

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

FINANCIAL STATEMENTS

DECEMBER 31, 2022
(With Independent Auditor's Report Thereon)

**MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Michigan Animal Rescue League
(A Nonprofit Organization)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Michigan Animal Rescue League (A Nonprofit Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Michigan Animal Rescue League as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance 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 (GAAS). 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 Michigan Animal Rescue League and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Report on the Audit of the Financial Statements (Continued)

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 GAAS 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 GAAS, 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 Michigan Animal Rescue League'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 Michigan Animal Rescue League's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Michigan Animal Rescue League's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Troy, Michigan
August 15, 2023

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
WITH COMPARATIVE INFORMATION AS OF DECEMBER 31, 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,969,073	\$ 1,476,015
Investment - equity securities (note 3)	3,882,888	4,707,418
Pledges receivable, current portion (note 2)	160,914	1,457,731
Grant receivable	10,000	-
Prepaid expenses and other current assets	55,155	43,901
Total current assets	6,078,030	7,685,065
Pledges receivable, net of current portion and discount (note 2)	49,944	174,543
Property and equipment:		
At cost, less accumulated depreciation of \$873,426 in 2022 and \$494,977 in 2021, respectively (note 4)	5,894,321	6,182,699
Total assets (note 5)	\$ 12,022,295	\$ 14,042,307
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 42,931	\$ 29,535
Accrued expenses	43,413	40,430
Note payable - net of loan costs of \$-0- in 2022 and \$10,846 in 2021	-	1,063,079
Total current liabilities	86,344	1,133,044
Net assets (note 6):		
Without donor restrictions	11,721,050	11,240,889
With donor restrictions	214,901	1,668,374
Total net assets	11,935,951	12,909,263
Total liabilities and net assets	\$ 12,022,295	\$ 14,042,307

See accompanying notes to financial statements

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021

	2022			2021
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues and other support:				
Adoption	\$ 155,665	\$ -	\$ 155,665	\$ 166,135
Contributions	1,476,922	10,000	1,486,922	1,327,591
Nonfinancial assets (note 7)	85,630	-	85,630	56,343
Fundraising	<u>503,575</u>	<u>-</u>	<u>503,575</u>	<u>562,769</u>
Total revenues and other support	2,221,792	10,000	2,231,792	2,112,838
Net assets released from restrictions	1,463,473	(1,463,473)	-	-
Functional expenses:				
Program services	1,827,643	-	1,827,643	1,521,765
Supporting services:				
Management and general	285,251	-	285,251	245,083
Fundraising	<u>269,198</u>	<u>-</u>	<u>269,198</u>	<u>261,892</u>
Total functional expenses	2,382,092	-	2,382,092	2,028,740
Other income (expenses):				
Dividend and interest income	99,300	-	99,300	44,493
Realized and unrealized (loss) gain on investments, net of fees of \$25,043 in 2022 and \$5,691 in 2021	(934,312)	-	(934,312)	485,611
Gain (loss) on sale of assets	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>(4,144)</u>
Total other income (expenses)	<u>(823,012)</u>	<u>-</u>	<u>(823,012)</u>	<u>525,960</u>
Changes in net assets	480,161	(1,453,473)	(973,312)	610,058
Net assets - beginning	<u>11,240,889</u>	<u>1,668,374</u>	<u>12,909,263</u>	<u>12,299,205</u>
Net assets - ending	<u>\$ 11,721,050</u>	<u>\$ 214,901</u>	<u>\$ 11,935,951</u>	<u>\$ 12,909,263</u>

See accompanying notes to financial statements

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021

	2022				2021
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 712,308	\$ 83,436	\$ 47,040	\$ 842,784	\$ 782,640
Medical care and supplies	283,421	-	-	283,421	275,270
Depreciation and amortization	400,476	21,078	-	421,554	325,300
Fundraising expense	-	-	191,454	191,454	179,297
Employee expense	54,838	8,190	4,490	67,518	-
Payroll taxes	60,060	8,970	4,917	73,947	70,949
Food and supplies	71,242	-	-	71,242	46,112
Utilities	57,625	6,403	-	64,028	58,561
Professional fees and memberships	-	76,237	-	76,237	48,879
Interest expense	590	31	-	621	30,330
Repairs and maintenance	106,967	11,886	-	118,853	47,201
Insurance	9,703	1,079	-	10,782	15,539
Shelter supplies	19,745	-	-	19,745	15,173
Office expenses	-	16,554	-	16,554	21,632
Bank charges	3,072	19,680	-	22,752	24,592
Web based subscriptions	12,400	6,200	6,199	24,799	21,857
Advertising	2,990	21,660	10,993	35,643	28,130
Telephone and Internet	5,301	792	434	6,527	6,807
Vehicle and transportation expense	2,457	-	-	2,457	1,210
Storage rental	1,976	847	-	2,823	2,619
Training and education	567	-	-	567	224
Uniforms	7,584	-	-	7,584	5,000
Postage	426	426	3,406	4,258	4,437
License and fees	2,026	40	265	2,331	1,786
Disposal	11,213	-	-	11,213	8,240
Alarm	350	-	-	350	795
Behavior and socialization	153	-	-	153	2,383
Equipment rental	153	1,619	-	1,772	1,871
Community outreach	-	-	-	-	1,409
Property taxes	-	123	-	123	497
Total functional expenses	<u>\$ 1,827,643</u>	<u>\$ 285,251</u>	<u>\$ 269,198</u>	<u>\$ 2,382,092</u>	<u>\$ 2,028,740</u>

