

Quincy Animal Shelter Inc.

FINANCIAL STATEMENTS

December 31, 2023 and 2022

**Quincy Animal Shelter, Inc.**  
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## **Independent Auditor's Report**

The Board of Directors  
Quincy Animal Shelter, Inc.  
Quincy, MA

### **Opinion**

I have audited the accompanying financial statements of Quincy Animal Shelter, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2023, and 2022, and the related statements of activities and changes in net assets, 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 Quincy Animal Shelter, Inc. as of December 31, 2023, and 2022, 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 my 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 my report. I am independent of Quincy Animal Shelter, Inc., and have fulfilled my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have 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 Quincy Animal Shelter, Inc., ability to continue as a going concern within one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

## **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

In performing an audit in accordance with GAAS, I:

- Use professional judgment and exercise 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 Quincy Animal Shelter, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Quincy Animal Shelter, Inc.'s ability to continue as a going concern within one year after the date the financial statements are issued.

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 internal control related matters identified during the audit.

*Ann M. Taylor, Certified Public Accountant, P.C.*  
Weymouth, MA  
October 29, 2024

**Quincy Animal Shelter, Inc.**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	2023	2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 162,621	\$ 277,589
Restricted cash	220,082	287,480
Inventory	1,437	2,853
Prepaid expenses and other assets	3,500	3,036
	387,640	570,958
Property and equipment, net	3,409	5,187
Investments	1,478,038	805,852
Total assets	\$ 1,869,087	\$ 1,381,997
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 1,684	\$ 7,759
Deferred revenue	1,400	1,651
Total liabilities	3,084	9,410
<b>Net Assets</b>		
Without donor restrictions	\$ 1,645,920	\$ 1,267,340
With donor restrictions	220,083	105,247
Total net assets	1,866,003	1,372,587
Total liabilities and net assets	\$ 1,869,087	\$ 1,381,997

See accompanying notes to the financial statements.

**Quincy Animal Shelter, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains						
Contributions, grants and membership fees	\$ 340,858	\$ 182,233	\$ 523,091	\$ 317,218	\$ 196,257	\$ 513,475
Adoption fees	71,374	-	71,374	41,745	-	41,745
In-kind contributions	128,790	-	128,790	73,200	-	73,200
Other revenue	<u>26,992</u>	<u>-</u>	<u>26,992</u>	<u>7,651</u>	<u>-</u>	<u>7,651</u>
	568,014	182,233	750,247	439,814	196,257	636,071
Net investment return (loss)	266,591	-	266,591	(170,123)	-	(170,123)
Net assets released from restrictions	<u>67,397</u>	<u>(67,397)</u>	<u>-</u>	<u>91,010</u>	<u>(91,010)</u>	<u>-</u>
Total revenue, support, and gains	<u>902,002</u>	<u>114,836</u>	<u>1,016,838</u>	<u>360,701</u>	<u>105,247</u>	<u>465,948</u>
Expenses						
Program services expense						
Animal care	377,668	-	377,668	221,137	-	221,137
Education and outreach	<u>21,250</u>	<u>-</u>	<u>21,250</u>	<u>23,610</u>	<u>-</u>	<u>23,610</u>
Total program service expenses	<u>398,918</u>	<u>-</u>	<u>398,918</u>	<u>244,747</u>	<u>-</u>	<u>244,747</u>
Supporting services expense						
Management and General	102,473	-	102,473	63,302	-	63,302
Fundraising and development	<u>22,031</u>	<u>-</u>	<u>22,031</u>	<u>14,364</u>	<u>-</u>	<u>14,364</u>
Total supporting services expenses	<u>124,504</u>	<u>-</u>	<u>124,504</u>	<u>77,666</u>	<u>-</u>	<u>77,666</u>
Total expenses	<u>523,422</u>	<u>-</u>	<u>523,422</u>	<u>322,413</u>	<u>-</u>	<u>322,413</u>
Change in Net Assets	378,580	114,836	493,416	38,288	105,247	143,535
Net Assets, Beginning of Year	<u>1,267,340</u>	<u>105,247</u>	<u>1,372,587</u>	<u>1,229,052</u>	<u>-</u>	<u>1,229,052</u>
Net Assets, End of Year	<u>\$ 1,645,920</u>	<u>\$ 220,083</u>	<u>\$ 1,866,003</u>	<u>\$ 1,267,340</u>	<u>\$ 105,247</u>	<u>\$ 1,372,587</u>

See accompanying notes to the financial statements.

