, licenses, taxes	9,134	577	2,178	11,889	8,371	1,150	1,775	11,296
Extended Animal Services	18,729	-	-	18,729	-	-	-	-
Insurance	145,489	2,979	9,477	157,945	88,484	2,000	1,179	91,663
Interest expense	4,562	1,106	-	5,668	560	2,138	-	2,698
Kennel supplies	475,385	-	-	475,385	225,611	-	-	225,611
Miscellaneous expense	4,482	-	10,051	14,533	6,528	-	13,475	20,003
Occupancy	104,257	2,357	8,464	115,078	62,791	-	-	62,791
Office expense	70,535	1,705	41,340	113,580	31,916	5,377	41,844	79,137
Professional fees	25,020	114,615	-	139,635	33,548	15,962	8,800	58,310
Repairs and maintenance	36,104	-	-	36,104	101,129	1,239	2,466	104,834
Staff and board development	28,403	1,854	2,238	32,495	20,653	1,446	1,709	23,808
Store supplies	23,008	-	-	23,008	13,748	-	-	13,748
Telephone	36,875	801	2,405	40,081	18,481	1,013	1,006	20,500
Veterinary expense	68,636	-	-	68,636	33,314	-	-	33,314
	<u>5,318,505</u>	<u>314,597</u>	<u>492,680</u>	<u>6,125,782</u>	<u>2,991,496</u>	<u>154,664</u>	<u>290,487</u>	<u>3,436,647</u>
Depreciation	169,266	3,527	3,527	176,320	93,274	1,943	1,943	97,160
<b>TOTAL EXPENSES</b>	<b><u>\$ 5,487,771</u></b>	<b><u>\$ 318,124</u></b>	<b><u>\$ 496,207</u></b>	<b><u>\$ 6,302,102</u></b>	<b><u>\$ 3,084,770</u></b>	<b><u>\$ 156,607</u></b>	<b><u>\$ 292,430</u></b>	<b><u>\$ 3,533,807</u></b>

See accompanying notes.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**STATEMENTS OF CASH FLOWS**

	For the Eighteen Months Ended June 30, 2023	For the Year Ended December 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,309,189)	\$ 871,994
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	176,320	97,160
Unrealized loss (gain) on investments	135,316	(29,066)
Change in value of beneficial interest in perpetual trusts	837,457	(323,542)
Paycheck Protection Program loan forgiveness income	-	(793,933)
Contributions restricted for long-term capital needs	(276,500)	-
Change in:		
Contribution, bequest and other receivables	(666,660)	287,610
Prepaid expenses	6,533	(8,562)
Accounts payable	8,723	72,777
Accrued expenses	1,083	-
Accrued payroll and taxes	15,204	34,430
Other assets	(3,200)	-
Deferred revenue	22,102	(575)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(1,052,811)</b>	<b>208,293</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from sale of investments	200,757	12,840
Purchase of investments	(574,728)	(71,967)
Purchase of property and equipment	(191,424)	(210,119)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(565,395)</b>	<b>(269,246)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions for long-term purposes	276,500	-
Paycheck Protection Program loan proceeds	-	464,633
Proceeds from draws on line of credit	100,000	-
Repayment of line of credit	(100,000)	-
Repayment of long-term debt	(15,641)	(22,687)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>260,859</b>	<b>441,946</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,357,347)</b>	<b>380,993</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>1,637,308</b>	<b>1,256,315</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ 279,961</b>	<b>\$ 1,637,308</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 5,668	\$ 2,698
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FLOW FINANCING ACTIVITIES</b>		
Paycheck Protection Program loan forgiveness	\$ -	\$ 793,933

See accompanying notes.

# ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and December 31, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### **Nature of Activities**

Animal Rescue League of Berks County, Inc. (the "Organization") is a nonprofit organization serving Berks County. The Organization's mission is to protect animals, provide a safe haven, and promote innovative programs and services to help both people and animals in need throughout Berks County. It provides shelter and care for unwanted and homeless animals. The services they provide are an adoption program; investigation of animal abuse; educational programs for school children and community groups; a surgery center with spaying, neutering, and vaccine clinics. The Organization strives to continue to perform as a no kill shelter, meaning no animals will be euthanized due to space constraints.

