

ANIMAL REFUGE LEAGUE OF GREATER PORTLAND

**Financial Statements**  
**for the years ended December 31, 2023 and 2022**

(See Independent Auditor's Report)

# McLeod | Ascanio

Certified Public Accountants

## Independent Auditor's Report

To the Board of Directors of  
Animal Refuge League of Greater Portland

### Opinion

We have audited the accompanying financial statements of Animal Refuge League of Greater Portland (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 Animal Refuge League of Greater Portland 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Animal Refuge League of Greater Portland and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Animal Refuge League of Greater Portland's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Animal Refuge League of Greater Portland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Animal Refuge League of Greater Portland'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.

A handwritten signature in black ink, appearing to read "M. Leod/Ascanio". The signature is written in a cursive, flowing style.

Cumberland Foreside, Maine  
July 1, 2024

**ANIMAL REFUGE LEAGUE OF GREATER PORTLAND**

**STATEMENTS OF FINANCIAL POSITION**

as of December 31, 2023 and 2022

*(See Independent Auditor's Report)*

	<u><b>2023</b></u>	<u><b>2022</b></u>
<u><b>ASSETS</b></u>		
Current assets:		
Cash and equivalents	\$ 223,583	\$ 678,016
Accounts receivable	7,169	2,759
Pledges receivable, current portion	-	50,000
Investments	9,642,205	6,914,682
Inventory	11,366	16,291
Prepaid expenses	59,311	46,745
Other current assets	735	714
Total current assets	<u>9,944,369</u>	<u>7,709,207</u>
Property, plant and equipment:		
Land and improvements	478,550	467,894
Buildings and improvements	11,978,075	9,802,990
Machinery and equipment	1,019,051	973,562
Vehicles	182,721	182,721
Construction in progress	-	390,835
	<u>13,658,397</u>	<u>11,818,002</u>
Less: accumulated depreciation	<u>(3,708,088)</u>	<u>(3,461,813)</u>
Total property, plant and equipment, net	9,950,309	8,356,189
Other assets:		
Note receivable	275,000	300,000
Restricted endowment	29,469	29,234
Investments held by outside trusts	82,410	73,785
Total other assets	<u>386,879</u>	<u>403,019</u>
Total assets	<u><u>\$ 20,281,557</u></u>	<u><u>\$ 16,468,415</u></u>
<u><b>LIABILITIES AND NET ASSETS</b></u>		
Current liabilities:		
Notes payable, current portion	\$ 413,925	\$ 464,229
Accounts payable	69,811	179,904
Accrued expenses	272,280	49,993
Deferred revenue	79,486	-
Total current liabilities	<u>835,502</u>	<u>694,126</u>
Other liabilities:		
Notes payable, net of current portion	1,241,775	1,856,914
Private unfunded pension	36,000	44,000
Total other liabilities	<u>1,277,775</u>	<u>1,900,914</u>
Net assets:		
Without donor restrictions	18,045,793	13,702,524
With donor restrictions	122,487	170,851
Total net assets	<u>18,168,280</u>	<u>13,873,375</u>
Total liabilities and net assets	<u><u>\$ 20,281,557</u></u>	<u><u>\$ 16,468,415</u></u>

