TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION DBA JOYBOUND PEOPLE & PET ALLIANCE

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR’S REPORT

YEARS ENDED JUNE 30, 2023 AND 2022

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

DBA JOYBOUND PEOPLE & PET ALLIANCE

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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To the Board of Directors
Tony La Russa's Animal Rescue Foundation
dba Joybound People & Pet Alliance
Walnut Creek, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Tony La Russa's Animal Rescue Foundation dba Joybound People & Pet Alliance, a California nonprofit public benefit corporation, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tony La Russa's Animal Rescue Foundation as of June 30, 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

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 Tony La Russa's Animal Rescue Foundation dba Joybound People & Pet Alliance 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.

Emphasis of Matter – New Accounting Standard

As discussed in Note 2 to the financial statements, Tony La Russa's Animal Rescue Foundation dba Joybound People & Pet Alliance adopted the new accounting guidance required by accounting principles generally accepted in the United States of America on leases. Our opinion is not modified with respect to this matter.

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.

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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 Tony La Russa's Animal Rescue Foundation dba Joybound People & Pet Alliance'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 Tony La Russa's Animal Rescue Foundation dba Joybound People & Pet Alliance'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 Tony La Russa's Animal Rescue Foundation dba Joybound People & Pet Alliance'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.

Lindquist, von Husen and Joyce LLP

May 13, 2024

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

DBA JOYBOUND PEOPLE & PET ALLIANCE

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash	$ 612,223	$ 204,403
Cash savings	3,350,929	3,819,819
Pledges receivable – current portion (Note 3)	715,000	366,500
Accounts receivable – net of allowance for doubtful accounts (Note 2)	16,564	40,272
Employee retention credit receivable (Note 4)	1,092,083	1,794,678
Inventory – net (Note 7)	28,261	119,909
Prepaid expenses	221,561	244,393
Total current assets	6,036,621	6,589,974
Investments (Note 5)	50,205,204	45,866,542
Beneficial interest in assets held by Trustee (Note 5)	101,864	239,541
Pledges receivable – net of current portion and discount (Note 3)	2,156,924	92,320
Deposits and other assets	11,285	2,685
Property and equipment – net (Note 6)	26,457,969	27,127,657
Intangible asset – net (Note 8)	3,250,562	3,535,283
Total assets	$ 88,220,429	$ 83,454,002
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 105,749	$ 104,169
Accrued compensation	533,805	385,996
Deferred revenue	219,925	202,700
Total current liabilities	859,479	692,865
Net assets:		
Without donor restrictions (Note 5 and 13)	78,345,814	75,897,876
With donor restrictions (Note 12)	9,015,136	6,863,261
Total net assets	87,360,950	82,761,137
Total liabilities and net assets	$ 88,220,429	$ 83,454,002

The accompanying notes are an integral part of these financial statements.

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

DBA JOYBOUND PEOPLE & PET ALLIANCE

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	*With Donor Restrictions*	*Total*	*Without Donor Restrictions*	*With Donor Restrictions*	*Total*
Operating revenues and other support:						
Contributions	$ 4,799,986	$ 3,620,531	$ 8,420,517	$ 5,110,017	$ 1,754,158	$ 6,864,175
Special events – net of expenses of $174,696 and $209,805, respectively, for 2023 and 2022	950,471	-	950,471	1,046,579	-	1,046,579
Corporate sponsorships	508,449	-	508,449	566,461	-	566,461
Program fees	566,344	-	566,344	478,639	-	478,639
Retail sales	509,267	-	509,267	506,480	-	506,480
Employee retention credit (Note 4)	-	-	-	1,794,678	-	1,794,678
PPP loan and interest forgiveness (Note 11)	-	-	-	790,689	-	790,689
Other revenue	171,375	-	171,375	53,637	-	53,637
Net assets released from restrictions (Note 12)	1,651,380	(1,651,380)	-	1,353,237	(1,353,237)	-
Total operating revenues and other support	9,157,272	1,969,151	11,126,423	11,700,417	400,921	12,101,338
Operating expenses:						
Program services	8,866,528	-	8,866,528	7,251,159	-	7,251,159
Supportive services:						
Management and general	852,614	-	852,614	690,011	-	690,011
Fundraising	859,974	-	859,974	588,035	-	588,035
Total operating expenses	10,579,116	-	10,579,116	8,529,205	-	8,529,205
Change in net assets from operations	(1,421,844)	1,969,151	547,307	3,171,212	400,921	3,572,133
Other changes:						
Net investment income (loss) including endowment funds (Note 5, 12 and 13)	3,869,782	182,724	4,052,506	(5,750,689)	(289,421)	(6,040,110)
Total other changes	3,869,782	182,724	4,052,506	(5,750,689)	(289,421)	(6,040,110)
Change in net assets	2,447,938	2,151,875	4,599,813	(2,579,477)	111,500	(2,467,977)
Net assets, beginning of year	75,897,876	6,863,261	82,761,137	78,477,353	6,751,761	85,229,114
Net assets, end of year	$ 78,345,814	$ 9,015,136	$ 87,360,950	$ 75,897,876	$ 6,863,261	$ 82,761,137

The accompanying notes are an integral part of these financial statements.