During 2022, the Organization's financial year end was changed from December 31 to June 30. The financial statements include the activity for the eighteen months ended June 30, 2023, due to the year end change.

#### **Basis of Accounting**

The financial statements of Animal Rescue League of Berks County, Inc. have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

#### **Cash**

For purposes of reporting cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

At various times during the year, the Organization had cash balances in excess of the federally insured limit in deposit accounts at one local bank.

#### **Investments**

The Organization's investments are composed of mutual funds and equity securities carried at fair value. Fair value of securities is determined by quoted market price. Unrealized gains and losses are included in the net gain or loss on investments in the statements of activities. 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.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is 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 statements of financial position.

#### **Contribution Bequest, and Other Receivables**

Generally, program service revenues are recognized and collected at the point of sale so receivables are minimal. The contribution and bequest receivables are based on net realizable value upon receipt of the contribution or pledge or notification of the bequest beneficiary status and amount. The Organization uses the direct write-off method and only charges off the contribution and bequest receivables when management determines the receivable will not be collected.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Property and Equipment**

Purchased property and equipment are capitalized at cost. The Organization's policy is to capitalize any assets in excess of \$4,000 with an estimated useful life of more than one year. Donations of property and equipment are recorded as contributions at their fair market value. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	10 - 40 years
Land improvements	10 - 25 years
Furniture and equipment	5 - 10 years
Vehicles	5 years

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations. The Organization also makes advance deposits on customized vehicles and equipment that have not yet been delivered.

**Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and the discounted rates reflecting varying degrees of perceived risk. Management has concluded that no impairment adjustments were required during the eighteen months ended June 30, 2023 and the year ended December 31, 2021.

**Net Assets**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received, and expenses incurred in conducting the Organization's charitable mission are included in this category.

Net Assets With Donor Restrictions - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Net Assets - continued**

See Note 10 for more information on the composition of net assets with donor restrictions or the release of restrictions.

**Contribution Revenue**

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update ASU 2018-08, *Not-For-Profit Entities* (Topic 958); *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC-606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets.

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

In addition to contributions, grants are considered nonreciprocal transactions and follow the guidance for contributions.

**Contributed Nonfinancial Assets**

Contributed nonfinancial assets are presented 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. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities). Contributed nonfinancial assets are reflected in the accompanying financial statements at their estimated fair value at the date of receipt.

A substantial number of volunteers have donated significant hours to the Organization's program services during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Revenue Recognition**

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), which applies to exchange transactions with customers that are bound by contract or similar arrangement and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities:

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution to the Organization. The fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statements of activities. The performance obligation is delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization treats the inherent contribution as conditioned on the event taking place and is therefore treated as deferred revenue along with the exchange component.

Program Service Fees

The Organization's program services include adoption and medical services. The performance obligation is met, and revenue is recognized at the time of service or sale.

Government Contracts

The Organization has contracts with several municipalities in Berks County to provide animal control services. Contracts are annual starting January 1<sup>st</sup>. The contracts are either billed quarterly for those who have a contract with a set fee based on per capita, or are billed monthly based on services provided for those with fee for service agreements. Revenue is recognized over the annual period for per capita contracts or at the time services are provided for fee for service agreements. The deferred revenue balances for these contracts are \$13,347 and \$4,075 at June 30, 2023 and December 31, 2021, respectively, and will be recognized over the period the services are rendered.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Functional Expense Allocations**

Expenses that can be identified with specific programs and support services are allocated directly to their natural expenditure classification. Expenses relating to more than one function are allocated to program and supporting services based on the Organization's estimate of time spent by key personnel between functions and related expenses incurred for the programs and supporting services benefited.

**Tax-Exempt Status**

The Organization has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The Organization annually files federal and state information returns as required. There is no current year provision for federal or state income taxes.

In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required.

**Advertising Costs**

The Organization expenses advertising costs when the advertising occurs. Advertising expense for the eighteen months ended June 30, 2023 and the year ended December 31, 2021, was \$11,465 and \$11,040, respectively.