**Quincy Animal Shelter, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2023**

	Program Services			Management and General	Fundraising and Development	Total
	Animal Care	Education and Outreach	Total			
Animal care and medical expenses	\$ 199,997	\$ -	\$ 199,997	\$ -	\$ -	\$ 199,997
Occupancy	90,153	3,221	93,374	32,197	3,219	128,790
Salaries and wages	56,677	8,504	65,181	22,672	6,608	94,461
Professional services	-	-	-	23,500	-	23,500
Repairs and maintenance	11,534	-	11,534	-	-	11,534
Gifts and awards	-	8,247	8,247	3,110	-	11,357
Payroll taxes and fees	4,963	732	5,695	1,981	595	8,271
Insurance	3,917	-	3,917	4,076	-	7,993
Advertising and public awareness	-	546	546	527	6,388	7,461
Conference and education	-	-	-	6,298	-	6,298
Office expense	2,939	-	2,939	2,940	-	5,879
Fundraising expense	-	-	-	-	4,839	4,839
Information technology	1,530	-	1,530	2,792	-	4,322
Bank service and merchant fees	2,904	-	2,904	35	-	2,939
Depreciation	1,778	-	1,778	-	-	1,778
Storage	1,276	-	1,276	-	382	1,658
Other expenses	-	-	-	1,103	-	1,103
Taxes and licenses	-	-	-	780	-	780
Meals and entertainment	-	-	-	462	-	462
<b>Total expenses by function</b>	<b>\$ 377,668</b>	<b>\$ 21,250</b>	<b>\$ 398,918</b>	<b>\$ 102,473</b>	<b>\$ 22,031</b>	<b>\$ 523,422</b>

See accompanying notes to the financial statements.

**Quincy Animal Shelter, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Program Services					
	Animal Care	Education and Outreach	Total	Management and General	Fundraising and Development	Total
Animal care and medical expenses	\$ 125,858	\$ -	\$ 125,858	\$ -	\$ -	\$ 125,858
Occupancy	51,240	\$ 1,830	53,070	18,300	1,830	\$ 73,200
Salaries and wages	29,256	4,876	34,132	12,190	2,438	48,760
Professional services	-	-	-	18,374	-	18,374
Gifts and awards	-	10,385	10,385	1,373	-	11,758
Supplies - other	-	5,075	5,075	2,538	2,538	10,151
Office expense	4,090	-	4,090	4,091	-	8,181
Advertising and public awareness	-	1,006	1,006	2,352	4,508	7,866
Payroll taxes and fees	2,626	438	3,064	1,094	219	4,377
Insurance	2,122	-	2,122	2,192	-	4,314
Fundraising expense	-	-	-	-	2,831	2,831
Bank service and merchant fees	2,290	-	2,290	12	-	2,302
Repairs and maintenance	1,890	-	1,890	-	-	1,890
Storage	1,617	-	1,617	-	-	1,617
Taxes and licenses	-	-	-	414	-	414
Information technology	-	-	-	372	-	372
Depreciation	148	-	148	-	-	148
<b>Total expenses by function</b>	<b><u>\$ 221,137</u></b>	<b><u>\$ 23,610</u></b>	<b><u>\$ 244,747</u></b>	<b><u>\$ 63,302</u></b>	<b><u>\$ 14,364</u></b>	<b><u>\$ 322,413</u></b>

See accompanying notes to the financial statements.

