

ALLEY CAT ALLIES, INC.

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

JULY 31, 2024

(With Comparative Totals for July 31, 2023)



**ALLEY CAT ALLIES, INC.
FINANCIAL STATEMENTS**

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1090 Vermont Avenue, NW
Suite 250
Washington, DC 20005

P.O. Box 2478
Kingshill, VI 00851

200 E Pratt Street
Suite 4100
Baltimore, MD 21202

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Alley Cat Allies, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Alley Cat Allies, Inc. (the "Organization"), which comprise the statement of financial position as of July 31, 2024, 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 the Organization as of July 31, 2024, 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. 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

T: 202.393.5600
TF: 1.855.479.0548
F: 202.393.5608

bertsmithco.com
bsmith@bertsmithco.com

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 the Organization'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 the Organization'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.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 14, 2024. In our opinion, the summarized comparative information presented herein, as of and for the year ended July 31, 2023, is consistent in all material respects with the audited financial statements from which it was derived.



Washington, D.C.
January 10, 2025

ALLEY CAT ALLIES, INC.
STATEMENT OF FINANCIAL POSITION
JULY 31, 2024
(With Comparative Totals for July 31, 2023)

	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$23,264,286	\$ 18,129,938
Investments	1,378,339	1,599,444
Contributions and Bequests Receivable	2,438,360	515,758
Prepaid Expenses	228,020	296,105
Total Current Assets	27,309,005	20,541,245
Non-Current Assets		
Investments Restricted for Charitable Gift Annuities	204,362	233,155
Beneficial Interest in Remainder Trust	280,519	220,807
Security Deposit	21,570	21,570
Nonfinancial Assets	824,755	-
Property and Equipment, net	983,442	938,636
Operating Lease Right-of-Use Asset	688,546	247,605
Total Non-Current Assets	3,003,194	1,661,773
Total Assets	\$30,312,199	\$ 22,203,018
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 680,000	\$ 688,391
Charitable Gift Annuities Payable	74,204	78,386
Operating Lease Liability	114,637	274,104
Total Current Liabilities	868,841	1,040,881
Long Term Liabilities		
Operating Lease Liability	583,953	-
Total Long-Term Liabilities	583,953	-
Total Liabilities	1,452,794	1,040,881
Net Assets		
With Donor Restrictions	2,707,596	721,734
Without Donor Restrictions	26,151,809	20,440,403
Total Net Assets	28,859,405	21,162,137
Total Liabilities and Net Assets	\$30,312,199	\$ 22,203,018

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

ALLEY CAT ALLIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2024
(With Comparative Totals for July 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenue and Support				
Contributions	\$10,293,050	\$ -	\$10,293,050	\$ 9,666,036
Legacies and Bequests	4,194,735	2,473,623	6,668,358	7,473,955
Contributed Nonfinancial Assets	824,755	-	824,755	-
Federated and Nonfederated Campaign	-	73,615	73,615	58,869
Investment Income	767,104	-	767,104	197,982
Other Income	106,236	-	106,236	45,946
Change in Split-Interest Gifts	(4,937)	-	(4,937)	(9,478)
Gain on Sale of Property and Equipment	22,663	-	22,663	170,737
<i>Net Assets Released from Restrictions</i>	561,376	(561,376)	-	-
Total Revenue and Support	16,764,982	1,985,862	18,750,844	17,604,047
Expenses				
<i>Program Services:</i>				
Advocacy	7,306,529	-	7,306,529	5,949,486
Humane Care, Humane Education, and Outreach	2,375,035	-	2,375,035	2,365,927
Law and Policy	449,822	-	449,822	584,214
Total Program Services	10,131,386	-	10,131,386	8,899,627
<i>Supporting Services:</i>				
Management and General	428,267	-	428,267	686,230
Development	493,923	-	493,923	464,983
Total Supporting Services	922,190	-	922,190	1,151,213
Total Expenses	11,053,576	-	11,053,576	10,050,840
Change in Net Assets	5,711,406	1,985,862	7,697,268	7,553,207
Net Assets, Beginning of Year	20,440,403	721,734	21,162,137	13,608,930
Net Assets, End of Year	\$26,151,809	\$ 2,707,596	\$28,859,405	\$21,162,137

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

ALLEY CAT ALLIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2024
(With Comparative Totals for July 31, 2023)