**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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

**Adoption of Accounting Pronouncements**

The Organization adopted FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This accounting standard requires an Organization to present contributed nonfinancial assets as a separate line item in the statements of activities as well as disclosures including a disaggregation by category of nonfinancial assets, including a description of the programs or other activities in which those assets were used, a description of any donor restrictions, and a description of the valuation techniques used. The financial statements reflect the application of this standard on a retrospective basis, applying to all in-kinds received as of January 1, 2021.

ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Adoption of Accounting Pronouncements - continued**

In February 2016, the Financial Accounting Standards Board (“FASB”) issued guidance (Accounting Standards Codification (“ASC”) 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization addressed the standard and it had no impact on the financial statements.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition through October 30, 2023, the date the financial statements were available to be issued.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows as of:

	June 30, 2023	December 31, 2021
Receivable in less than one year	\$ 231,586	\$ 69,500
Receivable in one to two years	100,000	-
Total contributions receivable	331,586	69,500
Less discounts to net present value	(3,809)	-
Net contributions receivable	<u>\$ 327,777</u>	<u>\$ 69,500</u>

Contributions receivable that are due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of the corresponding Treasury yield at the time of the contribution.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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The following table represents investments held at:

	June 30, 2023	December 31, 2021
	<u>                    </u>	<u>                    </u>
Money market funds	\$ 9,813	\$ 2,569
Mutual funds	577,150	184,493
Equity securities	<u>4,571</u>	<u>165,817</u>
	<u>\$ 591,534</u>	<u>\$ 352,879</u>

Investment return is as follows:

	For the eighteen months ended June 30, 2023	For the year ended December 31, 2021
	<u>                    </u>	<u>                    </u>
Interest and dividend income	\$ 26,158	\$ 5,169
Realized gain (loss) on investments	(12,285)	4,770
Unrealized gain (loss) on investments	(135,316)	29,066
Investment fees	<u>(8,096)</u>	<u>(1,498)</u>
Total investment return	<u>\$ (129,539)</u>	<u>\$ 37,507</u>

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

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Financial accounting standards require the use of fair value measurement. The Organization, in accordance with generally accepted accounting principles, has applied fair value measurement and disclosure in these financial statements as follows:

That framework provides a fair value 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 and liabilities in active markets;
- Quoted prices for identical or similar assets and 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.

*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.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

The 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 June 30, 2023 and December 31, 2021.

**Long-Term Investments**

*Mutual funds and equity securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

**Beneficial Interest in Perpetual Trusts**

The Organization is the beneficiary of several perpetual trusts which are held by banks and trust companies. The banks and trust companies hold the investments in diversified and balanced portfolios consisting of cash and money market funds, corporate and government debt securities, equity securities and mutual funds, fixed income mutual funds, and limited investment partnerships. These investments are valued by the trust managers based on the quoted market prices for shares held or current bid price of held funds.

The methods described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its reliance on the valuation methods of the trust managers is 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.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 577,150	\$ -	\$ -	\$ 577,150
Equity securities	4,571	-	-	4,571
Beneficial interest in perpetual trusts	-	-	3,857,454	3,857,454
	<u>\$ 581,721</u>	<u>\$ -</u>	<u>\$ 3,857,454</u>	<u>\$ 4,439,175</u>

  

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 184,493	\$ -	\$ -	\$ 184,493
Equity securities	165,817	-	-	165,817
Beneficial interest in perpetual trusts	-	-	4,694,911	4,694,911
	<u>\$ 350,310</u>	<u>\$ -</u>	<u>\$ 4,694,911</u>	<u>\$ 5,045,221</u>

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

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The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets:

	Beneficial Interest in Perpetual Trusts	
	For the eighteen months ended June 30, 2023	For the year ended December 31, 2021
Balance, beginning of period	\$ 4,694,911	\$ 4,371,369
Net appreciation (depreciation)	(837,457)	323,542
Balance, end of period	<u>\$ 3,857,454</u>	<u>\$ 4,694,911</u>

**NOTE 4 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS**

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The Organization is a beneficiary of several perpetual charitable trusts held by several financial institutions' trust departments. The Organization has recorded its proportionate share of the fair value of the principal of the trusts. Agreement terms provide that the Organization is to receive their proportionate share of the net income earned by the funds which are held in trust. Distributions from the trusts are recorded as trust income and amounted to \$305,198 and \$183,631 for the eighteen months ended June 30, 2023 and the year ended December 31, 2021, respectively. The value of the trusts recorded were \$3,857,454 and \$4,694,911 at June 30, 2023 and December 31, 2021, respectively. The change in market value has been recorded as net appreciation (depreciation) in beneficial interest in trusts for the eighteen months ended June 30, 2023 and the year ended December 31, 2021 of (\$837,457) and \$323,542, respectively.