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

DBA JOYBOUND PEOPLE & PET ALLIANCE

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023							
	Program Services					*Supportive Services*		
	Animal Care and Adoptions	*Training*	*Veterinary Clinic*	*Community Outreach*	*Total Program*	*Management and General*	*Fundraising*	*Total*
Personnel	$ 2,353,471	$ 310,264	$ 1,765,633	$ 1,101,003	$ 5,530,371	$ 571,622	$ 393,442	$ 6,495,435
Professional services	124,247	22,313	109,367	66,104	322,031	9,805	139,228	471,064
Occupancy	120,248	27,857	161,821	66,896	376,822	26,724	14,334	417,880
Equipment rental, repairs and maintenance	64,206	12,990	66,546	27,125	170,867	35,453	16,407	222,727
Animal care and supplies	184,560	4,053	282,319	174,318	645,250	-	-	645,250
Supplies	5,032	2,694	8,137	3,453	19,316	18,876	3,291	41,483
Printing and publications	102,208	14,428	104,266	66,762	287,664	2,755	143,739	434,158
Postage	2,103	453	3,402	851	6,809	204	3,038	10,051
Insurance	65,311	14,985	15,637	35,893	131,826	7,946	3,304	143,076
Cost of goods sold	64,357	-	1,352	-	65,709	-	-	65,709
Advertising and promotion	75	-	174	42,449	42,698	4,456	75,741	122,895
Other expenses	4,198	64	40	81,923	86,225	4,318	-	90,543
Bad debts	-	-	-	-	-	-	-	-
Travel, conferences, and education	12,524	7,635	17,388	31,722	69,269	36,795	4,683	110,747
Taxes, licenses and fees	21,365	2,246	22,825	6,541	52,977	2,083	31,872	86,932
Depreciation	292,083	44,149	83,585	367,005	786,822	14,222	22,960	824,004
Amortization (Note 8)	100,924	15,255	28,881	126,812	271,872	4,914	7,935	284,721
Loss on disposal of inventory	-	-	-	-	-	112,441	-	112,441
Total expenses	$ 3,516,912	$ 479,386	$ 2,671,373	$ 2,198,857	$ 8,866,528	$ 852,614	$ 859,974	$10,579,116

The accompanying notes are an integral part of these financial statements.

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

DBA JOYBOUND PEOPLE & PET ALLIANCE

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2023 AND 2022

	2022								
	Program Services						*Supportive Services*		
	Animal Care and Adoptions	*Training*	*Veterinary Clinic*	*Humane Education*	*Community Outreach*	*Total Program*	*Management and General*	*Fundraising*	*Total*
Personnel	$ 1,593,513	$ 181,709	$ 1,428,883	$ -	$ 839,871	$ 4,043,976	$ 406,993	$ 320,839	$ 4,771,808
Professional services	68,569	11,128	92,324	-	56,953	228,974	98,428	17,199	344,601
Occupancy	106,609	23,978	178,801	14,430	89,378	413,196	22,999	13,380	449,575
Equipment rental, repairs and maintenance	49,979	3,635	42,451	-	43,299	139,364	45,997	12,091	197,452
Animal care and supplies	163,777	125	273,623	-	224,453	661,978	-	-	661,978
Supplies	6,349	564	6,660	-	2,405	15,978	17,805	742	34,525
Printing and publications	74,257	11,621	96,975	-	62,659	245,512	3,129	108,794	357,435
Postage	113	-	5,655	-	647	6,415	6,522	3,067	16,004
Insurance	58,320	13,511	14,788	9,038	35,068	130,725	7,102	3,022	140,849
Cost of goods sold	40,637	-	265	-	-	40,902	-	-	40,902
Advertising and promotion	48,510	10,898	54,069	-	41,579	155,056	1,312	45,889	202,257
Other expenses	2,680	34	144	-	51,175	54,033	16,536	-	70,569
Bad debts	-	-	1,597	-	11,845	13,442	-	-	13,442
Travel, conferences, and education	11,678	70	6,500	-	13,852	32,100	13,053	1,590	46,743
Taxes, licenses and fees	21,777	2,351	21,815	1,317	7,030	54,290	2,926	36,010	93,226
Depreciation	329,359	56,559	93,719	33,136	233,229	746,002	17,549	25,412	788,963
Amortization (Note 8)	118,859	20,411	33,821	11,958	84,167	269,216	15,504	-	284,720
Provision for inventory adjustments	-	-	-	-	-	-	438	-	438
Loss on disposal of property and equipment	-	-	-	-	-	-	13,718	-	13,718
Total expenses	$ 2,694,986	$ 336,594	$ 2,352,090	$ 69,879	$ 1,797,610	$ 7,251,159	$ 690,011	$ 588,035	$ 8,529,205

The accompanying notes are an integral part of these financial statements.