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

# ANIMAL REFUGE LEAGUE OF GREATER PORTLAND

## STATEMENT OF ACTIVITIES

for the year ended December 31, 2023

*(See Independent Auditor's Report)*

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues, gains and other support:			
Contributions	\$ 898,548	\$ 12,527	\$ 911,075
Bequests	4,587,745	-	4,587,745
Annual fund	433,019	-	433,019
Municipal contracts	317,943	-	317,943
Placed animal adoption fees	674,414	-	674,414
Shelter services	218,532	-	218,532
Special events	319,291	-	319,291
In-kind donations	278,688	-	278,688
Merchandise sales	28,576	-	28,576
Other income	3,989	-	3,989
Net assets released from restrictions:			
Satisfaction of time and purpose restrictions	69,516	(69,516)	-
Total operating revenues, gains and other support	7,830,261	(56,989)	7,773,272
Operating expenses:			
Program services	3,765,091	-	3,765,091
Management and general	415,939	-	415,939
Fundraising	531,864	-	531,864
Total operating expenses	4,712,894	-	4,712,894
Operating revenues, gains and other support in excess (deficit) of operating expenses	3,117,367	(56,989)	3,060,378
Other revenue (expenses):			
Dividends and interest, net of fees totaling \$33,217	213,091	-	213,091
Trust income	2,218	-	2,218
Realized and unrealized gains (losses) on investments, net	1,028,690	-	1,028,690
Change in value of investments held by outside trusts	-	8,625	8,625
Gains (losses) on disposal of property, plant and equipment, net	(18,097)	-	(18,097)
Total other revenue (expenses)	1,225,902	8,625	1,234,527
Change in net assets	4,343,269	(48,364)	4,294,905
Net assets - beginning of the year	13,702,524	170,851	13,873,375
Net assets - end of the year	\$ 18,045,793	\$ 122,487	\$ 18,168,280

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

**ANIMAL REFUGE LEAGUE OF GREATER PORTLAND**

**STATEMENT OF ACTIVITIES**

for the year ended December 31, 2022

*(See Independent Auditor's Report)*

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues, gains and other support:			
Contributions	\$ 801,290	\$ 32,348	\$ 833,638
Bequests	1,202,528	-	1,202,528
Annual fund	471,744	-	471,744
Municipal contracts	303,997	-	303,997
Placed animal adoption fees	810,633	-	810,633
Shelter services	297,756	-	297,756
Special events	323,045	-	323,045
In-kind donations	100,718	-	100,718
Merchandise sales	39,135	-	39,135
Other income	11,310	-	11,310
Net assets released from restrictions:			
Satisfaction of time and purpose restrictions	130,508	(130,508)	-
Total operating revenues, gains and other support	4,492,664	(98,160)	4,394,504
Operating expenses:			
Program services	3,333,810	-	3,333,810
Management and general	433,140	-	433,140
Fundraising	525,028	-	525,028
Total operating expenses	4,291,978	-	4,291,978
Operating revenues, gains and other support in excess (deficit) of operating expenses	200,686	(98,160)	102,526
Other revenue (expenses):			
Dividends and interest, net of fees totaling \$24,794	109,603	-	109,603
Trust income	2,432	-	2,432
Realized and unrealized gains (losses) on investments, net	(1,276,617)	-	(1,276,617)
Change in value of investments held by outside trusts	-	(20,733)	(20,733)
Total other revenue (expenses)	(1,164,582)	(20,733)	(1,185,315)
Change in net assets	(963,896)	(118,893)	(1,082,789)
Net assets - beginning of the year	14,666,420	289,744	14,956,164
Net assets - end of the year	<u>\$ 13,702,524</u>	<u>\$ 170,851</u>	<u>\$ 13,873,375</u>