See accompanying notes to financial statements

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE INFORMATION AS OF DECEMBER 31, 2021

	2022	2021
Cash flows from operating activities:		
Changes in net assets	\$ (973,312)	\$ 610,058
Adjustments:		
Depreciation and amortization	421,554	325,300
(Gain) loss on sale of assets	(12,000)	4,144
Donated stock	(54,743)	(24,158)
Unrealized loss (gain) on investments	934,312	(491,302)
Interest and dividend income on investments	(94,814)	(40,820)
Decrease/(increase) in:		
Pledges receivable, net	1,421,416	2,029,468
Grant receivable	(10,000)	-
Prepaid expenses and other current assets	(11,254)	(7,345)
Increase/(decrease) in:		
Accounts payable	13,396	(177,525)
Accrued expenses	2,983	7,075
Total adjustments	2,610,850	1,624,837
Net cash provided from operating activities	1,637,538	2,234,895
Cash flows from investing activities:		
Acquisition of property and equipment	(122,330)	(15,261)
Acquisition of investments	-	(127,410)
Proceeds from sale of investments	39,775	28,849
Proceeds from sale of property and equipment	12,000	500
Net cash used in investing activities	(70,555)	(113,322)
Cash flows from financing activities:		
Payments on note payable	(1,073,925)	(1,855,000)
Net increase in cash and cash equivalents	493,058	266,573
Cash and cash equivalents - beginning	1,476,015	1,209,442
Cash and cash equivalents - ending	\$ 1,969,073	\$ 1,476,015
<u>Disclosure of Cash Flow Information</u>		
Cash paid for interest	\$ 621	\$ 30,330

See accompanying notes to financial statements

MICHIGAN ANIMAL RESCUE LEAGUE (A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Organization

The Michigan Animal Rescue League (the "Organization") (A Nonprofit Organization) is a not-for-profit Michigan Corporation recognized as exempt from Federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Organization is engaged to operate an animal shelter in the City of Pontiac, and it is funded largely through donations from the general public. The Organization does not receive any city, state, or federal funding.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Basis of Accounting

The Organization records revenues and support and expenses in the accompanying financial statements using the accrual basis of accounting. Donations are recorded when received or at the time the Organization has an established right to the donation and the amount is measurable.

Accounting Standards Adopted in 2022

In 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). ASU No. 2020-07 and all subsequently issued clarifying ASUs do not replace existing recognition and measurement guidance in U.S. GAAP. The ASU improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets.

As part of the adoption of the ASU, the Organization must present nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash and other financial assets. Additionally, the Organization must disclose in-kind contributions in the notes to the financial statements by type. See Note 7 for the breakdown of contribution of nonfinancial assets.

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The statements of cash flows classify changes in cash or cash equivalents (short-term, highly liquid investments readily convertible into cash with an original maturity of three months or less) according to operating, investing, or financing activities. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and temporary cash investments. The Organization maintains cash balances at high credit quality financial institutions. The Organization's accounts are held at institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and the National Credit Union Association (NCUA) up to \$250,000. The Organization had cash balances of approximately \$1,227,100 and \$583,200 held at financial institutions in excess of the FDIC insurance limit for the years ended December 31, 2022 and 2021, respectively. The Organization had cash balances of approximately \$188,600 and \$357,700 held at financial institutions in excess of the NCUA insurance limit for the years ended December 31, 2022 and 2021, respectively. The Organization places its temporary cash investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. The Organization believes no significant concentration of credit risk exists with respect to these cash investments.

Investments

The Organization's investments are classified as equity securities, which are measured at fair value as of the statements of financial position date.

Realized gains and losses on investment transactions are recorded as the difference between proceeds received and carrying value. Net unrealized appreciation or depreciation in the fair market value of investments is recorded as the change in carrying value of the investment portfolio from the beginning of the year or date of purchase to the end of the year.

Fair Value Measurements

Generally accepted accounting principles established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurements

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Basis of Fair Value Measurements (Continued)

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. See Note 3, Investments, for investment valuations.

Income Tax Status

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income". No income tax was incurred during the years ended December 31, 2022 and 2021.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2019 - 2022.