	Program Services				Supporting Services			2023 Total
	Advocacy	Humane Education and Outreach	Law and Policy	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries, Benefits, and Other Personnel Expenses	\$ 756,653	\$ 408,322	\$ 249,933	\$ 1,414,908	\$ 24,666	\$ 13,267	\$ 37,933	\$ 1,460,557
Printing, Postage, and Caging	2,303,118	13,556	8,330	2,325,004	709	253,520	254,229	2,222,705
Professional Services	3,299,615	1,042,229	81,270	4,423,114	349,536	80,235	429,771	3,959,895
Grant Expense	-	289,085	-	289,085	-	-	-	428,603
Suppliers Expense	131,007	392,137	1,104	524,248	56	300	356	258,480
General Operating Costs	82,748	47,539	28,495	158,782	49,742	116,102	165,844	338,672
Rent and Building Costs	162,574	88,289	53,809	304,672	2,720	2,854	5,574	677,936
Computer Expense	445,097	25,830	24,921	495,848	739	26,765	27,504	360,058
Media and Promotion Costs	58,450	-	-	58,450	-	-	-	123,555
Travel and Transportation	67,267	68,048	1,960	137,275	99	880	979	220,379
Total Expenses	\$ 7,306,529	\$ 2,375,035	\$ 449,822	\$ 10,131,386	\$ 428,267	\$ 493,923	\$ 922,190	\$ 11,050,840

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

ALLEY CAT ALLIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2024
(With Comparative Totals for July 31, 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ 7,697,268	\$ 7,553,207
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</i>		
Depreciation and Amortization	69,033	54,512
Amortization Rights-of-Use Asset	107,521	269,296
Non-Cash Operating Lease Expense	(26,499)	-
Unrealized (Gain) Loss on investments	(149,323)	294,200
Realized Loss (Gain) on Investments	32,026	(308,222)
Reinvestment of Dividends and Interest	(54,345)	(88,991)
Donated Securities Received	(35,630)	(30,885)
Donated Nonfinancial Assets	(824,755)	-
Loss (Gain) on Sale of Property and Equipment	1,564	(170,737)
<i>(Increase) Decrease in Assets:</i>		
Contributions and Bequests Receivable	(1,922,602)	(233,444)
Prepaid Expenses	68,085	(38,111)
Beneficial Interest in Remainder Trust	(59,712)	11,701
<i>Increase (Decrease) in Liabilities:</i>		
Accounts Payable and Accrued Expenses	(8,391)	(299,307)
Charitable Gift Annuities Payable	(4,182)	(13,530)
Operating Lease Liability	(97,477)	(291,960)
Net Cash Provided by Operating Activities	4,792,581	6,707,729
Cash Flows from Investing Activities		
Proceeds from Sale of Property and Equipment	12,000	1,205,566
Purchase of Property and Equipment	(127,403)	(47,472)
Sale of Investments	457,170	1,055,424
Net Cash Provided by Investing Activities	341,767	2,213,518
Cash Flows from Financing Activities		
Principal Payments on Capital Leases Payable	-	(2,722)
Net Cash Used in Financing Activities	-	(2,722)
Net Increase in Cash and Cash Equivalents	5,134,348	8,918,525
Cash and Cash Equivalents, Beginning of Year	18,129,938	9,211,413
Cash and Cash Equivalents, End of Year	\$ 23,264,286	\$ 18,129,938
Supplemental Data		
Interest Paid During the Year	\$ 29,376	\$ 44
Right-of-Use Asset in Exchange for New Operating Lease Liability	\$ 796,067	\$ 897,207

The accompanying notes are an integral part of these financial statements

ALLEY CAT ALLIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Alley Cat Allies, Inc.

Alley Cat Allies, Inc. (the "Organization"), was incorporated under the laws of the State of Delaware on October 16, 1991. Alley Cat Allies, Inc.'s mission is to transform and develop communities to protect and improve the lives of cats. The Organization is funded primarily by contributions, including legacies and bequests from the general public. The major programs of the Organization are as follows:

– *Advocacy*

The Organization's mission is met primarily through advocacy. The Organization empowers and mobilizes citizens to change policies in their own communities that dictate how animals are treated. Citizens around the country and world request the Organization's help to engage lawmakers so new laws are passed in their city and state to better protect the lives of cats and other animals.

Internationally, the Organization focuses on helping advance lifesaving policies at local and regional government levels. At the national level in the United States and in other nations, the Organization advocates to shift societal views and national policies and laws.

The Organization's shelter reform program creates lifesaving and life-enhancing policies for cats in hundreds of local shelters, including government agencies, contracted shelters, and nonprofit humane societies that receive private and public funding.