**ANIMAL REFUGE LEAGUE OF GREATER PORTLAND**

**STATEMENT OF FUNCTIONAL EXPENSES**

for the year ended December 31, 2023

*(See Independent Auditor's Report)*

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,765,083	\$ 214,737	\$ 183,123	\$ 2,162,943
Depreciation	373,833	-	-	373,833
In-kind donations	276,656	957	1,075	278,688
Veterinarian fees and supplies	257,795	82	63	257,940
Repairs and maintenance	163,400	32,007	31,765	227,172
Payroll taxes	131,418	15,997	13,641	161,056
Computer services	117,952	19,360	20,632	157,944
Employee benefits	118,390	24,100	14,171	156,661
Utilities	103,837	20,081	19,925	143,843
Interest expense	83,721	18,333	18,333	120,387
Fundraising expense	8,526	-	111,322	119,848
Shelter operations	101,575	2,178	2,171	105,924
Bank and payroll fees	54,135	5,156	24,324	83,615
Special events expense	-	-	59,563	59,563
Insurance	36,486	10,569	7,905	54,960
Animal transport expenses	50,151	-	-	50,151
Miscellaneous	35,676	8,356	365	44,397
Professional fees	2,985	29,519	-	32,504
Educational expenses	25,932	-	-	25,932
Telephone	15,761	3,377	3,377	22,515
Printing and postage	5,451	1,927	8,856	16,234
Merchandise for resale	13,766	-	-	13,766
Advertising	2,182	200	10,269	12,651
Impound fees	7,765	-	-	7,765
Dues and licenses	4,602	2,787	320	7,709
Travel and vehicle expenses	4,390	1,404	243	6,037
Office supplies and expenses	3,623	692	421	4,736
Pension expense	-	4,120	-	4,120
Total expenses	<u>\$ 3,765,091</u>	<u>\$ 415,939</u>	<u>\$ 531,864</u>	<u>\$ 4,712,894</u>

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

**ANIMAL REFUGE LEAGUE OF GREATER PORTLAND**

**STATEMENT OF FUNCTIONAL EXPENSES**

for the year ended December 31, 2022

*(See Independent Auditor's Report)*

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,722,378	\$ 208,058	\$ 150,139	\$ 2,080,575
Depreciation	276,560	59,159	59,159	394,878
Veterinarian fees and supplies	217,099	890	10	217,999
Repairs and maintenance	150,622	27,733	30,337	208,692
Payroll taxes	128,595	15,534	11,208	155,337
Employee benefits	118,532	21,158	12,782	152,472
Utilities	91,942	17,296	16,734	125,972
Fundraising expense	11,327	-	109,765	121,092
Interest expense	83,966	17,816	17,816	119,598
In-kind donations	100,718	-	-	100,718
Shelter operations	84,992	2,018	2,018	89,028
Animal transport expenses	83,292	-	-	83,292
Bank and payroll fees	50,700	3,865	25,079	79,644
Insurance	51,990	6,846	8,543	67,379
Special events expense	-	-	56,504	56,504
Computer services	37,019	8,038	8,258	53,315
Miscellaneous	29,985	15,801	55	45,841
Telephone	15,500	3,188	3,188	21,876
Merchandise for resale	18,086	-	-	18,086
Educational expenses	17,461	-	-	17,461
Travel and vehicle expenses	16,082	371	147	16,600
Professional fees	1,358	15,001	-	16,359
Advertising	3,121	245	10,604	13,970
Dues and licenses	8,465	2,504	20	10,989
Printing and postage	5,121	1,652	2,110	8,883
Office supplies and expenses	3,904	822	552	5,278
Pension expense	-	5,120	-	5,120
Impound fees	4,995	25	-	5,020
Total expenses	<u>\$ 3,333,810</u>	<u>\$ 433,140</u>	<u>\$ 525,028</u>	<u>\$ 4,291,978</u>

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



# ANIMAL REFUGE LEAGUE OF GREATER PORTLAND

## STATEMENTS OF CASH FLOWS

as of December 31, 2023 and 2022

*(See Independent Auditor's Report)*

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,294,905	\$ (1,082,789)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	373,833	394,878
Realized and unrealized (gains) losses on investments, net	(1,028,690)	1,276,617
Change in value of investments held by outside trusts	(8,625)	20,733
Donated investments	(18,978)	(12,381)
Donated property, plant and equipment	-	-
(Increase) decrease in operating assets:		
Accounts receivable	(4,410)	2,220
Grants receivable	25,000	50,000
Note receivable	50,000	50,000
Inventory	4,925	1,451
Prepaid expenses	(12,566)	21,263
Other current assets	(21)	2,297
Increase (decrease) in operating liabilities:		
Accounts payable	(110,093)	92,730
Accrued expenses	222,287	1,146
Deferred revenue	79,486	-
Private unfunded pension	(8,000)	(7,000)
Net cash provided (used) by operating activities	3,877,150	811,165
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,986,050)	(362,607)
Proceeds from sale of investments	2,294,947	707,228
Purchases of investments	(3,974,802)	(810,736)
Net cash provided (used) by investing activities	(3,665,905)	(466,115)
Cash flows from financing activities:		
Repayments of notes payable	(665,443)	(464,229)
Net cash provided (used) by financing activities	(665,443)	(464,229)
Net change in cash and equivalents, and restricted endowment during the year	(454,198)	(119,179)
Cash and equivalents, and restricted endowment - beginning of the year	707,250	826,429
Cash and equivalents, and restricted endowment - end of the year	<u>\$ 253,052</u>	<u>\$ 707,250</u>
<i>Supplemental cash flow disclosures:</i>		
Cash paid for interest	<u>\$ 122,218</u>	<u>\$ 118,772</u>

