

**ANIMAL FRIENDS ALLIANCE**  
**AUDITED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Animal Friends Alliance  
Fort Collins, Colorado

### **Opinion**

We have audited the accompanying financial statements of Animal Friends Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animal Friends Alliance as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 Friends Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Animal Friends 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 Responsibility 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is 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 Friends 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 Animal Friends 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.

*Cindy McGrorey CPA*

Cindy McGrorey, CPA, LLC  
Certified Public Accountant

April 30, 2023

**ANIMAL FRIENDS ALLIANCE**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

<b>ASSETS</b>	2022	2021
Current Assets:		
Cash	\$ 797,853	\$ 1,603,933
Accounts Receivable (net)	22,496	4,062
Capital Campaign Pledges Receivable	24,292	585,424
Inventory	5,625	9,217
Prepaid Expenses	20,150	17,782
<b>Total Current Assets</b>	870,416	2,220,418
Other Assets:		
Property and Equipment	5,007,504	2,419,311
Less: Accumulated Depreciation	(415,857)	(336,478)
Net Property and Equipment	4,591,647	2,082,833
Assets held at Community Foundation	20,078	23,496
<b>TOTAL ASSETS</b>	\$ 5,482,141	\$ 4,326,747
 <b>LIABILITIES &amp; NET ASSETS</b>		
Current Liabilities:		
Accounts Payable	\$ 52,138	\$ 73,709
Accrued Payroll Liabilities	145,446	121,952
Deferred Revenue	10,750	-
Current Portion of Notes Payable	17,811	39,695
<b>Total Current Liabilities</b>	226,145	235,356
Long Term Portion of Notes Payable	1,126,009	1,052,727
<b>TOTAL LIABILITIES</b>	1,352,154	1,288,083
<b>NET ASSETS:</b>		
Without Donor Restrictions	4,033,579	1,617,623
With Donor Restrictions	96,408	1,421,041
<b>TOTAL NET ASSETS</b>	4,129,987	3,038,664
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 5,482,141	\$ 4,326,747

**ANIMAL FRIENDS ALLIANCE  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31,**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE:</b>						
Clinic income	\$ 892,707	\$ -	\$ 892,707	\$ 763,873	\$ -	\$ 763,873
Shelter income	806,316	-	806,316	734,281	-	734,281
Grooming Services	-	-	-	148,235	-	148,235
Merchandise sales, net	12,407	-	12,407	17,025	-	17,025
Other Income	18,353	-	18,353	23,732	-	23,732
<b>TOTAL REVENUE:</b>	<u>1,729,783</u>	<u>-</u>	<u>1,729,783</u>	<u>1,687,146</u>	<u>-</u>	<u>1,687,146</u>
<b>PUBLIC SUPPORT:</b>						
Grants and Contributions	1,220,467	1,409,444	2,629,911	1,097,370	1,234,966	2,332,336
Fundraisers, net	241,424	-	241,424	176,660	-	176,660
In-kind contributions	303,525	-	303,525	231,343	-	231,343
Released from restrictions	2,734,077	(2,734,077)	-	420,287	(420,287)	-
<b>TOTAL PUBLIC SUPPORT:</b>	<u>4,499,493</u>	<u>(1,324,633)</u>	<u>3,174,860</u>	<u>1,925,660</u>	<u>814,679</u>	<u>2,740,339</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE:</b>	<u>6,229,276</u>	<u>(1,324,633)</u>	<u>4,904,643</u>	<u>3,612,806</u>	<u>814,679</u>	<u>4,427,485</u>
<b>EXPENSES:</b>						
Program Services:						
Animal care	3,198,791	-	3,198,791	2,999,347	-	2,999,347
Support Services:						
Management and general	238,157	-	238,157	179,619	-	179,619
Fundraising	376,372	-	376,372	334,189	-	334,189
<b>TOTAL EXPENSES:</b>	<u>3,813,320</u>	<u>-</u>	<u>3,813,320</u>	<u>3,513,155</u>	<u>-</u>	<u>3,513,155</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 2,415,956</u>	<u>\$ (1,324,633)</u>	<u>\$ 1,091,323</u>	<u>\$ 99,651</u>	<u>\$ 814,679</u>	<u>\$ 914,330</u>
Equity Increase from transfer of assets	-	-	-	-	-	-
<b>NET ASSETS</b> Beginning of year	<u>1,617,623</u>	<u>1,421,041</u>	<u>3,038,664</u>	<u>1,517,972</u>	<u>606,362</u>	<u>2,124,334</u>
<b>NET ASSETS</b> End of year	<u>\$ 4,033,579</u>	<u>\$ 96,408</u>	<u>\$ 4,129,987</u>	<u>\$ 1,617,623</u>	<u>\$ 1,421,041</u>	<u>\$ 3,038,664</u>