The Organization's goal is to create a society in which cats are not subject to cruelty and lethal "control" schemes. The Organization is working toward transformational societal change, with a particular, but not exclusive, focus on compassion for animals, community empowerment, and community cohesion. This work includes environmental care and sustainability. All of the Organization's work hinges on society having sufficient resources, vibrant communities, and a healthy planet.

– *Humane Care, Humane Education, and Outreach*

The Organization provides multiple programs to help directly with animals. The Organization's direct care includes - but is not limited to - hands-on veterinary treatment, including spay and neuter, vaccinations, treatment of illnesses, emergency surgery; provision of food and supplies to rescue groups and caregivers; and delivery of food for distribution to families in need.

The Organization provides grants and published resources, workshops and online webinars, and collaborates with grassroots groups, individuals, and community leaders to build alliances and update ordinances that impact animals. The Organization's humane education, direct care, rescue efforts, and kitten care efforts are extensive in scope and in terms of locality, spanning both the United States and beyond. The Organization has worked extensively in states including Louisiana, Florida, Texas, New Jersey, and California to further mission impact.

The Organization provides funding and resources to nonprofit 501(c)(3) entities to support high-volume spay and neuter and vaccination, microchip clinics, as well as veterinary care and Trap-Neuter-Return (TNR), Return-to-Field (RTF), and Shelter-Neuter-Return (SNR). The Organization responds to natural and human disasters and provides relief, emergency funding, and transport.

The Organization responds to crises, conducts rescue work, and assists geographically and/or economically displaced families to stay together with their animal family members.

– ***Law and Policy***

The many policy and legal issues with which the Organization engages includes Trap-Neuter-Return, Return-to-Field, Shelter-Neuter-Return ordinances; legislation that bans declawing; policies that replace ‘lethal cat control schemes’ with nonlethal cat management policies rooted in compassionate conservation; and the rescission of feeding bans. The Organization’s goal is to improve the lives of cats, giving them a much better quality of life.

The Organization organizes grassroots groups and individuals. The Organization provides training, teaches best practices, drafts bills and policies, conducts research, shares scientific findings and other supporting information, provides support of legal challenges, and more. The Organization provides guidebooks and training to educate citizens on how local ordinances are passed and changed, how local political decisions are made, and on how to effectively advocate for change.

The Organization provides resources to achieve justice in cat cruelty cases, to see that laws that endanger cats are abolished, and to help ensure the passage of humane ordinances and state laws with progressive language that protects cats, other animals, and caregivers.

• ***Basis of Accounting***

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

• ***Income Tax***

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. No provision for income tax is required for the year ended July 31, 2024, as the Organization had no net unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions.

The Organization’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing authorities, generally for three years after filing.

• ***Cash and Cash Equivalents***

Cash and cash equivalents include cash in checking accounts and short-term investments with an original maturity of three months or less, excluding amounts held in the investment accounts.

• ***Investments***

Investments are reported at fair market value in the statement of financial position. Investment income includes interest and dividend income, realized and unrealized gains and losses, and are recognized as revenue and reported in the statement of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by the donor.

• ***Risks and Uncertainties***

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interests’ rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

- ***Contributions and Bequests Receivable***

Contributions and bequests receivable consist primarily of amounts due from pledges that were not received by the Organization at year end. Management reviews the collectability of the accounts on a regular basis. No reserve for doubtful accounts is deemed necessary as all amounts are deemed to be fully collectible. Contributions are recognized when the donor makes an unconditional promise to give. All amounts are expected to be collected within the next fiscal year.
- ***Property and Equipment***

Property and equipment are recorded at cost, if purchased, or fair market value at date of donation, if contributed. Property and equipment are depreciated over the estimated useful lives, using the straight-line method. Leasehold improvements are amortized over the lesser of the term of the related lease or estimated useful life of the asset. The Organization follows the practice of capitalizing all expenses for property and equipment exceeding \$5,000. Repair and maintenance costs are expensed as incurred. The useful lives range between 4 and 15 years.
- ***Contributed Nonfinancial Assets***

Contributed nonfinancial assets represent properties donated to the organization. The contributions are recognized as revenue in the statement of activities based on the estimated fair market value of the properties. The nonfinancial contributions did not have donor restrictions and were not monetized at year-end.
- ***Contributions, including Legacies and Bequests***

The Organization reports unconditional gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the 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. Contributions received with donor-imposed conditions and/ or restrictions that are met in the same reporting period are reported as unconditional contributions without donor restrictions.
- ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and other personnel expenses, rent and building costs, and general operating costs. These expenses are allocated on the basis of estimates of time and effort by employees or on the basis of headcount. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.
- ***Use of Estimates***

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

NOTE 2 LIQUIDITY AND AVAILABLE RESOURCES

The Organization's cash flows have seasonal variations due to the timing of receipt of contributions, legacies and bequests. The Organization has a policy to structure its financial assets to be available upon the receipt of its bequests and contributions.