Estimates

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

Functional Expenses

The Organization allocates its expenses on a function basis among its program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Indirect costs including depreciation, interest expense, repairs and maintenance, and insurance are allocated based on the percentage of the building that is used for program services and supporting services.

Such allocations are determined by management on an equitable basis.

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Advertising

The costs of advertising are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 amounted to \$35,643 and \$28,130, respectively.

Property and Equipment

Property and equipment is stated at cost, or if donated, at fair market value at the date of the gift. Expenditures for repairs and maintenance are charged to operating expenses. Adjustments of the asset and the related accumulated depreciation and amortization accounts are made for property and equipment retirements and disposals, with the resulting gain or loss included in the statements of activities and changes in net assets. The Organization capitalizes all items with a cost of \$1,000 or more if purchased or estimated fair value if donated and depreciated over their estimated useful life of three to forty years. Depreciation and amortization is calculated using the straight-line method.

Revenue Recognition

Revenue is recognized when the performance obligations are completed and the customer has obtained benefit. The following explains the performance obligations related to each revenue stream and how they are recognized:

Adoption - The Organization recognizes revenue when payment is received, and the animal is adopted. The Organization does not take deposits on adoptable animals. Adoption fees are set. All dog adoptions are \$250 and cat adoptions are \$125 or two for \$200. Full amount of fee is considered Adoption Revenue.

Fundraising - The Organization recognizes revenue upon the event occurring. The Organization receives donations for the event, which are nonreciprocal. The donations have no restrictions.

Contributions are recognized when cash, securities or other assets, and unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Pledges Receivable

Pledges receivable consist of unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using the present value technique applied to anticipated cash flows. The Organization records the amortization of the pledge discount in contributions on the statements of activities and changes in net assets. The Organization recorded \$893 and \$247,729 in amortization of the pledge discount for the years ended December 31, 2022 and 2021, respectively.

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Pledges Receivable (Continued)

Management provides for uncollectible amounts through a provision of bad debt expense and an adjustment to a valuation of allowance based on its assessment of the current status of individual accounts. Management believes all balances are collectible; accordingly, no allowance for doubtful accounts has been established. Receivables are determined to be past due based on contractual terms and are charged-off when management determines the receivable will not be collected.

Grants Receivable

Grants are recorded as a receivable when earned. Revenue from conditional grant awards under expense reimbursement programs is recognized in the period during which the conditions are substantially met. In cases where the conditions are substantially met in advance of receiving the grant reimbursement, revenue and grants receivable are recorded. No allowance for uncollectible accounts has been provided. Management has evaluated the account based on historical experience and review of current status and believes it is collectible.

Net Asset Classifications

Net assets of the Organization are classified as with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets. The Organization reports contributions of cash or other assets as with donor restrictions if they are received with donor stipulations that limit the use of donated assets. 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 and changes in net assets as net assets released from restrictions.

Reclassification

Certain amounts in the December 31, 2021 financial statements have been reclassified to conform to the presentation of the December 31, 2022 financial statements. These reclassifications had no effect on the December 31, 2021 net assets, changes in net assets, or cash flows as previously reported.

**MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including August 15, 2023, which is the date the financial statements were available to be issued.

In February 2023, the Organization entered into an agreement with a third-party for the purchase of property for \$325,000. The purchase was completed in February 2023.

Note 2 - Pledges Receivable

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a rate of 4.31% and 3.50% as of December 31, 2022 and 2021, respectively.

Pledges receivable consist of the following:

	2022	2021
Pledges receivable	\$ 214,186	\$ 1,641,313
Less: Pledges unamortized discount	(3,328)	(9,039)
Net pledges receivable	<u>\$ 210,858</u>	<u>\$ 1,632,274</u>
Amounts due in:		
Less than one year	\$ 160,914	\$ 1,457,731
One to five years	49,944	174,543
Total	<u>\$ 210,858</u>	<u>\$ 1,632,274</u>

MICHIGAN ANIMAL RESCUE LEAGUE
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 3 - Investments

The tables below segregate all financial assets as of December 31, 2022 and 2021, that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

	December 31, 2022			
	Fair Value Based on			
Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Investment holdings:				
Cash and cash equivalents	\$ 40,517	\$ -	\$ 40,517	\$ -
Equities	790,642	790,642	-	-
Mutual funds	942,221	942,221	-	-
Bonds	1,029,772	1,029,772	-	-
Exchange traded funds	313,182	313,182	-	-
REITs	29,746	29,746	-	-
Total assets in the fair value hierarchy	3,146,080	3,105,563	40,517	-
Investments measured at net asset value ^(a)	736,808	-	-	-
Investments at fair value	<u>\$ 3,882,888</u>	<u>\$ 3,105,563</u>	<u>\$ 40,517</u>	<u>\$ -</u>

MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 3 - Investments (Continued)

	December 31, 2021			
	Fair Value Based on			
	Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investment holdings:				
Cash and cash equivalents	\$ 19,116	\$ -	\$ 19,116	\$ -
Equities	920,166	920,166	-	-
Mutual funds	2,814,391	2,814,391	-	-
Exchange traded funds	384,984	384,984	-	-
REITs	52,018	52,018	-	-
Total assets in the fair value hierarchy	4,190,675	4,171,559	19,116	-
Investments measured at net asset value ^(a)	516,743	-	-	-
Investments at fair value	<u>\$ 4,707,418</u>	<u>\$ 4,171,559</u>	<u>\$ 19,116</u>	<u>\$ -</u>

- (a) The AMG Pantheon Fund Class 3 and Blackstone Real Estate Income Trust Class D were measured at net asset value as a practical expedient. These investments have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

For the above equity securities, the fair value was determined by reference to quoted market prices in active markets (Level 1) and other relevant information generated by market transactions. Cash and cash equivalents are categorized as Level 2 investments since they are not actively traded.

**MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Note 4 - Property and Equipment

The principal categories of property and equipment may be summarized as follows:

	2022	2021
Furniture and equipment	\$ 234,128	\$ 224,079
Vehicles	33,820	65,987
Building and land improvements	6,374,975	6,275,586
Land	124,824	112,024
Total cost	6,767,747	6,677,676
Less accumulated depreciation	873,426	494,977
Undepreciated cost	\$ 5,894,321	\$ 6,182,699

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$410,616 and \$318,692, respectively.

Note 5 - Note Payable

In August 2019, the Organization entered into a construction loan with the Bank, which allowed the Organization to borrow up to \$3,800,000 for the construction of a building facility through September 2020. The loan was interest free until the first draw was made in April 2020. After April 2020, the loan required interest-only payments at LIBOR plus 1.25%. In June 2020, the borrowings were converted to a five year installment loan with monthly interest-only payments at LIBOR plus 1.25% and payments of all restricted gifts received during the year by the Organization. Total interest expense for the years ended December 31, 2022 and 2021 amounted to \$621 and \$30,330, respectively. The outstanding balance of the loan at December 31, 2022 and 2021 amounted to \$-0- and \$1,073,925, respectively.

**MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 and 2021 are for the following purposes:

	2022	2021
Subject to expenditure for specified purpose:		
Yappy Hour - 2022	\$ -	\$ 36,100
Construction loan payments	-	1,073,925
Medical care for animals	4,043	-
	4,043	1,110,025
Subject to the passage of time:		
Pledges receivable that are not restricted by donors but which are unavailable for expenditure until due	210,858	558,349
Total	\$ 214,901	\$ 1,668,374

Note 7 - Contributions of Nonfinancial Assets

The Organization recognizes contribution revenue for certain services received at the estimated fair value of those services, provided those services create or enhance nonfinancial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased.

The Organization records contributions of nonfinancial assets and expenses related to these contributions.

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities and changes in net assets include:

Veterinarian services	\$ 20,280	\$ 16,380
Food and supplies	54,930	28,863
Advertising	10,420	11,100
	\$ 85,630	\$ 56,343

Donated food and supplies and advertising are valued and are reported at the estimated fair value in the financial statements based on the current cost of the donation.

Donated veterinarian services comprise of services performed by individuals outside of the Organization. These services are measured at the fair market value of the cost of the services performed based on current market rates.

**MICHIGAN ANIMAL RESCUE LEAGUE
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Note 7 - Contributions of Nonfinancial Assets (Continued)

There were no donor imposed restrictions on contributions of nonfinancial assets.

Note 8 - Simple IRA

Effective February 1, 2022, the Organization began offering a simple IRA account. All employees of the Organization are eligible to make elective deferrals to the plan. The Organization will contribute \$1.00 for every \$1.00 contributed for an eligible employee up to 3% of the employee's compensation. The Organization made matching contributions in the amount of \$13,273 and \$-0- for the years ended December 31, 2022 and 2021, respectively.

Note 9 - Liquidity and Availability

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

	2022	2021
Total current assets	\$ 6,078,030	\$ 7,685,065
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor with time or purpose restrictions	(214,901)	(1,668,374)
Less prepaid expenses	(45,469)	(39,500)
Total	\$ 5,817,660	\$ 5,977,191

Financial assets in the amount of \$5,817,660 and \$5,977,191 are available for general expenditure without donor or other restrictions limiting their use for the years ended December 31, 2022 and 2021, respectively. If funds to cover the cost of current liabilities, excluding the note payable, are backed out, a net amount of \$5,731,316 and \$5,907,226 is available as of December 31, 2022 and 2021, respectively. The Organization has a policy to structure its financial assets to be available as its general expenditure, liabilities, and other obligations come due.

***** End of Notes *****