**NOTE 5 - LINE OF CREDIT**

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The Organization has a business line of credit with a financial institution which was originally in the amount of \$150,000 and was increased to \$250,000 in January 2023. The interest rate is equal to the bank's prime rate (8.25% at June 30, 2023 and 4.75% at December 31, 2021) with a floor of 3.25%. There was no outstanding balance at both June 30, 2023 and December 31, 2021. The line of credit is collateralized by all assets of the Organization.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 6 - DEFERRED REVENUE**

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The balances for deferred revenue are summarized as follows at:

	June 30, 2023	December 31, 2021
Government contracts	\$ 13,347	\$ 4,075
Sponsored events	6,830	-
Special event sponsorships	6,000	-
Total	<u>\$ 26,177</u>	<u>\$ 4,075</u>

The balance of deferred revenues will be recognized as revenue over the period services are rendered or when the events take place.

**NOTE 7 - LONG-TERM DEBT**

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Long-term debt obligations of the Organization are summarized as follows as of:

	June 30, 2023	December 31, 2021
Note payable to VIST Bank with monthly payments of \$958, including interest at 4.0% through May 1, 2020. Thereafter, the interest rate becomes variable at the Wall Street Prime Rate plus 0.50% (8.75% at June 30, 2023) with monthly payments of \$949 beginning June 1, 2020. Due to making additional principal payments the monthly payment amount has been adjusted to \$766 as of June 30, 2023. Final payment is due November 1, 2028. The note is unsecured.	\$ 39,421	\$ 55,062
Less: current portion	<u>(5,904)</u>	<u>(9,479)</u>
Note payable, net	<u>\$ 33,517</u>	<u>\$ 45,583</u>

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 7 - LONG-TERM DEBT - CONTINUED**

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Maturities on long-term debt are as follows for the years ending June 30:

2024	\$	5,904
2025		6,461
2026		7,060
2027		7,715
2028		8,429
2029		<u>3,852</u>
	\$	<u>39,421</u>

Maturity of long-term debt is calculated using a rate of 8.75% through maturity.

Total interest paid on long-term debt for the eighteen months ended June 30, 2023 and the year ended December 31, 2021, was \$5,668 and \$2,698, respectively.

**NOTE 8 - PAYCHECK PROTECTION PROGRAM LOANS**

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In April 2020 and February 2021, the Organization received Paycheck Protection Program Loans ("PPP Loans") from a qualified lender totaling \$329,300 and \$464,633, respectively. This loan program was implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act. The PPP Loans are unsecured and guaranteed by the SBA. The principal amounts of the PPP Loans are subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program.

The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligations were legally released upon notification by the SBA in April 2021 for the first round PPP loan and June 2021 for the second round PPP loan. The \$793,933 forgiven is recognized as PPP Loan forgiveness income in the statements of activities for the year ended December 31, 2021.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 9 - EMPLOYEE RETENTION CREDIT**

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The Employee Retention Credit (ERC) is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Organization expects to meet the ERC's eligibility requirements and considers these payments (credits) as a conditional grant. The Organization has interpreted the conditions of the grant to be met as of June 30, 2023. At June 30, 2023, the Organization recorded in its financial statements \$435,883 of employee retention credit receivables which it believes it is entitled to under ERC and has recognized \$435,883 in employee retention credit contributions in the statements of activities. The Organization entered into an agreement with a consultant to assist with the ERC filings for a fee of 20% of the credit. This consulting fee totaled \$87,177 for the eighteen month period ended June 30, 2023.

Laws and regulations concerning government programs, including the Employee Retention Credit, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC and it is not possible to determine the impact (if any) this would have on the Organization.

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 10 - NET ASSETS**

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The Organization's net assets without donor restrictions are comprised of undesignated funds. From time to time, the Board may designate funds a portion of net assets for specific purposes which would be included with net assets without donor restrictions.