As of July 31, 2024, the following financial assets and liquidity sources are available for general operating expenditures within one year:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 23,264,263
Investments	1,378,339
Contributions and Bequests Receivable	2,438,360
Total Financial Assets	27,080,962
Less Amounts Not Available Due to Time Restrictions	2,707,596
Total Financial Assets Available to Meet Cash Needs for General Expenses Within One Year	<u>\$ 24,373,366</u>

NOTE 3 CONCENTRATIONS

The Organization maintains cash balances at financial institutions in the Washington, D.C., Metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. To mitigate the risk of exceeding FDIC insurance limits, the Organization utilizes a sweep account to allocate most of its cash balances into FDIC-insured accounts. The Organization also maintains an account with a brokerage firm that contains cash and securities. Balances in this account are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investor Protection Corporation (SIPC). At times during the year, balances in the investment accounts may exceed insured amounts. Management actively monitors these risks, does not anticipate any credit losses, and has not experienced any losses on these financial instruments.

As of July 31, 2024, the beneficial interest in remainder trust was from one trust and is discussed in Note 4 below.

NOTE 4 SPLIT-INTEREST AGREEMENT

Charitable Gift Annuities

The Organization has entered into contracts with annuitants to pay periodic stipulated payments to the annuitants or other designated individuals that terminate at specified times. The Organization records a liability based on the present value of the future payments resulting from the annuity contracts at the date of the gift. The excess (or deficiency) in the amount of each annuity gift over the liability is recorded as contributions in the accompanying statement of activities.

The present value of payments to beneficiaries of gift annuities is calculated using discount rates which represent the risk-free rates in existence at the date of gift. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the statement of activities and in the current assets section of the statement of financial position. As of July 31, 2024, the investments restricted for charitable gifts annuities was \$204,362.

Beneficial Interest in Remainder Trust

The Organization is one of the beneficiaries of an irrevocable charitable trust (the Trust) established by a donor. Under terms of the Trust, the Organization receives annual distributions from the Trust's investment income and will receive 7.5% of the Trust's remainder principal in fiscal year 2025.

The present value of the Trust's principal is calculated using discount rates which represent the risk-free rates. This account has a balance of \$280,519 at July 31, 2024, and is included in the current assets section of the statement of financial position. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the statement of activities.

NOTE 5 RETIREMENT PLANS

The Organization maintains both a 403(b) tax-deferred annuity plan (the 403(b) Plan) and a money purchase plan (the MP Plan) for eligible employees. Under the 403(b) Plan, employees may elect to defer a portion of their compensation up to certain Internal Revenue Service limits. The MP Plan provides for a match of up to 2% of employees' compensation based on their deferrals to the 403(b) Plan and an additional employer contribution of 3% of their compensation. Employees vest in the MP Plan based on length of service. For the year ended July 31, 2024, the Organization made contributions to both plans totaling approximately \$33,931.

NOTE 6 FAIR VALUE MEASUREMENT

The Organization follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 provides a framework for measuring fair value under accounting principles generally accepted in the United States of America and applies to all financial instruments that are being measured and reported on a fair value basis. FASB ASC 820 sets out a fair value hierarchy and defines fair value as 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. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- ... **Level 1** – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include mutual funds);
- ... **Level 2** – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);
- ... **Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities and split-interest agreements).

NOTE 6 – FAIR VALUE MEASUREMENT**(CONTINUED)**

The following presents the Organization’s assets measured at fair value as of July 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities and Mutual Funds	\$1,351,619	\$ -	\$ -	\$1,351,619
Cash, Held in Investment Accounts	26,720	-	-	26,720
Subtotal	1,378,339	-	-	1,378,339
Nonfinancial Assets		824,755		824,755
Beneficial Interest in Remainder Trust	-	280,519	-	280,519
Total	<u>\$1,378,339</u>	<u>\$1,105,274</u>	<u>\$ -</u>	<u>\$2,483,613</u>

Level 1 investments are valued based on quotations as reported on national exchanges. The beneficial interest in the charitable remainder trust (the Trust) was valued using the Organization’s pro-rata percentage interest in the Trust and the present value of the quoted market prices for the Trust assets. The nonfinancial assets are valued based on assessments of similar properties. The Level 2 investments are valued based on comparable values for similar securities. The beneficial interest in the Trust and nonfinancial assets are treated as Level 2 investments.