**ANIMAL FRIENDS ALLIANCE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31,**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 1,091,323	\$ 914,330
Adjustment for non-cash items:		
Depreciation	79,379	67,373
Unrealized loss (gain) on investments	3,939	(3,444)
Donation of fixed assets	(5,000)	-
Decrease (increase) in accounts receivable	(18,434)	391
Decrease (increase) in pledges & grants receivable	561,132	(213,329)
Decrease (increase) in inventory	3,592	2,232
Decrease (increase) in prepaid expenses	(2,368)	20,352
Increase (decrease) in accounts payable	(21,571)	(19,303)
Increase (decrease) in accrued expenses	23,494	9,927
Increase (decrease) in deferred revenue	10,750	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,726,236</b>	<b>778,529</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital improvements	(2,567,870)	(158,525)
Purchases of furniture and equipment	(15,322)	-
Additions to long-term investment	(522)	(339)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,583,714)</b>	<b>(158,864)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Draws on construction note	61,120	-
Principal payments on mortgage notes	(9,722)	(37,841)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>51,398</b>	<b>(37,841)</b>
<b>NET INCREASE IN CASH</b>	<b>(806,080)</b>	<b>581,824</b>
<b>CASH BALANCE</b> Beginning of year	1,603,933	1,022,109
<b>CASH BALANCE</b> End of year	<b>\$ 797,853</b>	<b>\$ 1,603,933</b>
Interest Paid	\$ 45,271	\$ 47,218
Taxes Paid	\$ -	\$ -

Non-cash transactions:

- I. Three mortgage notes outstanding were paid off by refinancing into 1 construction/mortgage note in the amount of \$1,092,415, inclusive of closing costs. (See Note 5 for more detail)

**ANIMAL FRIENDS ALLIANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
	<u>Animal Care</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Advertising	\$ 19,196	\$ -	\$ -	\$ 19,196
Animal transportation	21,763	-	-	21,763
Bank charges	32,667	6,533	26,134	65,334
Contract labor	26,074	10,792	14,000	50,866
Depreciation	72,770	2,688	3,921	79,379
Donated services	39,060	6,820	3,772	49,652
Facility maintenance	50,921	1,211	854	52,986
Fundraising expenses	-	-	83,665	83,665
General business expenses	20,121	2,219	2,293	24,633
Insurance	36,864	3,060	4,098	44,022
Interest expense	38,409	6,862	-	45,271
Moving expenses	17,241	-	-	17,241
Personnel: salaries	1,780,871	147,782	197,977	2,126,630
Personnel: payroll taxes	140,396	11,650	15,608	167,654
Personnel: employee benefits	69,742	19,743	7,497	96,982
Postage & printing	12,796	2,693	6,819	22,308
Rent and condo fees	51,202	2,250	2,813	56,265
Supplies: office	16,009	7,846	2,739	26,594
Supplies: veterinary & medical	366,463	-	-	366,463
Supplies: clinic and shelter	266,802	-	-	266,802
Telephone and internet	35,941	2,459	2,150	40,550
Utilities	26,139	3,549	2,031	31,719
Veterinary & lab services	43,300	-	-	43,300
Volunteer program	14,044	-	-	14,044
<b>Total Expenses</b>	<b>\$ 3,198,791</b>	<b>\$ 238,157</b>	<b>\$ 376,371</b>	<b>\$ 3,813,319</b>