**Quincy Animal Shelter, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Changes in net assets	\$ 493,416	\$ 143,535
Adjustment to reconcile net assets to net cash provided by operating activities:		
Net realized and unrealized losses (gains) on investment	(235,581)	180,982
Depreciation	1,778	148
Changes in operating assets and liabilities:		
Inventory	1,416	(681)
Prepaid expense and other assets	(464)	(401)
Accounts payable and accrued expenses	6,075	3,153
Deferred revenue	(251)	1,651
Net cash provided by operating activities	266,389	328,387
Cash flows from investing activities		
Purchase of property and equipment	-	(5,335)
Purchases of investments	(782,042)	(401,343)
Proceeds from sales of investments	333,287	186,770
Net cash used for investing activities	(448,755)	(219,908)
Net change in cash and cash equivalents	(182,366)	108,479
Cash, restricted cash, and cash equivalents, beginning of year	565,069	456,590
Cash, restricted cash and cash equivalents, end of year	\$ 382,703	\$ 565,069

See accompanying notes to the financial statements.

## **Note 1 - Principal Activity**

### **Organization**

Quincy Animal Shelter, Inc. (Organization) is a nonprofit organization established in Massachusetts to provide humane care including seeking to return lost animals to their owners; and find suitable homes for animals without owners. Quincy Animal Shelter, Inc. work to provide treatment for all animals needing protection to include discouraging cruelty to animals of all types; and to promote spay/neuter programs as a method of animal population control. The Organization fulfill our mission by focusing our efforts in two primary service areas.

#### *Animal Care*

We provide expert care for homeless and injured animals and strive to find them new caring and safe homes. Our dedicated staff work to provide training and basic medical care, so the animals are ready for adoption. We found homes for approximately 206 and 182 animals during the year ended December 31, 2023 and 2022 respectively.

#### *Education and Outreach*

Our staff and volunteers lead educational programs within the community to end animal homelessness and strive for collaboration between law enforcement, veterinary clinics, and community centers.

## **Note 2 – Summary of Significant Accounting Policies**

### **Basis of Presentation**

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

### **Financial Statement Presentation**

The Organization follows *ASC 958-205 Not-for-Profit Entities – Presentation of Financial Statements*. In accordance with this standard, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions or relevant law. Accordingly, net assets of the Organization and the changes therein are classified and reported as follows:

*Without Donor Restrictions* – Net assets not subject to donor-imposed restrictions. The board has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

*With Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be met by either action of the Organization or the passage of time. Some net assets with donor restrictions may 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.

## **Note 2 – Summary of Significant Accounting Policies (continued)**

### **Recently Adopted Accounting Standards**

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU will not change the recognition and measurement requirements of in-kind goods and services. The Organization has applied this update retrospectively.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). This new standard requires lessees to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the method in which expenses are recorded on the statement of activities and changes in net assets. The changes become effective for the Organization on January 1, 2022. The impact of the adoption of the new standard on the Organization's financial statements was not significant.

### **Cash and Cash Equivalents**

The Organization consider 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 and cash equivalents. Cash and highly liquid financial instruments for shelter improvement projects or other long-term purposes are excluded from this definition.

### **Promises to Give**

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

### **Bequests**

The Organization, if informed that it has been named beneficiary under certain wills, does not include bequest amounts in the financial statements relating to potential distributions if they may be revoked or amended during the makers' lifetime. The donation is recognized once the will has gone through probate and the Organization has been notified of the award.

### **Inventory**

Inventory consists of program-related merchandise held for sale and is stated at the lower of cost or net realizable value determined by the first-in-first-out method.

## **Note 2 – Summary of Significant Accounting Policies (continued)**

### **Property and Equipment**

Property and equipment in excess of \$2,500 are recorded at cost if purchased, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022 respectively.

### **Investments**

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

### **Revenue and Revenue Recognition**

The Organization generally measures revenue for qualifying exchange transactions based on the amount of consideration expected for the transfer of goods or services to a customer, then recognizes this revenue when or as performance obligations are satisfied under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The Organization recognizes revenue from adoption fees, and memberships when the performance obligations of transferring the products or services are met. Adoption fees are recognized at the time when the animal is adopted. Membership dues are comprised of an exchange element based on the benefits received, and a contribution element for the difference. The Organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion is recognized immediately.