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

# ANIMAL REFUGE LEAGUE OF GREATER PORTLAND

## NOTES TO THE FINANCIAL STATEMENTS for the years ended December 31, 2023 and 2022 (See Independent Auditor's Report)

### 1. NATURE OF THE ORGANIZATION:

The Animal Refuge League of Greater Portland (the Organization) nurtures the connection between people and pets to advance animal welfare and improve the quality of life in its community. The Organization provides temporary care and shelter for stray, abandoned, confiscated, and relinquished animals, and places as many as possible into responsible and caring homes. The Organization also works to create awareness and support for the humane treatment of all animals, to end animal overpopulation through education and the promotion of spaying and neutering, and to make end-of-life decisions based on safety and animal welfare considerations. The Organization's principal sources of revenue are donations, fees, investment income and fundraising activities.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Basis of Presentation

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

#### Net Assets with Donor Restrictions

Net assets subject to donor-imposed restrictions that may/will be met, either by actions of the Organization and/or the passage of time, or that net assets be maintained permanently by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions.

#### Cash and Equivalents

Cash and equivalents include cash in banks and all highly liquid investments with original maturities of three months or less at the time of purchase. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash and equivalents.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, or reserves against, any specific accounts deemed to have collection risks. No allowance for bad debt was considered necessary at December 31, 2023 and 2022.

#### Pledges Receivable

In accordance with Accounting Standards Update (ASU) 2016-14, the Organization is required to discount pledges that are not fully collectible within one year to their present value; these discounts are ratably amortized over the life of the pledges. The Organization uses the allowance method to account for uncollectible pledges. The allowance is based on management's estimate of possible bad debts.

Conditional pledges are not recorded until the conditions on which they depend are substantially met.

#### Bequests Receivable

Bequests in valid wills and trusts are considered conditional promises to give and, as such, are not recorded as income for financial statement purposes until received.

**ANIMAL REFUGE LEAGUE OF GREATER PORTLAND**

NOTES TO THE FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

*(See Independent Auditor's Report)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Inventory

Inventory consists of items held for resale and is valued at the lower of cost or market. Cost is determined by specific identification of each unit.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Contributed assets are carried at their fair market value at the time of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives as follows:

	<u>Years</u>
Land improvements	15-25
Buildings and improvements	5-39
Machinery and equipment	3-25
Vehicles	5

Expenditures over \$5,000 for major renewals and betterments, which extend the useful lives of property, plant and equipment, are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. For assets sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities.

Depreciation expense for the years ended December 31, 2023 and 2022 was \$373,833 and \$394,878, respectively.

Measure of Operations

In its statements of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Non-operating support and revenues include such items as: dividends and interest, net of brokerage fees; trust income; realized and unrealized gains and losses on investments; change in value of investments held by outside trusts; and gains and losses on disposal of property, plant and equipment.