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

DBA JOYBOUND PEOPLE & PET ALLIANCE

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 4,599,813	$ (2,467,977)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	824,004	788,963
Amortization	284,721	284,720
Donation of stock	(18,653)	(70,651)
Change in beneficial interest in assets held by Trustee	137,677	124,381
Unrealized (gain) loss on investments	(2,427,212)	7,748,500
Realized gain on sale of investments	(181,732)	(279,372)
Loss on disposal of property and equipment	-	14,156
Provision for bad debts	670	(1,597)
Loss on disposal of inventory	112,441	-
Provision for inventory adjustments	-	438
PPP loan and interest forgiveness	-	(790,689)
(Increase) decrease in assets:		
Pledges receivable – net	(2,413,104)	1,070,277
Accounts receivable – net	23,038	(18,888)
Employee retention credit receivable	702,595	(1,794,678)
Inventory	(20,793)	4,587
Prepaid expenses	22,832	(101,994)
Deposits and other assets	(8,600)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,580	(27,503)
Accrued compensation	147,809	78,314
Deferred revenue	17,225	4,690
Net cash provided by operating activities	1,804,311	4,565,677
Cash flows from investing activities:		
Net increase in investments	(1,711,065)	(3,164,444)
Purchases of property and equipment	(154,316)	(183,096)
Net cash used in investing activities	(1,865,381)	(3,347,540)
Net increase (decrease) in cash	(61,070)	1,218,137
Cash, beginning of year	4,024,222	2,806,085
Cash, end of year	$ 3,963,152	$ 4,024,222

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Tony La Russa's Animal Rescue Foundation was incorporated in California in June 1991 as a nonprofit public benefit corporation to inspire and nurture the human-animal bond and bring people and animals together to enrich each other's lives. Effective March 1, 2023, the Board of Directors formally voted to separate from the La Russa family and began doing business as "ARF." In February 2024, the Organization began doing business as Joybound People & Pet Alliance (the Organization).

With dog and cat rescue and adoption at the heart of its mission, the Organization forms, supports, elevates, and celebrates the human-animal bond through services such as rescue and adoption, pet training and veterinary care, food and supply assistance, therapy and service-animal programs, and rich learning resources for all pet families.

Programs:

Adoptions:

Matching cats and dogs with new families through adoption is the cornerstone of the Organization's work. Each animal rescued is behaviorally and medically evaluated and treated, spayed or neutered, given age-appropriate vaccines, and microchipped. While awaiting adoption, all animals receive ongoing medical care, as well as training and enrichment. The Organization relies on an extensive network of volunteers to assist in this effort.

Veterinary Care:

The Organization's on-site clinic also provides public spay and neuter programs in a continued effort to reduce the growing number of animals surrendered to shelters and to help to break the cycle of companion animal overpopulation.

Financial Support:

The Community Veterinary Care program (formerly known as the Emergency Medical Fund®) provides low-to-no-cost veterinary care for those pet guardians facing financial barriers to veterinary care. The Pet Safety Net program serves families struggling to prevent the surrender of a pet – providing resources, counseling, and financial assistance.

Food Distribution:

The FoodShare program distributes free food and litter for cats and dogs.

Resources:

The Organization's Resource Center hotline responds to calls and emails for animal-related advice and assistance.

Training:

The Organization provides animal training and enrichment classes, as well as individual behavior consultations.

Service Dogs:

The Shelter to Service program, formerly known as Pets and Vets, matches Veterans Administration (VA)-referred veterans who suffer from psychological trauma with specially selected shelter dogs as both emotional support animals (ESAs) and psychiatric service dogs - at no cost.

Therapy Visits:

The Organization's Pet Hug Pack® therapy animal program - comprised of teams of qualified pets and volunteer handlers - visits hospitals, students, and others in need of the unconditional love and support only an animal can offer.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Organization uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization.

- Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When a donor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is accomplished – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as *net assets released from restrictions*. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

Cash, Cash Savings and Cash Equivalents

Cash is defined as cash in demand deposit account as well as cash on hand. The Organization occasionally maintains cash and investments at a brokerage firm in excess of the Security Investor Protection Corporation limit of $500,000. The Organization has not experienced any losses in such accounts.

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash. Generally, only investments with original maturities of three months or less qualify as cash equivalents.

Revenue Recognition

Contributions:

Contributions are recognized as revenue when they are unconditionally communicated. Contributions consist principally of donations from individuals and other organizations. Contributions are recorded at their fair value as support without donor restrictions or support with donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If donors' restrictions are satisfied in the same period that the contribution is received, the contribution is reported as support without donor restrictions.

Promises to Give:

Unconditional promises to give are recognized as contribution revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Contributions of Long-Lived Assets:

Gifts of long-lived assets, such as equipment, are reported as unrestricted net assets support 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 or construct long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributed Services and Donated Investments:

Contributed services are stated at their estimated fair value, if ordinarily purchased and of a specialized nature.

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Revenue from Contracts:

Program fees, including adoption and clinic fees among other programs, and retail sales are primarily comprised of an exchange element based on the value of benefits provided and are recognized as revenue when the related performance obligations are satisfied. Performance obligations represent the specified services provided to customers under such contracts and generally consist of a single performance obligation which is satisfied when the service is provided or the event has occurred.

New Accounting Standard on Leases

A new accounting standard on leases, required by accounting principles generally accepted in the United States of America, amends both lessor and lessee accounting with the most significant change being the requirement for lessees to account for leases as either finance leases or operating leases and to recognize right-of-use (ROU) assets and corresponding lease liabilities on the statement of financial position for all leases other than leases with terms of 12 months or less. For finance leases, lessees would recognize interest expense and amortization of the ROU asset, and for operating leases, lessees would recognize straight-line total rent expense. The accounting standard also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the leasing standard effective July 1, 2022, using the modified retrospective approach with July 1, 2022 as the initial date of application. The Organization elected to use all available practical expedients provided in the transition guidance. These practical expedients allow entities to not reassess the identification, classification and initial direct costs of lease agreements, to not separate lease and non-lease components for underlying equipment assets, and to use hindsight in lease agreements for determining lease term and ROU asset impairment, as applicable. As of July 1, 2022, adoption of the new leasing standard did not have a significant impact on the financial statements related to both lessor and lessee accounting.