Special events revenue is comprised of an exchange element based upon the direct benefits donor receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special events revenue immediately unless there is a right of return if the special event does not take place. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Revenue and Revenue Recognition (continued)**

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

*Performance Obligations*

The Organization has evaluated its performance obligations related to adoption fees arrangements and determined that control transfers to the customer at a point in time. The Organization's principal terms of each arrangement are that amounts are due from customers at the point of sale as products are sold to each customer. Revenue from this type of transaction is generally recognized upon the customer's purchase of the product based on the transaction price associated with each customer transaction.

The Organization has evaluated its performance related to membership arrangements and determined that control transfers to the members over time. The Organization's principal terms of each arrangement are that amounts are due from members as member services are provided to its members. Revenue under these contracts is generally recognized as member services are provided throughout the membership term at established membership rates under membership arrangements because the Organization's right to payment is for an amount that corresponds directly with the value to the member of the Organization's performance to date.

*Variable Consideration*

The nature of the Organization's operations from adoption and membership fees may give rise to variable consideration, including refunds and credits that generally decrease the transaction price which reduces fees. These variable amounts are generally credited to the pet adopter's or member's account, based on certain criteria and management's judgment. Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are made based upon historical experience and known trends. For the year ended December 31, 2023, and 2022 amounts that would represent variable consideration are not material to the financial statements.

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Revenue and Revenue Recognition (continued)**

*Disaggregation of Program Service and Related Revenue*

The following table presents a disaggregation of program service and related revenue by type for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Contributions	\$ 513,391	\$ 507,713
Adoption fees	71,374	41,745
Grants	9,290	4,591
Special events	14,015	4,370
Other	12,976	3,281
Membership fees	<u>410</u>	<u>1,171</u>
	<u>\$ 621,456</u>	<u>\$ 562,871</u>

Other revenue includes the sale of T-shirts and calendars sold by the Organization.

**Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

The Organization records donated professional services at the respective fair values of the services received. The Organization receives donated facilities and utilities for the care of animals from the City of Quincy. For the years ended December 31, 2023, and 2022 respectively, the contributed non-financial assets – facilities and utilities recognized in the statement of activities consisted of the following:

	<u>2023</u>	<u>2022</u>
Occupancy	<u>\$ 128,790</u>	<u>\$ 73,200</u>
	<u>\$ 128,790</u>	<u>\$ 73,200</u>

**Advertising Costs**

Advertising costs are expensed as incurred, and, approximated \$7,461 and \$7,866 for years ended December 31, 2023, and 2022 respectively.

## **Note 2 – Summary of Significant Accounting Policies (continued)**

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses are allocated on the basis of estimates of time and effort.

### **Income Taxes**

The Quincy Animal Shelter is organized as a Massachusetts nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an Organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

### **Uncertain Tax Positions**

The Organization account for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense.

The Organization has identified its tax status as a tax-exempt entity and its treatment of related and unrelated income as its only significant tax positions and has determined that such tax positions do not result in an uncertainty requiring recognition. The Organization information and tax returns are subject to examination by the Federal and state jurisdictions.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### **Financial Instruments and Credit Risk**

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals well known to the Organization and are supportive of the Organization's mission.

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Financial Instruments and Credit Risk (continued)**

Investments are made by diversified investment managers whose performance is monitored by the Organization. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization’s board believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

**Reclassifications**

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

**Note 3 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	<u>2023</u>
Cash and cash equivalents	\$ 162,621
Investments	1,478,038
Other current asset	<u>4,937</u>
	<u>\$ 1,645,595</u>

The Organization monitors liquidity required to meet its needs of general operating expenditures and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and marketable debt and equity securities. The Organization seeks to operate with a sufficient minimum level of reserves to cover general expenses and maintain reserves over the next twelve months.