Revenue Recognition

Contributions received are recorded as unrestricted or restricted support, depending on the existence of any donor restrictions, when a binding commitment has been made by the donors. Adoption fees are recognized when the animal has been placed with an individual for adoption. Shelter service fees are recognized when the service specified has been performed. Municipal contract income is recognized based on the terms of the annual contracts with the municipalities. The performance obligation of each contract is satisfied over the term of one year. The municipal contract fees are billed and collected in even, quarterly installments. As a practical expedient, the Organization considers each contract to be one performance obligation, unless the circumstances dictate otherwise. Funds received in advance of work performed are recorded as deferred revenue until earned.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, restricted by the donor in perpetuity, or restricted for specific purposes, are reported as an increase in net assets with donor restrictions. When a donor restriction expires (i.e. 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 statement of activities as net assets released from restrictions.

**ANIMAL REFUGE LEAGUE OF GREATER PORTLAND**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the years ended December 31, 2023 and 2022  
(See Independent Auditor's Report)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Donated Services and Items**

The Organization recognizes donated marketable securities and other noncash items at their estimated fair values at the time of donation. Donated services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The fair value of donated services and items recognized by the Organization for the years ended December 31, 2023 and 2022 was \$278,688 and \$100,718, respectively.

Many individuals volunteer their time and help the Organization with a wide variety of services and programs, both inside and outside the shelter. The Organization receives more than 22,000 volunteer hours per year. The fair value of these services has not been reflected in the financial statements.

**Functional Allocation of Expenses**

Expenses are presented by both their nature and function in the statements of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and, thus, require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, capital improvements, repairs and maintenance, utilities, and property/liability insurance which are allocated on a square-footage basis; and salaries and wages, employee benefits, payroll taxes, and pension expense, which are allocated on the basis of estimates of time and effort. All other expenses are allocated based on the actual expenditures incurred by related programs and departments and are tracked in the Organization's accounting software by function.

**Advertising**

Advertising costs are expensed as they are incurred. Advertising costs for the years ended December 31, 2023 and 2022 were \$12,651 and \$13,970, respectively.

**Income Tax Status**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax is required. Management has evaluated the Organization's tax positions and concluded that, as of December 31, 2023 and 2022, it does not believe that any tax positions that would require adjustments to the financial statements have been taken. As of December 31, 2023, the Organization was open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ended December 31, 2020 through 2023.

**Accounting Estimates and Assumptions**

The preparation of financial statements in conformity with GAAP 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.

**3. PLEDGES RECEIVABLE:**

As of December 31, 2023, pledges receivable balance was zero. As of December 31, 2022, pledges receivable balance was \$50,000 with the full balance due in less than one year. Management believed that all pledges were fully collectible; therefore, no allowance for uncollectible accounts had been recorded.

**4. NOTE RECEIVABLE:**

During the year ended December 31, 2012, the Organization sold 51.62 acres of land to Stroudwater Landing LLC in exchange for \$240,000 cash and a note receivable for \$760,000 secured by a mortgage deed on the land. The note had monthly interest-only payments until a required principal payment of \$460,000 was made during the year ended December 31, 2015. Interest on the remaining \$300,000 principal is paid monthly. During the year ended December 31, 2022, the note was amended to extend the due date through December 31, 2025, with \$25,000 principal payments due December 31, 2023 and 2024, and the remaining outstanding principal and any accrued interest due December 31, 2025.

# ANIMAL REFUGE LEAGUE OF GREATER PORTLAND

## NOTES TO THE FINANCIAL STATEMENTS for the years ended December 31, 2023 and 2022 (See Independent Auditor's Report)

### 5. INVESTMENTS:

Investments are carried at fair value, and realized and unrealized gains and losses, and investment income are reflected in the statements of activities.