The Organization accounts for the existing Thrift Store lease and other equipment leases as operating leases. Due to the nominal rent amounts, ROU assets and lease liabilities are not recognized. However, the effect of not recognizing ROU assets and lease liabilities is not materially different from the result that would have been obtained had the requirement to recognize been followed.

Deferred Revenue

Deferred revenue primarily includes advance fees received in connection with a contract with Purina for advertisement and media appearances and other funds received in advance for programs in subsequent fiscal years. Revenue will be recognized over the period in which the related performance obligations are satisfied.

Accounts Receivable

Accounts receivable represents amounts billed but not yet collected for services provided. The Organization records an allowance for doubtful accounts based on a review of outstanding accounts receivable, historical collection information, and existing economic conditions. The allowance for doubtful accounts was $1,240 and $1,910 as of June 30, 2023 and 2022, respectively.

Pledges Receivable

Pledges receivable are recorded as support when the pledge is unconditionally communicated. All pledges are valued at their estimated net present value at June 30, 2023 and 2022 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been provided.

Inventory

Inventory consists of purchased and donated items for auction or resale and are recorded at cost or fair value at the date of purchase or donation, respectively. Memorabilia items were discounted by 50% to approximate the lower of cost or market based on the estimated fair market value of the items. Memorabilia inventory with an estimated fair value of $204,412 was returned to the La Russa family in 2023. The loss on disposal of inventory of $112,441 was included in the accompanying statements of activities. Goods donated to the thrift shop are not reflected in the financial statements since no objective basis is available to measure their values.

Intangible Assets

Intangible assets consist of a donated suite license agreement which is recorded at fair value and amortized on a straight-line basis over the 15-year term of the lease. The donated suite lease is reviewed for impairment at least annually.

Beneficial Interest in Assets Held by the Trustee

Beneficial interests in assets held by the Trustee are recorded with or without donor restrictions dependent on the existence of donor-imposed restrictions. Beneficial interest in assets held by the Trustee are reported at fair value and changes in the value of the beneficial interest are reported as contribution income.

Investments

Investments consist of money market funds, exchange traded funds, bond funds, equities, and equity funds, and are reported at fair value in the statements of financial position. Realized and unrealized gains and losses on investments are included in net investment return including endowment funds in the statements of activities. Investment income and gains or losses are reflected as increases or decreases in the net assets without donor restrictions if the restrictions are met (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the investment income and gains or losses are recognized.

Under accounting principles generally accepted in the United States of America, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

Accounting principles generally accepted in the United States of America establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs, if any, reflects the Organization’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on significant inputs that are observable, either directly or indirectly or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

Property and Equipment

Property and equipment are stated at cost of acquisition or construction. Donated property and equipment are recorded at their estimated fair market values at the date of donation. The costs of maintenance and repairs below $5,000 that neither significantly add to the permanent value of property nor prolong its intended useful life is charged to expense as incurred. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

The useful lives of the assets are estimated as follows:

Building and improvements	Various to 39 years
Furniture and fixtures	5 to 7 years
Vehicles	10 years
Machinery and equipment	3 to 5 years
Website development costs	3 years
Leasehold improvements	7 years

The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statements of activities.

Advertising and Promotion Costs

Advertising and promotion costs are generally recorded as expenses when the cost is incurred. Such costs totaled $122,895 and $202,257 for the years ended June 30, 2023 and 2022, respectively.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization’s federal and state information returns for the years 2019 through 2022 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Functional Expenses Allocation

The costs of providing program services and supportive services have been summarized on a functional basis in the statements of activities and statements of functional expenses. Salaries and related expenses are allocated based on the actual time spent by employees on various activities. Occupancy and general expenses are allocated based on space usage by each function. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees’ actual time incurred and on usage of resources. Directly identifiable expenses are charged to programs and supporting services.

Fundraising Cost

Fundraising costs are generally recorded as expenses when the fundraising event takes place which include costs associated with marketing, special events and grant writing. Such costs totaled $1,034,670 and $797,840 for the years ended June 30, 2023 and 2022, respectively, of which $174,696 and $209,805, respectively, was related to special events. The balances of $859,974 and $588,035 at June 30, 2023 and 2022, respectively, have been reported as fundraising expenses in the statements of activities.

Subsequent Events

Management has evaluated subsequent events through May 13, 2024, the date on which the financial statements were available to be issued.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable at June 30, 2023 and 2022 were expected to be collected in the following periods:

	2023	2022
In one year or less:		
Capital campaign	$ -	$ 105,000
Operations	715,000	261,500
Total in one year or less	715,000	366,500
Between one to five years:		
Capital campaign	-	25,000
Operations	2,201,499	70,000
Total between one to five years	2,201,499	95,000
Total pledges receivable	2,916,499	461,500
Present value discount	(44,575)	(2,680)
Total	$ 2,871,924	$ 458,820

At June 30, 2023 and 2022, the discount rate was 8.25% and 4.75%, respectively, based on the federal prime rate.