**Note 4 – Restricted Cash**

Amounts included in restricted cash represent those required to be set aside as a result of donor-imposed restrictions. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position that sum to the total cash, cash equivalents and restricted cash as reported in the statement of cash flows for the years ending December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 162,621	\$ 277,589
Cash restricted for special programs	<u>220,082</u>	<u>287,480</u>
Total cash, cash equivalents and restricted cash	<u>\$ 382,703</u>	<u>\$ 565,069</u>

**Note 5 - Fair Value Measurements and Disclosures**

The Organization report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

The following table presents assets measured at fair value on a recurring basis, have been categorized into hierarchy based on observable and unobservable inputs used to determine fair value at December 31, is as follows:

	<u>2023</u>			
	<u>Fair Value Measurements at Report Date Using</u>			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Real estate investment trust	\$ 21,580	\$ -	\$ 21,580	\$ -
Mutual funds	117,174	117,174	-	-
Exchanged traded funds	122,478	122,478	-	-
U.S. Government obligations	271,948	271,948	-	-
Equities	<u>944,858</u>	<u>944,858</u>	-	-
Total investments	<u>\$ 1,478,038</u>	<u>\$ 1,456,458</u>	<u>\$ 21,580</u>	<u>\$ -</u>

**Note 5 - Fair Value Measurements and Disclosures (continued)**

2022

	Fair Value Measurements at Report Date Using			
	Total	Quoted	Significant	Significant
		Prices in	Other	Unobservable
		Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Inputs (Level 3)
Mutual funds	\$ 37,855	\$ 37,855	\$ -	\$ -
Real estate investment trust	68,464	-	68,464	-
Exchange traded funds	181,571	181,571	-	-
Equities	517,962	517,962	-	-
Total investments	\$ 805,852	\$ 737,388	\$ 68,464	\$ -

**Note 6 - Investments**

Investments consist of stocks, purchased mutual funds, exchanged traded funds, and real estate investment trusts and are carried at fair market value. Cost and market values of investments at December 31, 2023, and 2022 are included in the table below:

	<u>2023</u>		<u>2022</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Treasury Obligations	\$ 271,948	\$ 271,948	\$ -	\$ -
Equities	944,858	802,939	517,962	673,916
Exchange Traded Funds	122,478	124,936	181,571	179,300
Mutual Funds	117,174	115,050	37,855	34,814
Real Estate Investment Trust	21,580	21,865	68,464	70,528
	<u>\$1,478,038</u>	<u>\$1,336,738</u>	<u>\$805,852</u>	<u>\$958,558</u>

**Note 6 – Investments (continued)**

Investment returns for years ended December 31,

	<u>2023</u>	<u>2022</u>
Unrealized gains(losses)	\$ 258,642	\$ (184,470)
Realize gains(losses)	(23,061)	3,488
Interest and dividends	<u>31,010</u>	<u>10,859</u>
	<u>\$ 266,590</u>	<u>\$ (170,123)</u>

**Note 7 - Property and Equipment**

Property and equipment consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 5,254	\$ 5,254
Shed	8,552	8,552
Signage	1,500	1,500
Improvements	<u>1,250</u>	<u>1,250</u>
	16,556	16,556
Less accumulated depreciation	<u>(13,147)</u>	<u>(11,369)</u>
	<u>\$ 3,409</u>	<u>\$ 5,187</u>

Depreciation expense for the years ended December 31, 2023, and 2022 was \$1,778 and \$148 respectively.

**Note 8 - Net Assets With Donor Restrictions**

Net assets with donor restrictions consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Medical Fund	\$ 108,787	\$ 100,000
McDuff Fund	\$ 90,548	\$ -
Feral Fund	<u>20,747</u>	<u>5,247</u>
	<u>\$ 220,082</u>	<u>\$ 105,247</u>

**Note 8 - Net Assets With Donor Restrictions (continued)**

Net assets released for purpose consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Medical Fund	\$ 67,186	\$ 90,548
Feral Fund	<u>211</u>	<u>462</u>
	<u>\$ 67,397</u>	<u>\$ 91,010</u>

**Note 9 – Credit Risk**

The Organization maintains its cash and cash equivalents at various financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). The insured amounts by the FDIC were up to \$250,000 during the years ended December 31, 2023, and 2022. The uninsured cash and cash equivalents for December 31, 2023, and 2022 were \$90,025 and \$247,968 respectively. The Organization monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

**Note 10 - Subsequent Events**

We have evaluated subsequent events through October 29, 2024, the date the financial statements were available to be issued.