Investments were composed of the following as of December 31:

	2023	2022
Equities	\$ 3,798,103	\$ 3,543,643
Cash and money market funds	2,731,148	443,292
Fixed income	2,106,149	2,015,759
Exchange traded funds	462,412	425,238
Equity funds	397,628	382,345
Other	146,765	104,405
Total	<u>\$ 9,642,205</u>	<u>\$ 6,914,682</u>

Investment activity is reflected in the following table for the years ended December 31:

	2023	2022
Investments - beginning of the year	\$ 6,914,682	\$ 8,075,409
Deposits	3,500,000	-
Donated investments	18,978	12,381
Investment returns, net:		
Dividends and interest, net of fees	189,854	103,509
Realized and unrealized gains (losses)	1,028,690	(1,276,617)
Total investment returns, net	1,218,544	(1,173,108)
Amounts appropriated for current operations	(2,010,000)	-
Investments - end of the year	<u>\$ 9,642,205</u>	<u>\$ 6,914,682</u>

The Organization invests in various investment securities and money market funds. Due to the level of risk associated with investments, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported in the statements of financial position.

### 6. RESTRICTED ENDOWMENT:

During the year ended December 31, 2012, the Organization received an endowment from Bruce and Lottie Tornquist which stipulated that the principal be invested and the income only be used for the benefit of the Organization. The principal is currently invested in a savings account.

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2023			
Endowment - beginning of the year	\$ 863	\$ 28,371	\$ 29,234
Interest	235	-	235
Endowment - end of the year	<u>\$ 1,098</u>	<u>\$ 28,371</u>	<u>\$ 29,469</u>
December 31, 2022			
Endowment - beginning of the year	\$ 754	\$ 28,371	\$ 29,125
Interest	109	-	109
Endowment - end of the year	<u>\$ 863</u>	<u>\$ 28,371</u>	<u>\$ 29,234</u>

**ANIMAL REFUGE LEAGUE OF GREATER PORTLAND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the years ended December 31, 2023 and 2022

(See Independent Auditor's Report)

**7. INVESTMENTS HELD BY OUTSIDE TRUSTS:**

The Organization is a beneficiary of the following charitable trusts:

**Lana S. Morton Trust**

The Organization is a beneficiary of the Lana S. Morton charitable trust that was established in perpetuity and is held and administered by an outside trustee. Under the terms of the trust, the outside trustee pays the income of the trust equally to one life-time income beneficiary and the Organization. Upon the death of the beneficiary, 100% of the annual income will be distributed to the Organization in perpetuity. The trust's owned assets for the benefit of the Organization had a market value of \$36,658 and \$32,255 as of December 31, 2023 and 2022, respectively. Distributions from the trust totaled \$508 and \$329 during the years ended December 31, 2023 and 2022, respectively.

**Madge C. Fairfax Trust**

The Organization is a beneficiary of the Madge C. Fairfax charitable trust that was established in perpetuity and is held and administered by an outside trustee. The Organization will receive annual distributions equal to 3.28% of the income of the trust in perpetuity. The trust's owned assets for the benefit of the Organization had a market value of \$21,291 and \$19,393 as of December 31, 2023 and 2022, respectively. Distributions from the trust totaled \$882 and \$1,148 during the years ended December 31, 2023 and 2022, respectively.

**Pauline Bill Trust**

The Organization is a beneficiary of the Pauline Bill charitable trust that was established in perpetuity and is held and administered by an outside trustee. The Organization will receive annual distributions equal to 3.28% of the income of the trust in perpetuity. The trust's owned assets for the benefit of the Organization had a market value of \$24,461 and \$22,136 as of December 31, 2023 and 2022, respectively. Distributions from the trust totaled \$828 and \$955 during the years ended December 31, 2023 and 2022, respectively.

**8. FAIR VALUE MEASUREMENTS:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

**Level 1** – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

**Level 2** – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

**Level 3** – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

# ANIMAL REFUGE LEAGUE OF GREATER PORTLAND

## NOTES TO THE FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

(See Independent Auditor's Report)

### 8. FAIR VALUE MEASUREMENTS (CONTINUED):

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the years ended December 31, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

#### Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

#### Investments Held by Outside Trusts

The fair value of investments held by outside trusts has been measured by multiplying the trusts' market values based on quoted market prices by the percentage of assets each trust held for the benefit of the Organization.