**ANIMAL FRIENDS ALLIANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Program</u>	<u>Support Services</u>		<u>Total</u>
	<u>Animal Care</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Animal transportation	\$ 18,352	\$ -	\$ -	\$ 18,352
Bank charges	38,864	1,943	7,773	48,580
Contract labor	44,098	1,500	18,400	63,998
Depreciation	60,636	6,737	-	67,373
Donated services	50,642	2,665	-	53,307
Donated supplies	169,134	7,121	1,780	178,035
Facility maintenance	45,578	1,920	960	48,458
Fundraising expenses	-	-	72,240	72,240
General business expenses	17,246	2,482	1,298	21,026
Insurance	33,332	1,976	3,724	39,032
Interest expense	40,135	7,083	-	47,218
License/dues/registrations	7,831	2,577	1,224	11,632
Personnel: salaries	1,702,685	100,957	190,224	1,993,866
Personnel: payroll taxes	132,206	7,839	14,770	154,815
Personnel: benefits	64,612	21,445	7,180	93,237
Postage & printing	12,714	3,860	3,040	19,614
Program advertising	15,927	-	-	15,927
Rent and condo fees	47,649	3,885	3,885	55,419
Supplies: office	15,514	1,589	953	18,056
Supplies: veterinary & medical	392,624	-	-	392,624
Supplies: shelter & grooming	23,340	-	-	23,340
Telephone and internet	32,799	2,698	5,396	40,893
Utilities	24,154	1,342	1,342	26,838
Volunteer program	9,275	-	-	9,275
<b>Total Expenses</b>	<b><u>\$ 2,999,347</u></b>	<b><u>\$ 179,619</u></b>	<b><u>\$ 334,189</u></b>	<b><u>\$ 3,513,155</u></b>

## **Animal Friends Alliance**

### **NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021**

#### **NOTE 1 – Organization and Nature of Activities**

Animal Friends Alliance (the Organization) is a non-profit organization originally incorporated in 2006 as Fort Collins Cat Rescue & Spay/Neuter Clinic (FCCRSNC), which was committed to the well-being and prevention of overpopulation of cats in the northern Colorado communities. On January 1, 2020 FCCRSNC merged with Animal House, which was dedicated to the well-being and prevention of overpopulation of dogs in the northern Colorado communities, and became Animal Friends Alliance. Now their primary emphasis is two-fold: the prevention of pet homelessness through community pet resources such as subsidized spay/neuter, and the sheltering and placement of surrendered or abandoned cats and dogs into loving homes. The mission of the organization is to provide comprehensive companion animal resources, services, and education to the community to prevent homelessness and promote the human-animal bond. The primary sources of funding for Animal Friends Alliance include subsidized veterinary services, adoption fees, individual and business contributions, and grants.

Animal Friends Alliance is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

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

##### **Basis of Accounting and Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

The Organization presents its financial statements in accordance with the FASB Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions are those assets currently available at the discretion of the Board of Directors for use in the Organization's operations. These assets may include funds that were received without donor restrictions but have been designated by the Board of Directors for specific programs or purposes.

Net Assets with Donor Restrictions are those assets restricted by donors specifically for certain time periods, purposes or programs. When the restriction stipulation ends or is accomplished, the donor restriction is removed and the net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. These assets may include temporarily and permanently restricted net assets.

(continued)

## **Animal Friends Alliance**

### **NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021**

#### **NOTE 2 - Summary of Significant Accounting Policies (continued)**

##### **Cash**

For purposes of balance sheet presentation and reporting of cash flows, the Organization considers all cash on hand and unrestricted demand deposits as cash. At times throughout the year, the Company's cash balance may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Restrictions on cash is detailed in Note 6 and consists of the amount of cash necessary to fulfill unspent donor-imposed restrictions on net assets.

##### **Accounts Receivable**

The Organization requires payment at the time services are rendered. Therefore, accounts receivable balances are historically very low. They are recorded net of any allowance for bad debts, which is based on historical experience combined with a review of the current status of existing receivables. The allowance at December 31, 2021 and 2020 was \$0.

##### **Pledges Receivable**

Pledges receivable consist of outstanding balances on unconditional promises to pay that were made by donors prior to year-end. Per generally accepted accounting principles for not-for-profits, these pledges are recognized as revenue in the statement of activities in the year in which they are made, and are included as 'net assets *with* donor restrictions' in the statement of financial position. These pledges are related to the capital campaign discussed at Note 10.

##### **Inventory**

Inventory is stated at cost, using procedures which approximate the first-in-first-out method of inventory valuation. Inventory consists primarily of pet supplies.

##### **Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. Donated equipment is reported as in-kind contributions and capitalized at fair value on the date of donation. The policy for capitalization is any major asset with a value over \$1,500 and a remaining useful life of three years or more. Depreciation is provided using the straight-line method based upon the estimated useful lives of the assets, which range from three to ten years for furniture, equipment and vehicles and 39 years for real property.