NOTE 7 PROPERTY AND EQUIPMENT

As of July 31, 2024, the Organization’s property and equipment consisted of the following:

<u>Description</u>	<u>Amount</u>
Equipment	\$ 541,165
Software and Website	559,071
Furniture and Fixtures	148,558
Land	767,544
Buildings	247,878
Vehicles	108,046
Leasehold Improvements	95,304
Patents and trademarks Assets	32,519
Total	2,500,085
Less: Accumulated Depreciation and Amortization	(1,516,643)
Property and Equipment, Net	<u>\$ 983,442</u>

Depreciation and Amortization expense for the year ended July 31, 2024, was \$69,033.

NOTE 8 LEASE AGREEMENT

The Organization has an office operating lease agreement that expired on August 31, 2023, which was due to expire on June 30, 2024. The lease was renewed for a new term effective September 1, 2023, through September 30, 2029. In addition to the base rent, the Organization is required to pay its pro-rata share of operating expenses and real estate taxes over the base amount. Under the terms of the lease, the Organization is obligated to pay a monthly lease amount of \$11,532 on September 1, 2023, with annual increase of 3% of the base rent. This lease has been classified as an operating lease in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) Topic 842, “Leases.”

Operating Lease

The statement of financial position information as of July 31, 2024, related to the operating lease is as follows:

Description	Office Space
Right-of-Use (ROU) Asset	\$ 796,067
Accumulated Amortization	(107,521)
Net	\$ 688,546
 <i>Lease Liability</i>	
Current	\$ 114,637
Noncurrent	583,953
Total	\$ 698,590

- The office space operating lease cost was \$137,142 for the year ended July 31, 2024. During 2024, cash paid for amounts included in the measurement of the operating lease liability was \$126,852 for the office space lease. Operating lease ROU assets for the office space recorded as exchange for lease obligations were \$796,067 as of September 1, 2023.
- The office space lease cost for the year ended was information associated with the measurement of the operating lease obligation as of July 31, 2024, is as follows:
 - Weighted average discount rate is .4261%.
 - The lease has a remaining lease term of 5.17 years.
- The following table summarizes the maturities of the office space lease liability as of July 31, 2024:

Year Ending July 31	Amount
2025	\$ 142,190
2026	146,455
2027	150,849
2028	155,374
2029	160,036
Thereafter	26,737
Total Operating Lease Payments	781,641
Less: Imputed Interest	(83,051)
Total Operating Lease Liabilities	\$ 698,590

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions comprise of bequest and combined federal campaign receivable. As of July 31, 2024, the Organization's net assets with donor restrictions were available for the following purposes:

Purposes	Amount
Subsequent Years' Activities	\$ 2,707,596
Total Net Assets With Donor Restrictions	\$ 2,707,596

Net assets were released from donor restrictions when funds are collected by the organization. Net assets released from donor restrictions totaled \$561,376 for the year ended.

NOTE 10 ALLOCATION OF JOINT COSTS

During the year ended July 31, 2024, the Organization conducted activities that included requests for contributions and program components. Those activities included mail campaigns informational materials and program activities. The total joint costs of conducting these activities for the year ended July 31, 2024, which are not specifically attributable to particular components of the activities, were allocated as follows:

<u>Description</u>	<u>Amount</u>
Program Services Expenses	\$ 658,888
Development Expenses	72,397
Total Joint Costs	<u>\$ 731,285</u>

NOTE 11 COMMITMENTS AND CONTINGENCIES

In September 2023, the Organization renewed the existing property lease, which was due to expire on June 30, 2024. It was subsequently expired effective August 31, 2023. The renewed lease agreement has a lease term effective September 1, 2023, through September 30, 2029.

The Organization is involved in legal actions arising in the ordinary course of its business. In the opinion of management, after consultation with external legal counsel, the Organization has adequate legal defense with respect to any of these actions, and if the outcomes are unfavorable, management does not believe that they will materially affect the Organization's results of operations or financial position.

NOTE 12 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 10, 2025, which is the date the financial statements were available to be issued, and determined that no other events require adjustments to or disclosure in the financial statements.