Fair values of assets measured on a recurring basis are as follows:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
December 31, 2023				
Investments	\$ 9,642,205	\$ -	\$ -	\$ 9,642,205
Investments held by outside trusts	-	82,410	-	82,410
	<u>\$ 9,642,205</u>	<u>\$ 82,410</u>	<u>\$ -</u>	<u>\$ 9,724,615</u>
December 31, 2022				
Investments	\$ 6,914,682	\$ -	\$ -	\$ 6,914,682
Investments held by outside trusts	-	73,785	-	73,785
	<u>\$ 6,914,682</u>	<u>\$ 73,785</u>	<u>\$ -</u>	<u>\$ 6,988,467</u>

There were no transfers between the levels in the fair value hierarchy during the years ended December 31, 2023 and 2022.

The carrying amounts of cash and equivalents, accounts receivables, pledges receivable, note receivable, inventory, prepaid expenses, restricted endowment, other current assets, line of credit, notes payable, accounts payable, accrued expenses, deferred revenue, and private unfunded pension approximate fair value.

### 9. PRIVATE UNFUNDED PENSION:

The Organization has formal agreements with two former employees. Terms of the agreements call for annual payments of \$8,100 and \$4,020 for the remainder of the respective employees' lives. These agreements are considered non-qualified pensions. The Plan is unfunded and the liability, which is recorded at the net present value of expected future payments, in the amount of approximately \$36,000 and \$44,000 has been recorded as of December 31, 2023 and 2022, respectively.

### 10. LINE OF CREDIT:

The Organization has a \$100,000 working capital line of credit agreement with a lending institution. Interest is charged at the Wall Street Journal Prime rate with a floor of 4% adjusting daily. Monthly payments of all accrued interest are due as of each payment date. The line of credit is secured by the shared first security interest in all business assets of the Organization and is set to be renewed annually.

There was no balance outstanding as of December 31, 2023 and 2022.

# ANIMAL REFUGE LEAGUE OF GREATER PORTLAND

## NOTES TO THE FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

(See Independent Auditor's Report)

### 11. NOTES PAYABLE:

Notes payable consisted of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Construction note payable to a lending institution, entered into on April 14, 2016, at a fixed interest rate of 3.99% for the first 78 months, then floating at the Wall Street Journal Prime rate with a floor of 4% and a ceiling of 5.5% adjusting daily for the remaining 60 months; up to 18 months interest only payments during the "construction phase" followed by 120 monthly interest payments with an annual principal reduction totaling \$413,925, due in each 12 month period during the "repayment phase" of 10 years; secured by the first security interest in real property, buildings, improvements and personal property located at 449 Stroudwater Street, Westbrook, Maine, collateral assignment of leases, rents, plans, specifications, permits, contracts and approvals on the new facility as well as the existing facility, and the shared first security interest in all business assets of the Organization.	\$ 1,655,700	\$ 2,069,625
Construction note payable to a lending institution, entered into on April 14, 2016, at a fixed interest rate of 3.99% for the first 78 months, then floating at the Wall Street Journal Prime rate with a floor of 4% and a ceiling of 5.5% adjusting daily for the remaining 60 months; up to 18 months interest only payments during the "construction phase" followed by 120 monthly interest payments with an annual principal reduction totaling \$50,304, due in each 12 month period during the "repayment phase" of 10 years; secured by the first security interest in real property, buildings, improvements and personal property located at 449 Stroudwater Street, Westbrook, Maine, collateral assignment of leases, rents, plans, specifications, permits, contracts and approvals on the new facility as well as the existing facility, and the shared first security interest in all business assets of the Organization.	-	251,518
	1,655,700	2,321,143
Less current portion	(413,925)	(464,229)
Notes payable, net of current portion	<u>\$ 1,241,775</u>	<u>\$ 1,856,914</u>

The repayment phase on these notes payable began in November 2017.

Maturities of notes payable over the next five years are as follows:

2024	\$ 413,925
2025	413,925
2026	413,925
2027	413,925
Total	<u>\$ 1,655,700</u>

The loan agreements include compliance with a loan covenant. As of December 31, 2023 and 2022, the Organization was in compliance with it.