(continued)

## Animal Friends Alliance

### NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

#### NOTE 2 - Summary of Significant Accounting Policies (continued)

##### Fair Value of Financial Instruments

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial instruments that are recognized or disclosed at fair value in the financial statements. The Organization's financial instruments consist of cash, accounts and pledges receivable and the investment with the Community Foundation, all of which are measured at fair value in the statement of financial position. The investment fair value is determined by the instruments' net asset values (NAVs), which are Level 1 measurements in the hierarchy of fair value measures because their fair values are readily determinable (i.e. the instruments can be traded at their published NAVs). None of the financial instruments are held for trading purposes.

##### Support and Revenue

Animal Friends Alliance receives contributions from individual contributors, corporate sponsors, grants and fundraising events. This support may be received either with or without donor restrictions and is classified in the Statement of Activities as such. When donor restrictions from prior periods expire, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

Revenue from unconditional grants and contributions is recognized when received or pledged. Revenue from fundraisers and service fees is recognized when received or earned.

##### Donated Services

Numerous volunteers donate significant time to program services and special events. Per ASC 958-605-30, only donated time that requires specific expertise and would have otherwise been purchased by the organization is reported in the financial statements.

##### Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities and are detailed out in the statements of functional expenses. Supporting services include management and general expenses that are not directly identifiable with any specific function or program but provide for the overall support and direction of the organization. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management as follows:

<u>Expense</u>	<u>Allocation Method</u>
Personnel Costs	Time and effort
General office and operations	Time and effort
Facilities and equipment	Square footage used
Program specific costs	Direct costs

(continued)

## Animal Friends Alliance

### NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

#### NOTE 2 - Summary of Significant Accounting Policies (continued)

##### Advertising Costs

The Organization expenses all advertising costs as incurred, which were \$19,196 and \$20,934 during the years ended December 31, 2022 and 2021, respectively.

##### Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Income Taxes

Animal Friends Alliance is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable Colorado law. In addition, the Organization qualifies as a public charity under Section 170 (b)(1)(A) and is not a private foundation, therefore contributions to the Organization are deductible as charitable contributions.

The Organization files form 990 with federal and state authorities in the state of Colorado. Beginning with the merger of the two entities, the Organization now reports their grooming operations as unrelated business income and pays taxes on that net revenue. The Organization's subsidized veterinary services are not considered unrelated business income as they are substantially related to the Organization's exempt purpose. However, the Organization's form 990 returns are open and subject to examination by the IRS for the years ending December 31, 2018 through 2021.

#### NOTE 3 - Property and Equipment

Property and equipment, at December 31, consisted of:

	<u>2022</u>	<u>2021</u>
Land (non-depreciable)	\$ 284,528	\$ 284,528
Buildings and improvements	4,457,198	1,889,348
Furniture and equipment	188,666	168,323
Vehicles	77,112	77,112
Total Property and Equipment	<u>\$ 5,007,504</u>	<u>\$ 2,419,311</u>
Less: Accumulated Depreciation	<u>(415,857)</u>	<u>(336,478)</u>
Net Property and Equipment	<u>\$ 4,591,647</u>	<u>\$ 2,082,833</u>

(continued)

**Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

**NOTE 4 - Assets Held at Community Foundation**

The account Assets held at Community Foundation consists of funds invested with the Community Foundation of Northern Colorado with the Organization as the beneficiary. It is considered a 'quasi-endowment fund' because the intent is for the Community Foundation to make available a portion of the fund balance each year for use by the Organization, while the remainder of the fund is expected to remain in perpetuity. The amount of funds available for distribution at December 31, 2022 is \$3,729. The Organization does, however, have the right to request larger distributions from the fund for specific purposes if the need arises. The funds were invested specifically from donor-restricted donations to the Organization for this purpose. Net investment earnings of (\$3,542) and \$3,783 for 2022 and 2021 from this investment are included in other income in the statement of activities.

**NOTE 5 - Mortgage Notes and Construction Note Payable**

On April 13, 2022 the Organization refinanced its existing three mortgage notes into one 10-year note payable which acts as a construction mortgage line of credit for the first year. The balances outstanding on the existing three notes were \$1,084,897 at the time of refinancing. The available 'line of credit' on this new note was \$2,094,877, with interest-only payments required for the first year only. The purpose was to provide working capital, if needed, during the final stages of the Taft Campus expansion, which was completed and opened in November of 2022. The balance outstanding on this note as of December 31, 2022 is \$1,143,820 and the Organization did not make any more draws prior to the conversion from a construction note 'line of credit' to a mortgage note payable on April 18, 2023. At this time the balance outstanding remained at \$1,143,820 and the construction note became a 10-year mortgage note with a 25-year amortization, leaving a balance to be refinanced or paid off at the 10-year maturity date. The terms of this note are monthly payments of principal and interest in the amount of \$6,237 using 4.25% interest for the next 48 months and a variable rate based on the FHLB 5-year advance rate plus a margin of 2.25% for the next 60 months.