The capital campaign pledges are related to the Organization's construction of a Pets and Vets Center that serves as the national headquarters for shelter to service dog training. The goal of the Center is to pair service dogs with Veterans who are struggling to readjust to civilian life due to service related mental health conditions including post-traumatic brain injury, depression and anxiety.

NOTE 4 – EMPLOYEE RETENTION CREDIT RECEIVABLE

The Organization is eligible for the Employee Retention Credit ("ERC") under the CARES Act. Grants receivable for the ERC at June 30, 2023 and 2022 were $1,092,083 and $1,794,678, respectively, which represents refunds due on the Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021, September 30, 2021 and December 31, 2021. The balance of the June 30, 2023 receivable was subsequently collected after year-end.

NOTE 5 – INVESTMENTS

The Organization's investment funds are managed by a third-party financial advisor. Based on the fund's time horizon, risk tolerance, performance expectations, and asset class preferences, an optimal portfolio was identified. The Organization's financial advisors shall pursue a "Diversified Market-Neutral Strategy," consistent with proven investment practices. Consequently, the strategic asset allocation of the fund assets shall be as follows until the Organization's board and its financial advisors elect to pursue an alternative strategy:

- Mid/Small and Large Capitalization Equity at 42%
- International equity at 18%
- Taxable bonds at 40%.

The funds are rebalanced at least on an annual basis to ensure that the funds are adhering to the Organization's investment objectives:

Objective #1: To obtain the highest level of return for the Investment Committee's desired level of risk in a manner prudent for a non-profit foundation.

Objective #2: To limit risk exposure through diversification of asset classes and investment vehicles within asset classes.

Objective #3: To establish policies based on total return rather than current income. This provides the greatest investment flexibility and therefore greatest opportunity for growth of assets.

Objective #4: To maintain the purchasing power of the fund by achieving appropriate inflation-adjusted returns. The Investment Committee desires to maintain the level of services in relation to average cost increases. This requires establishing a spending rate of no more than 7%.

Objective #5: Apply a smoothing rule to mitigate the effects of short-term market volatility on spending.

Objective #6: To control the costs of administering and managing the fund.

Investment balances have been presented as follows on the statements of financial position:

	2023	2022
Cash savings	$ 3,350,929	$ 3,819,819
Investments	50,205,204	45,866,542
Total	$ 53,556,133	$ 49,686,361

The investment return for 2023 and 2022 consisted of the following:

	2023	2022
Interest and dividend income	$ 1,506,962	$ 1,494,473
Net realized gain from sale of securities	181,732	279,372
Unrealized gain (loss)	2,427,212	(7,748,500)
Sub-total	4,115,906	(5,974,655)
Less: investment fees	(63,400)	(65,455)
Total	$ 4,052,506	$ (6,040,110)

The Organization held the following investments at fair value in two brokerage accounts at June 30, 2023 and 2022:

	2023		2022	
	Cost	*Quoted Prices in Active Markets for Identical Assets (Level 1)*	*Cost*	*Quoted Prices in Active Markets for Identical Assets (Level 1)*
Money market funds	$ 3,350,929	$ 3,350,929	$ 3,819,819	$ 3,819,819
Exchange traded funds	25,099,698	31,600,795	22,617,126	26,529,586
Bond funds	19,468,185	17,455,348	19,974,745	18,193,021
Equity funds	1,030,105	1,149,061	1,090,737	1,143,935
	$ 48,948,917	$ 53,556,133	$ 47,502,427	$ 49,686,361

<u>Board Designated Endowment Funds</u>

The Organization’s Board Investment Committee provides fiduciary oversight of financial reserves to ensure the long-term financial stability of the Organization and the ability to survive serious and/or unexpected negative events. Annual contributions to the board designated endowment fund will consist of bequests in excess of budget, determined annually, and were budgeted at $1,000,000 for both years ended June 30, 2023 and 2022. With that goal in mind, the Board of Directors has designated endowments of $46,292,903 and $41,416,755, at June 30, 2023 and 2022, respectively, which are held in the Organization’s investment accounts and designated for future general programs and operations.

	2023	2022
Board designated endowment funds, beginning	$ 41,416,755	$ 43,259,617
Dividend income	1,444,035	1,405,447
Net realized and unrealized gains (losses)	2,486,243	(7,095,535)
Bequests in excess of budget	1,006,366	1,817,532
Investment fees	(60,496)	(60,601)
Transfer from board designated endowment fund	-	2,090,295
Board designated endowment funds, ending	$ 46,292,903	$ 41,416,755

Beneficial Interest in Assets Held by Trustee

During the year ended June 30, 2021, the Organization was named a 10% beneficiary of certain assets which are held by a third-party trustee (the Trustee) for the benefit of the Organization, and which are currently invested in money-market funds, equities and fixed income securities. The Trustee is authorized in its discretion to use the principal and income of the trust for the payment of any legally enforceable obligations or costs in the administration of the estate. These assets will be held by the Trustee until 2049, at which time the Organization's 10% beneficial interest in the remaining assets will be distributed to the Organization. The Organization reports its 10% beneficial interest in the assets held by the Trustee at fair value net of a present value discount in the statements of financial position and reports changes in the value of the beneficial interest as contribution income in the statements of activities. As of June 30, 2023 and 2022, the discount rate applied was 8.25% and 4.75%, respectively, based on the federal prime rate.