Net assets with donor restrictions, are summarized as follows at:

	June 30, 2023	December 31, 2021
Time and purpose:		
Adoption fees for veterans	\$ 4,591	\$ 13,092
Capital improvements and purchases	272,484	121,047
Cat snip program	34,940	9,518
Community cat program	-	15,000
Good pups program	9,317	10,000
Senior pet adoptions	1,197	-
Support strategic plan initiatives	-	96,719
Surgery costs	61,349	3,690
Time restricted	299,691	31,000
Total time and purpose	<u>683,569</u>	<u>300,066</u>
Perpetuity:		
Beneficial interest in perpetual trusts	<u>3,857,454</u>	<u>4,694,911</u>
Total net assets with donor restrictions	<u><u>\$ 4,541,023</u></u>	<u><u>\$ 4,994,977</u></u>

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 10 - NET ASSETS - CONTINUED**

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes as follows:

	For the eighteen months ended June 30, 2023	For the year ended December 31, 2021
Time and purpose:		
Adoption fees for veterans	\$ 13,092	\$ -
Cat snip program	3,211	5,350
Capital improvements and purchases	78,446	-
Community cat program	15,000	-
Dog kennel run	-	310
Good pups program	4,820	-
Pet resource center	-	30,000
Support strategic plan initiatives	96,719	-
Surgery costs	3,690	-
Time restricted	31,000	351,893
	<u>\$ 245,978</u>	<u>\$ 387,553</u>

**NOTE 11 - CONTRIBUTED NONFINANCIAL ASSETS**

The value of contributed services and materials provided by local businesses and individuals to benefit the Organization included with revenue in the accompanying financial statements totaled \$104,794 and \$42,239 for the eighteen months ended June 30, 2023 and the year ended December 31, 2021, respectively.

Contributed nonfinancial assets consist of the following:

	June 30, 2023	December 31, 2021
Animal food and supplies	\$ 90,392	\$ 7,850
Auction item	3,200	-
Equipment and capital improvements	3,000	34,389
Staff appreciation items	610	-
Storage space	6,192	-
Training services	1,400	-
	<u>\$ 104,794</u>	<u>\$ 42,239</u>

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 11 - CONTRIBUTED NONFINANCIAL ASSETS - CONTINUED**

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Valuation Techniques:

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased, if they were not donated. Contributed services are valued using current rates for similar services and contributed materials are valued using current prices for similar items.

Donor Restrictions:

There are no restrictions on in-kind donations at year end. The Organization does not sell donated gifts in-kind and only utilized in-kinds for their programs except for any items donated for auction which are intended to be auctions during a special event held by the Organization.

**NOTE 12 - SPECIAL EVENTS - REVENUES/EXPENSES**

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Special events - revenues/expenses are summarized as follows as of:

	<u>June 30, 2023</u>		<u>December 31, 2021</u>	
	<u>Revenues</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Expenses</u>
Festival of Trees	\$ 92,969	\$ 31,936	\$ 71,784	\$ 30,380
Mingle at the Museum	58,619	23,712	58,174	22,453
Clues and Brews	-	-	10,728	2,199
	<u>\$ 151,588</u>	<u>\$ 55,648</u>	<u>\$ 140,686</u>	<u>\$ 55,032</u>

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023 and December 31, 2021**

**NOTE 13 - RETIREMENT PLAN**

The Organization established a SIMPLE IRA retirement plan in which employees may contribute to the Plan through a payroll deduction. A signed SIMPLE IRA salary reduction agreement is on file for each employee who has elected to be in the retirement plan. The Organization will match the employee contribution up to 3% of the employee's salary. The expenses for the eighteen months ended June 30, 2023 and the year ended December 31, 2021, were \$64,164 and \$33,672, respectively.

**NOTE 14 - AVAILABILITY OF FINANCIAL RESOURCES**

The following reflects the Organization's financial assets as of June 30, 2023 and December 31, 2021, reduced by amounts not available for general use within one year because of donor-imposed restrictions. The Organization's financial assets include cash, investments, receivables, and beneficial interest in perpetual trusts. The Organization has restricted funds.