Future maturities of long-term debt (principal only) as of December 31, 2022 are as follows:

2023	\$ 17,811
2024	27,680
2025	28,879
2026	30,131
2027	31,437
Thereafter	1,007,882
Total	<u>\$1,143,820</u>

(continued)

**Animal Friends Alliance**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

**NOTE 6 – Net Asset Restrictions and Liquidity**

Restrictions on net assets at December 31, 2022 are for the following purposes:

2023 Shelter & Adoption Expenses	\$ 15,000
Spay/Neuter & Community Cat	40,767
Capital Improvements	24,292
Endowment Asset	<u>16,349</u>
Total Net Assets with Restrictions	<u>\$ 96,408</u>

Resources available to meet these restrictions are found in the following assets:

	Pledges <u>Receivable</u>	Available <u>Cash</u>	Endowment <u>Assets</u>
Donor-restricted funds	\$ 24,292	\$ 55,767	\$ 16,349
Available endowment funds	-	-	3,729
Unrestricted cash available	<u>-</u>	<u>742,086</u>	<u>-</u>
Available resource	<u>\$ 24,292</u>	<u>\$ 797,853</u>	<u>\$ 20,058</u>

**NOTE 7 – In-Kind Contributions**

For the years ended December 31, 2022 and 2021, the Organization received non-cash contributions of donated services and supplies in the amounts of \$298,525 and \$231,343, respectively, and \$5,000 and \$0 of donated assets. Donated assets are capitalized at their fair market value at the time of donation and depreciated over their estimated remaining useful lives. Donated supplies and services are expensed according to their functional use.

**NOTE 8 – Special Events**

The Organization holds several fundraising events through-out the year, the purpose of which is to both raise funds and raise awareness. Revenue from these events is included in fundraising income, net of directly-related expenses, in the Statement of Activities. The main income-generating fundraiser is the annual Gala fundraiser, which returned to live for 2022 after two years of ‘virtual’. Net revenue generated from this annual event was \$176,241 in 2022 and \$118,796 in 2021.

(continued)

## Animal Friends Alliance

### NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2022 and 2021

#### NOTE 9 - Building Leases and Ownership

With the opening of the Taft Campus expansion, all shelter services are now served out of that campus (the feline shelter moved from the Mulberry Street campus to the Taft campus). The community pet resources, fundraising offices, and administrative offices operate out of 10 units located at 2321 E. Mulberry Street in Fort Collins, Colorado. Animal Friends Alliance owns eight total units, and leases three. Two of the three remaining leases are renewable one-year leases, while the other is a nominal, month-to-month lease. The two 1-year leases required combined monthly payments of \$2,520 in 2022 and have been renewed with a nominal increase through July 2023.

Minimum future lease payments on these leases are as follows:

Year Ending	
<u>December 31,</u>	
2022	\$17,805
Thereafter	-
Total:	<u>\$17,805</u>

#### NOTE 10 – Capital Campaign and Construction Commitments

In March of 2021, Animal Friends Alliance launched a capital campaign to expand their animal shelter facilities at 2200 N. Taft Hill Road in Fort Collins. The campaign, called Bringing Paws Together, had a goal of raising \$2.8 million to cover the construction and asset acquisition costs of the expansion as well as the marketing of the campaign. The \$2.8 million fundraising goal was achieved in August 2022, construction was completed in November 2022 and the facility opened to the public in November of 2022 as a fully-operational shelter complete with administrative offices and animal shelter. The construction contracts have been fully paid and there are no further construction costs expected.

#### NOTE 11 – Sale of Grooming Division

In 2021, the organization and the grooming manager made the decision to cease offering grooming services. In September of 2021 the grooming equipment and client base was sold for \$1,500 to Pups on the Poudre Grooming and is no longer affiliated with Animal Friends Alliance.

#### NOTE 12 - Subsequent Events

Management has evaluated subsequent events through April 30, 2023, which is the date that the financial statements were available to be issued. It is management's opinion that no additional events have occurred subsequent to year-end which would require adjustment to financial statements or disclosure, except as included therein.