The Organization's beneficial interest of assets held by the Trustee, which are recorded at fair value, are as follows, at June 30, 2023 and 2022:

	2023		2022	
	Cost	*Significant Other Observable Inputs (Level 2)*	*Cost*	*Significant Other Observable Inputs (Level 2)*
Beneficial interest in cash held by the Trustee – without donor restrictions	$ 3,106	$ 3,106	$ 19,653	$ 19,653
Beneficial interest in investments held by the Trustee – without donor restrictions	88,693	98,758	204,288	219,888
	$ 91,799	$ 101,864	$ 223,941	$ 239,541

The beneficial interest in assets held by the Trustee was comprised of the following at June 30, 2023 and 2022:

	2023	2022
Beneficial interest in assets held by the Trustee	$ 800,107	$ 838,569
Present value discount	(698,243)	(599,028)
Total	$ 101,864	$ 239,541

The Organization is entitled to annual distributions of income (loss) based on the change in the fair value of the beneficial interest in the assets, which totaled $(137,677) and $(124,381) for the years ended June 30, 2023 and 2022, respectively, and is included in contribution income in the accompanying statements of activities. Furthermore, the Trustee can make additional distributions in its sole discretion.

The beneficial interest in assets held by the Trustee has been valued, as a practical expedient, at the fair value of the Organization’s share of the Trustee’s investment pool as of the measurement date, utilizing valuations provided by the Trustee and discounted as applied.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	2023	2022
Land	$ 10,532,895	$ 10,532,895
Buildings and improvements	21,743,465	21,728,170
Furniture and fixtures	957,156	867,019
Vehicles	452,733	504,941
Machinery and equipment	293,132	257,768
Website development costs	81,031	77,511
Leasehold improvements	43,730	43,730
	34,104,142	34,012,034
Less: accumulated depreciation and amortization	(7,646,173)	(6,884,377)
Total property and equipment, net	$ 26,457,969	$ 27,127,657

NOTE 7 – INVENTORY

Inventories are summarized as follows:

	2023	2022
Donated sports memorabilia, net of allowance for write-down of $91,871 at June 30, 2022	$ -	$ 91,971
Joybound wear garments	3,142	4,849
Miscellaneous items	25,119	23,089
Total	$ 28,261	$ 119,909

In 2023, memorabilia inventory was returned to the La Russa family. The loss on disposal of inventory of $112,441, at date of return, is included in the accompanying statements of activities.

NOTE 8 – INTANGIBLE ASSET

In December 2019, a donor contributed the rights to a prepaid luxury box-suite on the Owner's Suite Level of the San Francisco 49ers football stadium in Santa Clara, California. No purpose or use restrictions were attached to the donation. The prepaid suite, under terms of a Suite License Agreement and Assumption Agreement (Agreement), included an initial 20-year term covering the period from March 1, 2014 through February 28, 2034. Due to COVID-19, and the Organization's inability to utilize the benefits set forth in the Agreement for the year covering March 1, 2020 through February 28, 2021, the lessor extended the contract term through February 28, 2035 for no further consideration.

The Agreement was recorded at its fair value at date of donation as determined by an appraisal performed specifically for such purpose. The Agreement was valued at $4,270,811 at date of donation and is amortized on a straight-line basis over the remaining contract term of approximately 15 years.

	2023	2022
Intangible asset, cost	$ 4,270,811	$ 4,270,811
Accumulated amortization	(1,020,249)	(735,528)
Total	$ 3,250,562	$ 3,535,283

The Organization reviews the Agreement for impairment whenever events or changes in circumstances indicate that the carrying value of such asset may not be recoverable. Impairment is measured by a comparison of the net carrying amount of the asset to the value of the suite based on the value of comparable suites in comparable stadiums, use of the suite for scheduled events, the performance of the 49ers football team, the opportunity to list the suite on the open market, and other relevant factors. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of such asset. There were no impairment losses recognized in 2023 or 2022.

The Organization accepted the donated stadium suite lease with the intent to use the luxury-suite to provide entertainment to donors, employees, volunteers and other associated individuals and organizations that help to promote and sustain the Organization's mission, fundraising goals and program objectives. The Organization also intends to monetize the asset through short-term rental and possible sale of the suite lease agreement. During the years ended June 30, 2023 and 2022, the Organization recognized $113,000 and $39,000, respectively, of suite lease income, which is included in other revenue in the statements of activities. Any transfer or sale of the agreement cannot be made without the approval of Forty-Niners SC Stadium Company LLC, the licensor. The Organization will continue to assess its ability to sell the suite but is currently leasing the suite for various events.

NOTE 9 – CONDITIONAL PROMISES TO GIVE

The Organization periodically receives conditional grants that require grantors' approval of progress toward milestones set forth in the grant agreements. Revenue is recognized upon meeting the specified condition(s). At June 30, 2023 and 2022, there were no conditional grants with balances not yet recognized as revenue.