# ANIMAL REFUGE LEAGUE OF GREATER PORTLAND

## NOTES TO THE FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

(See Independent Auditor's Report)

### 12. NET ASSETS WITH DONOR RESTRICTIONS:

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

	2023	2022
Subject to expenditure for specific purposes:		
Restricted to capacity building, pet training and behavioral department start-up	\$ 3,812	\$ 4,023
Restricted to animal emergency fund	3,169	3,168
Restricted to purchase of a neonatal kitten incubator	260	260
Restricted to kitten foster kits and education materials	-	3,138
Restricted to animal food	-	2,000
Restricted to other uses	4,465	6,106
Subject to the passage of time:		
Pledges receivable	-	50,000
Not subject to appropriation and expenditure:		
Donor-designated permanent endowment fund, Note 6	28,371	28,371
Investments held by outside trusts, Note 7	82,410	73,785
Total	<u>\$ 122,487</u>	<u>\$ 170,851</u>

### 13. NET ASSETS RELEASED FROM DONOR RESTRICTIONS:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes; the passage of time; or other events specified by donors as follows:

	2023	2022
Purpose restrictions accomplished:		
Restricted to capacity building, pet training and behavioral department start-up	\$ 211	\$ 209
Restricted to animal emergency fund	8,526	11,328
Restricted to veterinary care	-	1,552
Restricted to animal food	2,000	-
Restricted to kitten foster kits and education materials	3,138	3,062
Restricted to vaccine clinic	4,000	4,581
Restricted to other uses	1,641	9,776
Subject of time release:		
Pledges receivable	50,000	50,000
Grants receivable	-	50,000
Total restrictions released	<u>\$ 69,516</u>	<u>\$ 130,508</u>

### 14. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization could also draw upon its available line of credit (refer to Note 10).

# ANIMAL REFUGE LEAGUE OF GREATER PORTLAND

## NOTES TO THE FINANCIAL STATEMENTS for the years ended December 31, 2023 and 2022 (See Independent Auditor's Report)

### 14. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED):

The following reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position dates.

	2023	2022
Financial assets, at year end	\$ 10,331,248	\$ 8,112,226
Less those unavailable for general expenditures within one year, due to:		
Minimum securities balance required under lending arrangements	4,000,000	4,000,000
Contractual or donor-imposed restrictions:		
Restricted by donors with time or purpose restrictions	11,706	68,695
Restricted by donors in perpetuity	110,781	102,156
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 6,208,761</u>	<u>\$ 3,941,375</u>

### 15. SPECIAL EVENTS:

Special events consisted of the following for the years ended:

	Special Events		
	Revenue	Expenses	Net
December 31, 2023			
Holiday Open House	\$ 17,631	\$ (9,182)	\$ 8,449
Ales for Tails	26,960	(11,731)	15,229
Shelter Sleep In	103,957	(5,973)	97,984
Golf tournament	23,677	(9,464)	14,213
Plant sale	9,346	(20)	9,326
Other fundraisers	137,720	(23,193)	114,527
	<u>\$ 319,291</u>	<u>\$ (59,563)</u>	<u>\$ 259,728</u>

	Special Events		
	Revenue	Expenses	Net
December 31, 2022			
Holiday Open House	\$ 18,259	\$ (10,164)	\$ 8,095
Ales for Tails	39,692	(13,722)	25,970
Shelter Sleep In	109,636	(4,887)	104,749
Golf tournament	25,919	(10,061)	15,858
Plant sale	11,555	(1,025)	10,530
Other fundraisers	117,984	(16,645)	101,339
	<u>\$ 323,045</u>	<u>\$ (56,504)</u>	<u>\$ 266,541</u>

### 16. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through July 1, 2024, the date the financial statements were available to be issued.

No matters have arisen since year-end through the date of management's evaluation date that would require adjustment to the financial statements or disclosures presented herein.