	June 30, 2023	December 31, 2021
Cash	\$ 279,961	\$ 1,637,308
Contribution, bequest and other receivables	670,969	100,500
Investments, including stocks held	591,534	352,879
Beneficial interest in perpetual trusts	3,857,454	4,694,911
Total financial assets	5,399,918	6,785,598
Less:		
Amounts unavailable for general expenses within one year, due to:		
Restricted by donors with purpose restrictions	(583,878)	(269,066)
Bequest receivable - time restricted	(3,500)	(31,000)
Donor restricted perpetual trusts	(3,857,454)	(4,694,911)
Total financial assets available to meet cash needs for general expenses within one year	<u>\$ 955,086</u>	<u>\$ 1,790,621</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to become available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the Organization has a line of credit of \$250,000 which it could draw upon.

**SUPPLEMENTARY INFORMATION**

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**SCHEDULES OF FINANCIAL POSITION**

	June 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 279,961	\$ 590,532
Contributions receivable	231,586	115,000
Bequests receivable	3,500	40,774
Employee retention credit receivable	435,883	-
Prepaid expenses	35,943	43,918
Other assets	3,200	-
	<u>990,073</u>	<u>790,224</u>
<b>NONCURRENT ASSETS</b>		
Contributions receivable, net	96,191	290,067
Investments, including stocks held	591,534	674,986
Beneficial interest in perpetual trusts	3,857,454	3,692,023
Property and equipment:		
Buildings and improvements	2,390,684	2,390,683
Land and improvements	100,697	100,697
Furniture and equipment	436,784	436,784
Vehicles	379,311	379,311
Deposits on equipment and vehicles	71,607	-
Less: accumulated depreciation	(2,062,194)	(2,002,251)
Total property and equipment	<u>1,316,889</u>	<u>1,305,224</u>
	<u>5,862,068</u>	<u>5,962,300</u>
<b>TOTAL ASSETS</b>		
	<u>\$ 6,852,141</u>	<u>\$ 6,752,524</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 112,679	\$ 104,342
Accrued expenses	1,083	-
Accrued payroll and taxes	73,137	72,016
Deferred revenue	26,177	4,015
Current portion of long-term debt	5,904	6,482
	<u>218,980</u>	<u>186,855</u>
<b>NONCURRENT LIABILITIES</b>		
Note payable, net	33,517	41,065
	<u>252,497</u>	<u>227,920</u>
<b>NET ASSETS</b>		
Without donor restrictions	2,058,621	2,076,610
With donor restrictions	4,541,023	4,447,994
	<u>6,599,644</u>	<u>6,524,604</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
	<u>\$ 6,852,141</u>	<u>\$ 6,752,524</u>

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**SCHEDULES OF ACTIVITIES**

	Six Months Ended June 30, 2023			Twelve Months Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND OTHER REVENUES</b>						
Contributions:						
General	\$ 367,036	\$ 9,884	\$ 376,920	\$ 1,056,812	\$ 529,851	\$ 1,586,663
Bequests	362,778	2,500	365,278	1,019,024	40,774	1,059,798
Trust income	118,443	-	118,443	166,755	20,000	186,755
Grants	125,951	94,883	220,834	121,850	107,500	229,350
In-kinds - contributed nonfinancial assets	81,273	-	81,273	23,521	-	23,521
Special events, net of expenses (\$8,995 - 2023 and \$46,653 - 2022)	7,814	-	7,814	88,126	-	88,126
Program service fees	205,084	-	205,084	531,500	-	531,500
Government contracts	206,829	-	206,829	229,253	-	229,253
Investment return	47,900	-	47,900	(177,439)	-	(177,439)
Net appreciation (depreciation) on beneficial interests - perpetual trusts	-	165,431	165,431	-	(1,002,888)	(1,002,888)
Miscellaneous income	35	-	35	6,550	-	6,550
Employee Retention Tax Credit	435,883	-	435,883	-	-	-
Net assets released from restrictions	179,669	(179,669)	-	242,220	(242,220)	-
<b>TOTAL SUPPORT AND OTHER REVENUES</b>	<b>2,138,695</b>	<b>93,029</b>	<b>2,231,724</b>	<b>3,308,172</b>	<b>(546,983)</b>	<b>2,761,189</b>
<b>EXPENSES</b>						
Program services	1,810,749	-	1,810,749	3,677,022	-	3,677,022
Management and general	162,341	-	162,341	155,783	-	155,783
Fundraising	183,594	-	183,594	312,613	-	312,613
<b>TOTAL EXPENSES</b>	<b>2,156,684</b>	<b>-</b>	<b>2,156,684</b>	<b>4,145,418</b>	<b>-</b>	<b>4,145,418</b>
<b>CHANGE IN NET ASSETS</b>	<b>(17,989)</b>	<b>93,029</b>	<b>75,040</b>	<b>(837,246)</b>	<b>(546,983)</b>	<b>(1,384,229)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>2,076,610</b>	<b>4,447,994</b>	<b>6,524,604</b>	<b>2,913,856</b>	<b>4,994,977</b>	<b>7,908,833</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,058,621</b>	<b>\$ 4,541,023</b>	<b>\$ 6,599,644</b>	<b>\$ 2,076,610</b>	<b>\$ 4,447,994</b>	<b>\$ 6,524,604</b>

**ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.**

**SCHEDULES OF FUNCTIONAL EXPENSES**

	Six Months Ended June 30, 2023				Twelve Months Ended December 31, 2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
<b>SALARIES AND BENEFITS</b>								
Salaries	\$ 1,134,247	\$ 52,649	\$ 115,945	\$ 1,302,841	\$ 2,209,204	\$ 101,338	\$ 198,093	2,508,635
Payroll taxes	104,159	4,845	10,669	119,673	195,648	8,968	17,174	221,790
Employee benefits	96,567	4,193	6,415	107,175	180,719	4,909	12,703	198,331
<b>TOTAL SALARIES AND BENEFITS</b>	<b>1,334,973</b>	<b>61,687</b>	<b>133,029</b>	<b>1,529,689</b>	<b>2,585,571</b>	<b>115,215</b>	<b>227,970</b>	<b>2,928,756</b>
Advertising	3,376	-	275	3,651	7,564	-	250	7,814
Auto expenses	14,125	-	-	14,125	32,574	-	-	32,574
Bank and credit card fees	2,773	85	3,897	6,755	10,630	127	11,114	21,871
Clinical supplies	30,305	-	-	30,305	114,051	-	-	114,051
Computer expense	36,516	2,908	17,887	57,311	67,024	8,581	22,105	97,710
Cremations	7,830	-	-	7,830	11,840	-	-	11,840
Dog licenses	2,892	-	-	2,892	5,842	-	-	5,842
Dues, licenses, taxes	3,293	25	314	3,632	5,841	552	1,864	8,257
Extended Animal Services	548	-	-	548	18,181	-	-	18,181
Insurance	49,685	1,027	3,237	53,949	95,804	1,952	6,240	103,996
Interest expense	1,790	250	-	2,040	2,772	856	-	3,628
Kennel supplies	138,865	-	-	138,865	336,520	-	-	336,520
Miscellaneous expense	-	-	3,443	3,443	4,482	-	6,608	11,090
Occupancy	31,541	776	3,722	36,039	72,716	1,581	4,742	79,039
Office expense	18,493	611	14,840	33,944	52,042	1,094	26,500	79,636
Professional fees	4,309	93,458	-	97,767	20,711	21,157	-	41,868
Repairs and maintenance	11,381	-	-	11,381	24,723	-	-	24,723
Staff and board development	8,986	10	835	9,831	19,417	1,844	1,403	22,664
Store supplies	2,954	-	-	2,954	20,054	-	-	20,054
Telephone	14,045	305	916	15,266	22,830	496	1,489	24,815
Veterinary expense	34,525	-	-	34,525	34,111	-	-	34,111
	1,753,205	161,142	182,395	2,096,742	3,565,300	153,455	310,285	4,029,040
Depreciation	57,544	1,199	1,199	59,942	111,722	2,328	2,328	116,378
<b>TOTAL EXPENSES</b>	<b>\$ 1,810,749</b>	<b>\$ 162,341</b>	<b>\$ 183,594</b>	<b>\$ 2,156,684</b>	<b>\$ 3,677,022</b>	<b>\$ 155,783</b>	<b>\$ 312,613</b>	<b>\$ 4,145,418</b>