NOTE 10 – LINE OF CREDIT

The Organization has a $350,000 revolving line of credit with a bank, which bears interest at 0.5% over the bank's prime rate, which approximated 8.25% and 4.75%, respectively, at June 30, 2023 and 2022, and is secured by substantially all assets of the Organization. Effective September 8, 2023, the maturity date of the loan was extended to August 5, 2024. No amounts were outstanding in connection with the respective line of credit as of June 30, 2023 and 2022.

NOTE 11 – PAYCHECK PROTECTION PROGRAM

On April 25, 2020, the Organization received loan proceeds of $781,570 from a promissory note issued under the Paycheck Protection Program ("PPP") which was established under the CARES Act and is administered by the U.S. Small Business Association (SBA). The term of the loan was for two years, with an annual interest rate of 1%, and specified monthly principal and interest payments of $43,983.

Management was granted forgiveness of the loan and accrued interest in full in November 2021. The outstanding loan and accrued interest have been recognized as forgiveness income as of June 30, 2022. Interest expense incurred for the year ended June 30, 2022 was $7,816 and accrued interest and June 30, 2021 was $9,119.

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent funds which have not yet been expended for donor-imposed purpose restrictions or time restrictions. Net assets with donor restrictions were available for the following purposes:

	June 30, 2022	*Contributions*	*Investment Income*	*Releases from Restrictions*	*June 30, 2023*
Endowment funds (Note 13)	$ 2,113,385	$ 25,000	$ 182,724	$ (196,622)[2]	$ 2,124,487
Canine Grooming Academy	-	2,000,000	-	-	2,000,000
Humane education program	27,054	-	-	-	27,054
Hope fund	99,634	28,341	-	(19,403)	108,572
Pets and Vets program	2,339,820	977,706	-	(954,003)	2,363,523
Pets and Vets building maintenance [1]	2,000,000	-	-	-	2,000,000
Other programs	283,368	589,484	-	(481,352)	391,500
Total	$ 6,863,261	$ 3,620,531	$ 182,724	$(1,651,380)	$ 9,015,136

	June 30, 2021	*Contributions*	*Investment Loss*	*Releases from Restrictions*	*June 30, 2022*
Endowment funds (Note 13)	$ 2,637,184	$ -	$ (289,421)	$ (234,378)[2]	$ 2,113,385
Humane education program	27,054	-	-	-	27,054
Hope fund	20,291	100,196	-	(20,853)	99,634
Pets and Vets program	2,040,550	1,130,313	-	(831,043)	2,339,820
Pets and Vets building maintenance [1]	2,000,000	-	-	-	2,000,000
Other programs	26,682	523,649	-	(266,963)	283,368
Total	$ 6,751,761	$ 1,754,158	$ (289,421)	$ (1,353,237)	$ 6,863,261

(1) The Board of Directors determined, as part of the assessment of the capital campaign, that $2,000,000 would be designated for the Pets and Vets program for preservation of the integrity of the Pets and Vets Center maintenance, repairs and upkeep.

(2) Releases from restrictions for the endowment funds are appropriations permitted for expenditure.

NOTE 13 – ENDOWMENTS

The Organization's endowment net assets consist of funds whose corpus is to remain intact and includes those assets of donor-restricted funds that the Organization must hold in perpetuity and board designated endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding of programs supported by its endowment while also maintaining the purchasing power of the endowment assets, assuming an average inflation rate of 2.5%. In establishing this policy, the Organization considered the long-term expected investment return on its endowment assets. Approved by its Board of Directors, endowment assets are invested in a manner that is intended to produce results that exceed the respective benchmark while assuming a moderate level of investment risk. Accordingly, over the long term, the Organization expects its endowment assets, over time, to produce the highest level of return, net of investment fees, for the desired level of risk. Actual returns in any given year may vary from this amount.

The Board of Directors of the Organization has full authority and plenary power to manage, invest and reinvest any principal of the fund and any increase or accumulations to it and any income from it; however, the Board of Directors has a fiduciary duty to maintain the corpus of the donor-restricted endowment fund.

Board Designated Endowment Funds

The Organization’s Board Investment Committee established the board designated sustainability fund provide future financial stability and use towards its programs and general charitable purpose.

Donor-Restricted Endowment Funds

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), signed into law in California in 2008, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation and depreciation of investments, and (6) the investment policies of the Organization.

In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable without purpose restriction. Through June 30, 2023, the Organization received one endowment (in 2005), of which the earnings on the corpus balance of $1,612,549 are restricted as to use. The Organization's donor indicated that the use of the investment income, including net appreciation, resulting from the donor-restricted endowment funds should be used by the Organization exclusively for charitable purposes for the well-being, advancement, preservation and care of small animals in California, with particular emphasis given, but not limited to, dogs and cats and also may be used, but are not limited to, veterinary care, particularly including spaying and neutering, preservation, rescue and placement.

The Board of Directors established a spending rate of no more than 7% of the average annual fair value of the investment balance of the endowment funds for the prior two fiscal year ends. In establishing this policy, the Organization considered the long-term expected return on its endowment assets, the nature and duration of the endowment funds, all of which must be maintained in perpetuity because of donor restrictions and possible effects of inflation. Accordingly, over the long term, the Organization expects their spending policy to allow its endowment to grow at a rate exceeding expected inflation. In the event that the endowment were underwater, the spending rate would be 0%.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions and generally result from unfavorable market fluctuations that occur shortly after the investment of new contributions with donor restrictions and continued appropriation for certain programs that were deemed prudent by the Board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in net assets with donor restrictions. There were no aforementioned deficiencies at June 30, 2023 and 2022.

Net changes in endowment funds are as follows:

	Without Donor Restrictions [(1)]	*With Donor Restrictions*	*Total*
Balance as of June 30, 2021	$ 1,999,859	$ 2,637,184	$ 4,637,043
Dividend income	-	89,026	89,026
Net realized and unrealized losses on investments	-	(373,593)	(373,593)
Appropriations	234,378	(234,378)	-
Investment fees	-	(4,854)	(4,854)
Transfer to board designated sustainability fund	(2,090,295)	-	(2,090,295)
Balance as of June 30, 2022	143,942	2,113,385	2,257,327
Dividend income	-	62,927	62,927
Net realized and unrealized gains on investments	-	122,701	122,701
Appropriations	196,622	(196,622)	-
Contributions	-	25,000	25,000
Investment fees	-	(2,904)	(2,904)
Balance as of June 30, 2023	$ 340,564	$ 2,124,487	$ 2,465,051

(1) Endowment funds without donor restrictions are funds that have been appropriated for use in the Organization's programs and general charitable purpose.

NOTE 14 – RETIREMENT PLAN

The Organization has a 403(b) retirement plan which is offered to all employees who have completed one year of eligible service without regard to minimum age. The Organization contributes a dollar for dollar match up to 2% of the employee's gross compensation. All participating employees may contribute up to the annual IRS limit. Employer contributions for 2023 and 2022 were $93,298 and $38,438, respectively.

NOTE 15 – JOINT COSTS

In 2023 and 2022, the Organization conducted activities that included requests for contributions as well as a program component. Those activities include special events and direct mail campaigns. The costs of conducting those activities included a total of $386,927 and $297,183 of joint costs for the years ended June 30, 2023 and 2022, respectively, which are not specifically attributable to particular components of the activities. For the years ended June 30, 2023 and 2022, total joint costs allocated to program was $255,372 and $196,141, respectively, and $131,555 and $101,042, respectively, was allocated to fundraising.

NOTE 16 – DONATED GOODS AND SERVICES

The Organization relies heavily on donated goods and services to operate its adoption center and thrift store. A substantial number of unpaid volunteers have made significant contributions of times to the Organization. For the years ended June 30, 2023 and 2022, volunteers donated approximately 45,523 and 45,358 hours to the Organization, respectively. These hours included approximately 15,459 and 21,047 hours of foster care for animals, respectively. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure their value.

Contributed goods are included in the financial statements at their fair value where an objective basis of measurement is available. Such donated goods for the years ended June 30, 2023 and 2022 were reported as contributions of $261,621 and $340,002, respectively, with offsetting assets and expenses recorded in the corresponding categories as follows: program services $143,835 and $233,114, fundraising $117,786 and $106,888, and supporting services $-0- for the years ended June 30, 2023 and 2022, respectively.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Thrift Store Lease

The Organization's thrift store operates from the Market Street Park and Shop Center in Concord, California, under an operating lease which expired on November 30, 2021. In July 2021, the operating lease was extended with a new expiration date of November 30, 2023. On September 13, 2023, the Organization entered into an agreement for an additional extension through November 30, 2024. Under the terms of the lease agreement, the base rent increases annually by 3% to 5%. The rental expense under this operating lease agreement for 2023 and 2022 was $103,167 and $117,908, respectively.

Other Leases

The Organization also has several other non-cancellable operating lease arrangements for equipment and an operating lease for its storage unit that is currently leased on a month-to-month basis. The rental expense under other operating lease agreements for 2023 and 2022 totaled $29,451 and $36,375, respectively.

The estimated future minimum lease payments for the non-cancellable operating leases are as follows:

Year Ending June 30,	
2024	$ 148,465
2025	78,006
2026	13,453
2027	3,363
2028	-
	$ 243,287

NOTE 18 – LIQUIDITY AND AVAILABILITY

Financial assets as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Financial assets at end of year available within one year:		
Cash	$ 612,223	$ 204,403
Cash savings	3,350,929	3,819,819
Accounts receivable	16,564	40,272
Employee retention credit receivable	1,092,083	1,794,678
Pledges receivable	715,000	366,500
Investments	50,205,204	45,866,542
	55,992,003	52,092,214
Less financial assets not available for general expenditures:		
Pledges receivable for specified purposes	(715,000)	(105,000)
Investments – Endowment with donor-specified restrictions	(2,124,487)	(2,113,385)
Financial assets available for general expenditures within one year	$ 53,152,516	$ 49,873,829

Financial assets include amounts that will be used to pay accounts payable, accrued expenses and other distributions from operating cash flow, if any, in the subsequent year. The Organization also has an available line of credit agreement, which bears interest at 0.5% plus the bank's prime rate, totaling $350,000 with no outstanding borrowings as of June 30, 2023.

NOTE 19 – LEGAL CLAIMS AND ASSERTIONS

The Organization was named in civil actions related to employment practices. Those claims have been evaluated by legal counsel and all but one was settled as of June 30, 2023. In January 2024, the last claim was settled. The Organization maintains insurance coverage with respect to such claims, and such coverage is sufficient to cover legal costs and provides specified coverage for the liabilities.